DOMINION OF CANADA



HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

FIFTH SESSION—TWENTY-FIRST PARLIAMENT

15-16 GEORGE VI, 1951

BEING THE 93RD SESSION FOR THE PERIOD 1867-1951

VOLUME I, 1951

(SECOND SESSION)

COMPRISING THE PERIOD FROM THE NINTH DAY OF OCTOBER, 1951 TO THE TWENTY-SECOND DAY OF NOVEMBER, 1951, INCLUSIVE

INDEX ISSUED IN A SEPARATE VOLUME

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

CANADA

House of Commons Debates

OFFICIAL REPORT

Speaker: The Honourable W. Ross Macdonald

Tuesday, October 9, 1951

FIFTH SESSION—TWENTY-FIRST PARLIAMENT—OPENING

The parliament which had been prorogued earlier this day met again at Ottawa for the dispatch of business.

The house met at three o'clock, the Speaker in the chair.

Mr. Speaker read a communication from the Governor General's Secretary, announcing that His Excellency the Governor General would proceed to the Senate chamber at three o'clock on this day, for the purpose of formally opening the session of the dominion parliament.

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, His Excellency the Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

And the house being returned to the Commons chamber:

OATHS OF OFFICE

Right Hon. L. S. St. Laurent (Prime Minister) moved for leave to introduce Bill No. 1, respecting the administration of oaths of office.

Motion agreed to and bill read the first time.

SPEECH FROM THE THRONE

Mr. Speaker: I have the honour to inform the house that when the house did attend His Excellency the Governor General this day in the Senate chamber, His Excellency was pleased to make a speech to both houses of parliament. To prevent mistakes, I have obtained a copy, which is as follows:

Honourable Members of the Senate:

Members of the House of Commons:

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

The primary reason for summoning you for a second session in the present year is to invite your consideration of a measure to provide increased security for our older citizens through payment of pensions, without a means test and as a matter of right, to all Canadians with appropriate residence qualifications who are over the age of 70 years, and to establish a fund made up of special contributions levied for that purpose.

Registration of all persons 70 years of age and over has been successfully undertaken, and administrative preparations have already been well advanced to ensure, once the necessary legislation has been approved, the prompt payment from January, 1952, of pensions to all eligible persons. In the first year of its operation, it is estimated that more than seven hundred thousand persons will be eligible.

This measure for the well-being of our senior citizens is designed to complete the program of old age security announced by my government at the session earlier in this present year when legislation was enacted to provide for a federal contribution to assistance to persons between the ages of 65 and 70.

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

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

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

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

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

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Speech from the Throne

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

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

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

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

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

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

Pursuant to the recommendations of the royal commission on transportation, amendments will be introduced to the Railway Act, the Canadian National-Canadian Pacific Act and the Maritime Freight Rates Act. The amendment to the Railway Act will include the provision recommended by the commission for maintenance by the nation of the link in northern Ontario between eastern and western Canada.

My ministers will submit a bill embodying recommendations for legislation on radio broadcasting and television of the royal commission on national development in the arts, letters and sciences, including provision for the financing of the Canadian Broadcasting Corporation.

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

Bills will be introduced regarding the agricultural products board, Canada land surveys, and the United Kingdom financial agreement.

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

[Mr. Speaker.]

Members of the House of Commons:

The government will recommend the immediate establishment of the committee on public accounts and will ask you to refer for its consideration the bill respecting financial administration which will be introduced without delay.

Honourable Members of the Senate:

Members of the House of Commons:

May Divine Providence bless your deliberations.

MOTION FOR PRECEDENCE OF DEBATE ON ADDRESS

Right Hon. L. S. St. Laurent (Prime Minister) moved:

That the speech of His Excellency the Governor General to both houses of parliament be taken into consideration on Friday next, and that this order have precedence over all other business except introduction of bills and government notices of motions until otherwise ordered.

Motion agreed to.

VACANCY

Mr. Speaker: I have the honour to inform the house that I have received the resignation of Walter Cunningham Thomson, Esquire, as member for the electoral district of Ontario. I have accordingly issued my warrant to the chief electoral officer to make out a new writ of election for the said electoral district.

BUSINESS OF THE HOUSE

ADJOURNMENT UNTIL FRIDAY, OCTOBER 12

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, the first paragraph of the speech which Your Honour has just brought back to the house refers to the gratifying fact that we are at this time being honoured by the visit of Their Royal Highnesses The Princess Elizabeth and the Duke of Edinburgh. It was my privilege to attend yesterday with His Excellency the Governor General to extend to them, on their arrival at the airport at Dorval, the warmest welcome of the people of Canada. From there they proceeded to Quebec where they took up this morning the schedule that had been arranged previously when they had expected to come by boat and to land at Quebec. Hon. members know that they will arrive in Ottawa at ten o'clock tomorrow morning and that a full schedule of engagements has been arranged for them, including among others the visit to the houses of parliament at four o'clock tomorrow afternoon; then on Thursday there is, among other engagements, a reception by the government at the Chateau Laurier.

I am sure it will be the desire of all hon. members to take part in the events which have been arranged both to mark the satisfaction of all Canadians at the rapid progress

His Majesty is making in his recovery, which made possible the resumption of plans for this visit, and to testify to Her Royal Highness and her consort the high place the crown has in the hearts of all Canadian people.

I should like to move, seconded by the leader of the opposition (Mr. Drew), that when the house adjourns this afternoon, it stand adjourned until three o'clock on Friday afternoon. If that motion is accepted by the house, the intention would be to have the usual motion for an address to His Excellency in response to the speech from the throne moved and seconded. Then I am sure it would suit the convenience of the leader of the opposition and members of the house to adjourn further debate on the address until Monday afternoon. The traditional practice always is to have the motion for the address in reply moved and seconded, then to have an adjournment until the next sitting of the house, at that time to proceed to recognize the leader of the official opposition as the one entitled to speak first. It would be the intention to follow that practice. If I have the unanimous consent of the house, I move, seconded by the leader of the opposition:

That when the house adjourns this day it stand adjourned until Friday, October 12, at three o'clock p.m.

Motion agreed to.

STANDING COMMITTEES

Right Hon. L. S. St. Laurent (Prime Minister) moved:

That a special committee be appointed to prepare and report, with all convenient speed, lists of members to compose the standing committees of this house under standing order 63, said committee to be composed of Messrs. Fournier (Hull), Claxton, Casselman, Knowles and Weir.

Motion agreed to.

INTERNAL ECONOMY COMMISSION

Right Hon. L. S. St. Laurent (Prime Minister) presented the following message from His Excellency the Governor General:

The Governor General transmits to the House of Commons a certified copy of an approved minute of council appointing the Hon. Alphonse Fournier, Minister of Public Works, the Hon. Douglas Abbott, Minister of Finance, the Hon. J. J. McCann, Minister of National Revenue, and the Hon. F. G. Bradley, Secretary of State, to act with the Speaker of the House of Commons as commissioners for the purposes and under the provisions of chapter 145 of the Revised Statutes of Canada, 1927, intituled: An act respecting the House of Commons.

HOUSE OF COMMONS

REAPPOINTMENT OF SPECIAL COMMITTEE ON PROCEDURE

Right Hon. L. S. St. Laurent (Prime Minister): When we appointed a special committee to assist you, Mr. Speaker, in considering the procedure of the house it was understood that this committee would be reappointed at the opening of the ensuing session. I would therefore ask for the unanimous consent of the house to have that done at this time. It should be remembered that the committee consisted of Messrs. Bradette, Brooks, Fleming, Fournier (Hull), Graydon, Harris (Grey-Bruce), Knowles, MacNaught, Pouliot, Quelch and Weir. The reference was:

. . . to consider with Mr. Speaker the procedure of this house for the purpose of suggesting any changes that may be desirable to assure the more expeditious dispatch of public business—

—with power to send for persons and papers, and to report from time to time its findings and recommendations to the house. It is the same motion that was unanimously adopted towards the end of the last session of parliament. I move that the committee be reappointed.

Motion agreed to.

APPOINTMENT OF DEPUTY CHAIRMAN OF COMMITTEES OF THE WHOLE

Right Hon. L. S. St. Laurent (Prime Minister): I have one more of these traditional motions, Mr. Speaker. I move, seconded by the Minister of Defence Production (Mr. Howe):

That Louis Rene Beaudoin, Esquire, member for the electoral district of Vaudreuil-Soulanges, be appointed deputy chairman of committees of the whole house.

Motion agreed to.

On motion of Mr. St. Laurent the house adjourned at 4.05 p.m. until Friday, October 12, at 3 p.m.

HOUSE OF COMMONS

Friday, October 12, 1951

The house met at three o'clock.

HOUSE OF COMMONS

CONCURRENCE IN FIRST REPORT OF SPECIAL COMMITTEE ON PROCEDURE

Mr. Speaker: May I be permitted to present the first report of the select committee appointed on October 9, 1951, to consider with Mr. Speaker the procedure of this house for the purpose of suggesting any changes that may be desirable to assure the more expeditious dispatch of public business.

The report is as follows:

Your committee held a meeting on Thursday, the 11th instant, and after consideration of the various proposals advanced with respect to changes in house procedure, more particularly those relating to the hours of sitting, recommends as follows:

1. That the following new hours of sitting be given a trial on an experimental basis during the next two weeks:

(a) For the week commencing on Monday, the 15th of October, Mr. Speaker take the chair at 1.30 o'clock, p.m., on each sitting day and adjourn the house at 7 o'clock, p.m., without question put, unless the closure rule (standing order 39) be then in operation; and, unless otherwise ordered, the hour set aside for private and public bills under standing order 15 be from 6 o'clock, p.m. to 7 o'clock, p.m., on Tuesday and Friday, instead of the present hour of 8 o'clock, p.m. to 9 o'clock, p.m.

(b) For the week commencing on Monday, the 22nd of October, Mr. Speaker take the chair at 2 o'clock, p.m. on each sitting day, and adjourn the house at 10 o'clock, p.m., without question put, unless the closure rule (standing order 39) be then in operation; except on Wednesday when the hour of adjournment will be 6 o'clock, p.m.; with provision for the usual intermission from 6 o'clock, p.m. to 8 o'clock, p.m.; and, unless otherwise ordered, the hour set aside for private and public bills under standing order 15 remain as at present.

2. That toward the end of the second week your committee consider the results of the two weeks' experiment and bring in further recommendations based thereon.

Mr. W. G. Weir (Portage-Neepawa): Mr. Speaker, by leave of the house I beg to move, seconded by the hon. member for Grenville-Dundas (Mr. Casselman):

That the first report of the select committee appointed on October 9, 1951, to consider with Mr. Speaker the procedure of this house for the purpose of suggesting any changes that may be desirable to assure the more expeditious dispatch of public business and presented this day be now concurred in.

Motion agreed to.

DEPARTMENT OF NATIONAL REVENUE

TABLING OF ANNUAL REPORT—REFERENCE TO EXPORT OF PETROLEUM AND PULPWOOD REGULATIONS

Hon. J. J. McCann (Minister of National Revenue): I wish to table the report of the Department of National Revenue for the fiscal year ending March 31, 1951. So far as export of petroleum and pulpwood regulations are concerned, none having been promulgated since the last return was made no report will be made regarding this item.

STATUTORY HOLIDAYS

PROPOSED OBSERVANCE OF DOMINION DAY AND VICTORIA DAY ON MONDAYS FOLLOWING JUNE 30 AND MAY 23

Mr. J. L. MacDougall (Vancouver-Burrard) moved for leave to introduce Bill No. 2, to amend the Dominion Day Act and the Victoria Day Act.

Some hon. Members: Explain.

Mr. MacDougall: Mr. Speaker, you will recall that during the last session of the house I performed a similar duty, and I received some justifiable criticism from various members of the house because I apparently seemed too anxious to have this legislation passed by this body. I believe it was the general consensus of opinion then that some time should elapse so that public reaction to the bill could be ascertained by the members of the house. Since that time public reaction certainly has been duly ascertained.

Some hon. Members: Explain.

Mr. MacDougall: Now we find that, according to the Gallup poll, 73 per cent—

Some hon. Members: Explain.

Mr. Speaker: Order. I would ask the hon. member merely to explain the bill.

Mr. MacDougall: I have got that bit of information on the record. Thank you very much.

Mr. Speaker: I think the hon. member has explained the bill.

Motion agreed to and bill read the first time.

Proposed Legislation

INDUSTRIAL RELATIONS

AMENDMENT OF CHAPTER 54, STATUTES OF 1947-48—VOLUNTARY REVOCABLE CHECK-OFF OF UNION DUES

Mr. Stanley Knowles (Winnipeg North Centre) moved for leave to introduce Bill No. 3, to amend the Industrial Relations and Disputes Investigation Act (voluntary revocable check-off).

Some hon. Members: Explain.

Mr. Knowles: The purpose of this bill is to add a new subsection 3 to section 6 of the national labour code. The effect of this new subsection is to provide for the voluntary revocable check-off of trade union dues.

Motion agreed to and bill read the first time.

DIVORCE JURISDICTION ACT

EXCHEQUER COURT TO HAVE JURISDICTION IN ACTIONS ORIGINATING IN QUEBEC AND NEWFOUNDLAND

Mr. Stanley Knowles (Winnipeg North Centre) moved for leave to introduce Bill No. 4, to provide for the jurisdiction of the Exchequer Court of Canada in matters of divorce.

Some hon. Members: Explain.

Mr. Knowles: This is the same bill I have introduced on previous occasions. Its purpose is to free parliament from the necessity of processing individual divorce cases, and at the same time to put an end to any agitation for the establishing of divorce courts in provinces where they are not wanted.

The bill simply transfers the hearing of Quebec and Newfoundland divorce petitions from parliament to the Exchequer Court of Canada. I should add, however, that it has in it the express provision that the Exchequer Court of Canada shall exercise its right to hear divorce cases only at the city of Ottawa.

Motion agreed to and bill read the first time.

FAIR EMPLOYMENT PRACTICES

PROVISION AGAINST DISCRIMINATION ON ACCOUNT OF RACE, CREED OR COLOUR

Mrs. Ellen L. Fairclough (Hamilton West) moved for leave to introduce Bill No. 5, to promote fair employment practices in Canada.

Some hon. Members: Explain.

Mrs. Fairclough: This is the same bill which was introduced and received first reading at the last session. Its intention is to provide legislation which will be of an anti-discriminatory nature.

Motion agreed to and bill read the first time.

CANADIAN NATIONAL-CANADIAN PACIFIC ACT

REPORT TO PARLIAMENT TO GIVE INFORMATION CONCERNING CO-OPERATIVE PROJECTS

Hon. Alphonse Fournier (for the Minister of Transport) moved for leave to introduce Bill No. 6, to amend the Canadian National-Canadian Pacific Act, 1933.

Some hon. Members: Explain.

Mr. Fournier (Hull): The purpose of the amendment is to provide that the annual report submitted to parliament by the directors of the Canadian National Railways shall contain a separate section giving, in a summary manner, information concerning co-operative projects.

Motion agreed to and bill read the first time.

MARITIME FREIGHT RATES ACT

AMENDMENT WITH RESPECT TO WESTBOUND RAIL AND LAKE TRAFFIC

Hon. Alphonse Fournier (for the Minister of Transport) moved for leave to introduce Bill No. 7, to amend the Maritime Freight Rates Act.

Some hon. Members: Explain.

Mr. Fournier (Hull): The purpose of the amendment is to confirm the present practice of the Board of Transport Commissioners for Canada and the railways which gives the benefit of the Maritime Freight Rates Act to westbound traffic moving rail and lake, and also rail, lake and rail, from points on eastern lines.

Motion agreed to and bill read the first time.

NORTH FRASER HARBOUR COMMISSION

AMENDMENT OF ACT TO PROVIDE FOR TWO ADDITIONAL COMMISSIONERS, ETC.

Hon. Alphonse Fournier (for the Minister of Transport) moved for leave to introduce Bill No. 8, to amend the North Fraser Harbour Commissioners Act.

Some hon. Members: Explain.

Mr. Fournier (Hull): Mr. Speaker, the purpose of this amendment is to provide for appointment by the governor in council of two additional commissioners, and also to provide for the payment of the remuneration of the commissioners out of harbour revenues.

Motion agreed to and bill read the first time.

TORONTO HARBOUR COMMISSION

AMENDMENT OF ACT TO DEFINE LIMIT OF THE PORT AND AUTHORIZE COMMISSIONERS TO CONTROL CONSTRUCTION OF PIPES OR PIPE LINES

Hon. Alphonse Fournier (for the Minister of Transport) moved for leave to introduce Bill No. 9, to amend the Toronto Harbour Commissioners Act.

Some hon. Members: Explain.

Mr. Fournier (Hull): Mr. Speaker, the purpose of this amendment is to define the north limit of the port and harbour of Toronto, and also to authorize the commissioners to control, regulate or prohibit the construction or use of pipes or pipe lines, or the operation or carrying on of any business or activity within harbour limits which would affect any property, business or revenues of the corporation.

Motion agreed to and bill read the first time.

CANADA-UNITED KINGDOM FINANCIAL AGREEMENT

APPROVAL OF AGREEMENT RESPECTING INTEREST-FREE PROVISION OF LOAN

Hon. Stuart S. Garson (for the Minister of Finance) moved for leave to introduce Bill No. 10, to approve the financial agreement between Canada and the United Kingdom signed on the 29th day of June, 1951.

Some hon. Members: Explain.

Mr. Garson: Mr. Speaker, the purpose of this bill is to approve an agreement between Canada and the United Kingdom signed on June 29, 1951, concerning the $700 million interest-free loan to the United Kingdom in 1942. This loan, in effect, funded the sterling balances accumulated by Canada in the early years of the war, prior to mutual aid arrangements, in order to enable the United Kingdom to continue its purchases in Canada of its essential wartime requirements. The United Kingdom has since 1942 been retiring this debt by applying, in repayment of the loan, the proceeds of the redemption or sale of Canadian securities owned by the United Kingdom residents. Under the recent agreement, which this bill approves, the interest-free provision and the other arrangements with respect to the loan are continued as at present until January 1, 1954.

Motion agreed to and bill read the first time.

Proposed Legislation

OLD AGE SECURITY

TO PROVIDE FOR PENSIONS, WITHOUT MEANS TEST, AT AGE 70

Hon. Paul Martin (Minister of National Health and Welfare) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to provide for the payment of pensions, without a means test, of forty dollars a month to persons who have attained the age of 70 years and have appropriate residence qualifications, and to establish a fund made up of special contributions levied for that purpose.

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

Motion agreed to.

CANADIAN FORCES ACT

TO PROVIDE FOR COMPENSATION, PENSIONS, ETC., TO MEMBERS OF ARMED FORCES AND ALLIED SERVICES

Hon. Hugues Lapointe (for the Minister of National Defence) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to amend the National Defence Act to provide for the payment of compensation in respect of the death or disability of persons employed in or with the public service of Canada while performing functions in relation to the Canadian forces, the defence research board or forces co-operating therewith; to amend the Defence Services Pension Act to permit the payment of a pension to an officer or man who has served in the Canadian forces for twenty years or more and to provide that the act shall continue to apply to a man who, having been promoted from the ranks, is granted a short service commission to provide that persons who have accumulated pensionable service under the Defence Services Pension Act may be able to count that service under the Civil Service Superannuation Act when they retire from the forces to accept civil service appointments in the Department of National Defence; to amend the Department of Veterans Affairs Act to provide continuing authority for that department to administer, on the same basis as in the past, the service estates of former members of the forces; to amend the Visiting Forces (United States of America) Act to provide for the attendance of civilian witnesses at American courts-martial held in Canada; and to amend other statutes to make their terminology consistent with that of the National Defence Act.

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

Motion agreed to.

Proposed Legislation

NORTH ATLANTIC TREATY

AGREEMENT AS TO ARMED FORCES STATIONED IN OR PASSING THROUGH NATO COUNTRIES

Hon. Hugues Lapointe (for the Minister of National Defence) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to approve an agreement between the parties to the North Atlantic treaty regarding the status of their forces when present in the territory of one another; to provide on a reciprocal basis for certain exemptions for personnel in a country other than their own from income tax, customs duty and certain other taxes; and to provide for the settlement of claims arising out of death, personal injury or property damage resulting from the negligence of their members.

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

Motion agreed to.

RAILWAY ACT

IMPLEMENTING CERTAIN RECOMMENDATIONS OF ROYAL COMMISSION ON TRANSPORTATION— MAINTENANCE OF TRACKAGE

Hon. Alphonse Fournier (for the Minister of Transport) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to amend the Railway Act to carry out certain recommendations contained in the report of the royal commission on transportation and *inter alia* to provide that the cost of maintaining the trackage between Sudbury and Fort William on the transcontinental line of the Canadian Pacific Railway Company and between Capreol and Fort William and between Cochrane and Armstrong on the transcontinental lines of Canadian National Railways be paid annually out of the consolidated revenue fund to an amount not exceeding seven million dollars.

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

Motion agreed to.

CANADA LANDS SURVEYS ACT

REVISION AND CONSOLIDATION OF FORMER STATUTE

Hon. George Prudham (Minister of Mines and Technical Surveys) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a measure to repeal the Dominion Lands Surveys Act and to enact in substitution thereof the Canada Lands Surveys Act, a revision and consolidation of the former. Provision is made in the revised act for increased remuneration for the members of the board of examiners, the secretary of the board, and the special examiners.

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

Motion agreed to.

PUBLIC PRINTING AND STATIONERY ACT

AMENDMENT PROVIDING FOR ADVANCES TO KING'S PRINTER FOR PURCHASE OF MATERIALS, ETC.

Hon. F. G. Bradley (Secretary of State) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to amend the Public Printing and Stationery Act in relation to advances authorized to be made to the king's printer for the purchase of materials to execute orders and requisitions and payment of wages, and to provide that the total amount of such outstanding advances shall at no time exceed the sum of four million dollars.

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

Motion agreed to.

DOMINION ELECTIONS ACT

PROVISION FOR APPOINTMENT OF SPECIAL COMMITTEE

Hon. F. G. Bradley (Secretary of State) moved:

That a special committee consisting of thirty members to be named later be appointed to study the several amendments to the Dominion Elections Act, 1938, and amendments thereto, suggested by the chief electoral officer, to study the said act, to suggest to the house such amendments as the committee may deem advisable, and report from time to time, with power to send for persons, papers and records and to print the proceedings, and that the provisions of section 1 of standing order 65 be waived in respect to this committee.

Motion agreed to.

WHEAT AND COARSE GRAINS

DIFFICULTIES OF HARVESTING—FINAL PAYMENT ON 1950-51 BARLEY POOL

On the orders of the day:

Mr. J. T. Hetland (Humboldt): Mr. Speaker, as the farmers in the west are having considerable difficulties in harvesting their crops and as they are concerned—

Mr. Speaker: Will the hon. member put his question?

Mr. Hetland: Yes. Will the minister make a statement on wheat, oats and barley at this time?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, hon. members are aware of the difficulties being experienced by western producers in harvesting their 1951 grain crops. For nearly two months now frequent and widespread rains have repeatedly delayed harvesting throughout the prairie provinces, and the long weathering of fully matured crops has caused some loss in yield and a lowering in grade. However, for the past week weather conditions have been favourable throughout the prairies and harvesting is finally under way.

At this time I should advise the house of the plans of the Canadian wheat board in distributing final payments on the 1950-51 pools. Final accounting is now under way, and I am in a position to state there will be surpluses to distribute to producers in respect to the 1950-51 wheat, oats and barley pools. The final distribution on the barley pool will commence next week; on Monday, October 15, to be exact. The final barley payment will be followed by a final payment from the 1950-51 oats pool, and then the board will proceed with the payment on the 1950-51 wheat pool.

I would estimate that the three payments I have mentioned involve a distribution to western producers in excess of $100 million and these payments will all be completed before the end of the calendar year, I hope before December 1.

I will now give a summary of the details of the final payment on barley which will commence on October 15. Members will recall that on February 1, 1951, all initial barley prices were increased by 20 cents per bushel and a payment of the same amount was made on all barley delivered to the board between August 1, 1950, and January 31, 1951. The final payment which I am announcing today, therefore, represents the second payment distribution over and above the initial prices which were originally established for 1950-51.

The 1949-50 barley pool was closed as at September 30, 1950, and the 1950-51 barley pool was closed as at September 22, 1951. Therefore the operating results of the 1950-51 barley pool reflect board sales between October 1, 1950 and September 22, 1951.

I should also add that in winding up the 1950-51 barley pool, slightly over eight million bushels of cash barley were transferred to the 1951-52 pool under provisions of section 29A of the Canadian Wheat Board Act. Futures contracts covering the barley transferred to the new pool had been sold prior to the transfer date, and the transfer involved pricing the various grades of barley transferred to the new pool in relation to the closing price of the October future on September 22, 1951.

The net surplus from the 1950-51 pool amounts to $15,112,054.03. Producers delivered 83,521,106-07 bushels of barley to the 1950-51 pool. Therefore, the average final payment on all grades of barley delivered to the board in 1950-51 will be 18·0937 cents per bushel. On the basic grade, namely three Canada Western six-row barley, the final payment will be 20·882 cents per bushel, bringing the total realized price for this grade of barley to $1·33882. On No. 1 feed barley, a principal grade from the standpoint of producers deliveries, the final payment will be 16·164 cents per bushel, bringing the total realized price to $1·23164. On No. 2 and No. 3 feed barley, the final payment will be 18·300 cents per bushel and 18·712 cents per bushel respectively, bringing the final realized prices for these two grades of barley to $1·18300 per bushel and $1·13712 per bushel. The final payment on many of the lower grades of barley delivered to the board in 1950-51 will range considerably higher than the final payment on the top grades. Payments on some of the lower grades will range as high as 30 cents per bushel.

The board is now winding up the 1950-51 oats pool and within a short time I will be in a position to advise the house of the final payments to be made on 1950-51 oats delivered to the board; and before the oats payment is completed, I shall be making an announcement about the wheat payment.

Mr. P. E. Wright (Melfort): There is one further question that I wish to ask the minister. Will the government give consideration to a further amendment to the wheat board act at this session which will permit the wheat board to make an advance payment on properly stored wheat on the farm?

Mr. Howe: The government does not intend to ask parliament to amend the wheat board act at this session. The question as to payment on wheat stored on the farm is of importance this year due to the lateness of the harvest. The harvest is six weeks later than normal. The government has been watching the situation carefully. However, exceptional arrangements have been made for the transport of wheat to market. It is now felt that the farmers of western Canada will

be able to deliver considerably more wheat this autumn than was delivered during the same period last year. If that is possible it would not seem necessary to make new provisions for the storage of wheat on the farms. However, the situation will be watched, and if there are sections of the country where adequate deliveries cannot be made, the government will take steps to see that the farmer does not suffer unduly from that cause.

Mr. J. G. Diefenbaker (Lake Centre): There is one other question arising out of the statement made by the minister. What is the number of bushels for which storage space is available in the elevators of western Canada for the present wheat crop, at the present time? In order to meet the situation, which is not quite as cheerful as the minister seems to think it is, has any consideration been given to the suggestion that a payment be made to the farmers for storage of wheat on their farms, a payment equal to that being paid today to the elevator companies?

Mr. Howe: As I remember the capacity of all the country elevators, it is about 280 million bushels. It is customary to reduce that by 10 per cent to provide for handling space, so I presume the country elevator space is about 250 million bushels, and I would judge that there is something in the neighbourhood of 50 million bushels in store in the country at the present time. These are figures from memory. I think they are roughly representative. Therefore there is about 200 million bushels of open storage in the country. I think that there is at least another 100 million bushels of storage available in eastern Canada in the Georgian bay and St. Lawrence elevators and in the maritimes. The movement of wheat has been expedited in every way, but the fact is we have not had wheat sufficient to take advantage of the cars and the boats available up to the present time. The lack of grain has enabled other commodities to be moved in the interval, so that grain will have a fairly clear field from now on.

My hon. friend thinks I am overly optimistic. I may say that this morning I had a meeting with the chairman of the wheat board and with the transport controller, and the statement I have made is a considered statement after obtaining the advice of these gentlemen.

My hon. friend asks whether it is the intention to pay storage to farmers for wheat held on the farms. The wheat board act makes the necessary provision but it also makes provision that that storage will be paid, as all other storage is, from the gross revenues of the pool. It seems to me that if the quota system is operated fairly, as in past years—and I think it will be—to pay farmers for storage on the farms would simply be to ask the farmer to pay storage to himself.

Mr. Diefenbaker: It would not cost any more than paying the elevator companies.

Mr. Howe: It would not cost any more, but it would be an additional payment from the farmer to himself, as it would come out of the pool receipts, which are the property of the farmer. Payment of farm storage would not speed up the payment for the wheat in any way. It would simply mean that the producer's initial payment would be increased by perhaps a cent a bushel a month, and that his final payment would be reduced accordingly. That proposal has been carefully examined, and it is not the present intention of the government to adopt that policy.

Mr. Cruickshank: May I ask another question? Has any consideration been given to providing the Pacific coast with frozen wheat of poor quality for cheap feed?

Mr. Howe: The Pacific coast, like all other parts of Canada, is being provided with grain at the going market price. We have no cheap wheat; we have some frozen wheat. I assure my hon. friend that he can buy frozen wheat, as can any other part of Canada.

Mr. Fair: I should like to ask the minister a question. Has any further consideration been given by the government to increasing the price of wheat supplied to Canadian millers for consumption in Canada above the present international wheat agreement price to class II wheat prices?

Mr. Howe: The answer is no.

ORDERS IN COUNCIL

INQUIRY AS TO WITHHOLDING FROM PUBLICATION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to direct a question to the Prime Minister. Can the Prime Minister tell us whether there are any orders in council passed under the Emergency Powers Act which are being kept secret or withheld from publication? If so, can the Prime Minister make an explanation about the matter?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, if the hon. member will look at the summary of orders in council that I tabled the other day he will see that there is one referred to as having been exempted from publication for security reasons.

Mr. Knowles: Is there only one?

SPEECH FROM THE THRONE

ADDRESS IN REPLY, MOVED BY MR. ROBERT CAUCHON AND SECONDED BY MR. J. A. SIMMONS

The house proceeded to the consideration of the speech delivered by His Excellency the Governor General at the opening of the session.

(Translation):

Mr. Robert Cauchon (Beauharnois): Mr. Speaker, in the history of certain nations on the march, there are moments of truly exceptional grandeur; through the ages there are also fruitful hours during which men witness the building up of solid and enduring institutions.

We are perfectly justified in admitting and recognizing that we are now living such an hour at the opening of this special session of the Canadian House of Commons.

The projects of vital interest which warrant this session make it one of undeniable importance and, consequently, this event will undoubtedly be considered, by our future historians, as one of particular significance.

When legislators entrusted with the administration of the affairs of a nation abide by standards of law and equity, we hasten to note and extol their wisdom in the fulfilment of their duty as statesmen. But, when faced with the serious problems of the hour, these legislators busy themselves with enacting governmental measures inspired by tolerance and humanitarianism, they attract attention from all quarters and, by their beneficial activity, evoke feelings of real admiration in the hearts of the people.

This is the spirit prevailing at the opening of this special session during the course of which the representatives of the Canadian people, conscious of their privileges and responsibilities, will be called upon to discuss and to adopt laws designed to satisfy the immediate needs of our elderly citizens and of our sick people, in order to afford to each and every one of them a fuller measure of happiness and security.

It is not without pride that we see such humanitarian measures taken at the very moment when we are privileged to greet and to acclaim, in our own homeland, Their Royal Highnesses the Princess Elizabeth and the Duke of Edinburgh, who have been pleased to pay us an official visit. Their trip to our country revives our memories of the visit of Their Most Gracious Majesties, the King and Queen of Canada.

It is on such memorable occasions that are vividly demonstrated the proven loyalty of the Canadians, as well as their deep respect for time-honoured traditions, which may aptly be considered as a precious safeguard for our rights and liberties.

On behalf of the members of this house, I want to express to His Majesty the King the wishes of all the Canadian people. May the good Lord hasten his return to health, may He also ensure a long life to our gracious Queen and may He keep them long amongst their respectful subjects.

Mr. Speaker, at the beginning of my speech, I referred to the sound administration of the government. I praised the virtues of legislators showing signs of wisdom while carrying out the great task of building a nation.

When I spoke of legislators, the figure that first came to everyone's mind was of course that of a statesman whose great personality is universally acknowledged: I mean the Right Hon. Prime Minister (Mr. St. Laurent). To that eminent leader, who has always been the untiring champion of national unity in this country and, also, the sincere promoter of international peace, we owe numerous achievements in the various fields of our social and economic activities.

Let us not forget that, because of the skilful work of its leaders, Canada has made giant strides, particularly in the last few years. She has clearly shown that she has reached the status of an adult nation among the great association of free peoples living under the flag of democratic ideal.

By reason of its growth and expansion, this same Canada is destined to play a leading part in the world and to have a voice in matters of concern for the whole of mankind.

But while the international situation reflects the most varied problems, as a drama in hundreds of different acts, it is necessary that every country look actively after the proper administration of its internal affairs.

Thus, within Canada, the Right Hon. the Prime Minister has championed a most vital and urgent cause, that of national unity between the two principal racial groups that make up the population of our ten provinces.

Real obstacles seemed to stand in the way of such union, but they have been smoothed away and practically removed by the skilful and wise directions of our leader.

This duality of races we have in our country is a source of intellectual and moral wealth which should be developed in the general interest.

There are secret and providential laws governing the creation as well as the destiny of great nations. The coexistence of two

strong nationalities in this land of ours must not be considered as mere chance, as the result of a mysterious fate.

In the face of this outstanding fact, we must acknowledge the right of he who looks after the destiny of men as well as of peoples. We must therefore fully realize and recognize that this fact is an important one, superior to many contingencies, from which the most beneficial results can be drawn.

The pooling of the various assets peculiar to each of the main races of this country, good will and mutual co-operation, national unity, finally, are apt indeed to bring extremely beneficial results to our country.

In accepting an office as important as his, at the head of the government, the Prime Minister knocked down a host of racial prejudices that threatened to impede our internal economy; he gave a magnificent example of solidarity and became the link between English-speaking and French-speaking citizens, in order that our great nation may unfalteringly achieve her glorious destiny.

The trip that our Prime Minister saw fit to undertake in western Canada last August, so as to visit Ukrainians living in that part of the country, is undeniable proof of his zealous efforts to co-ordinate the various elements that make up our population.

He was anxious to visit them in order to convince them that they are welcome in their new homeland. He has also paid a visit to the Ile aux Coudres last summer, and, at the same time, to the constituency of Charlevoix where no prime minister had been until then.

These attentions cannot be overlooked for they constitute a most eloquent proof of the interest he takes in every part of this country.

We therefore owe the Right Hon. Prime Minister an undying debt of gratitude. At the risk of wounding his modesty we can say with legitimate pride that the people are most assuredly entitled to salute him as a statesman whose actions have commanded the attention of all the free world.

He is of the strain of real leaders of men. It is with such sure guides that they are led along the road to tolerance and team-work.

The nomination of the Right Hon. Prime Minister was hailed enthusiastically by the two great racial groups in this country. His worth was unanimously recognized by all citizens, mindful of the urgency of their duties and common task.

[Mr. Cauchon.]

Because of his overwhelming power of persuasion, the elite of this country soon realized the necessity of uniting, without distinction of racial origins.

His remarkable personality was welcomed by the English elements, while the French group recognized the obvious possibility of an understanding.

Thus came into being a precious association of forces, blooming forth amidst order and harmony. That is why we are able to make full use of all our natural and ethnical resources and to solve, in full agreement with one another, problems relating to the social welfare, the health and security of all classes of our society.

If the achievements of the Right Hon. Prime Minister were wise and truly effective, the country as a whole was pleased to perceive the wonderful spirit of co-operation and understanding which enabled all his colleagues in the cabinet to unite their activities with his own and to direct all their efforts towards a single ideal.

We, members of this house, are in a good position to see the hon. members of the cabinet perform their delicate duties in this country, or even abroad when they are called upon to represent us. It is worthy of note that on every occasion they never fail to increase the prestige of this country.

Mr. Speaker, I believe I am not wrong in stating that we all wish for the success of the efforts of the United Nations and the North Atlantic alliance towards the prevention of a world war and the establishment of a lasting peace.

(Text):

Moreover, if I may be permitted to say a few words in English, I cannot but draw the attention of the house to the marked progress made towards achieving unity amongst Canadians.

Perhaps, the most significant step was taken when the Speaker of this house went to Quebec to study at Laval university, to perfect himself in the French language. There he distinguished himself as a student. In fact, he received a medal.

(Translation):

Mr. Speaker, on behalf of my colleagues from Quebec and myself, I wish to convey to you our most sincere congratulations.

(Text):

It is another example of the sincere effort being made to promote Canadian unity. Last year, during my visit to the city of Toronto I was greatly impressed by the cordiality extended to us of Quebec. It was proof that we are all Canadians.

(Translation):

As for the opposition, it may be assumed that they have little to complain about in the present state of affairs. Let us therefore wish them continued happiness without too much opposition from those who are not in the ranks of the opposition, all within the bounds of the dignity and courtesy which are the traditional hallmarks of our parliamentary system.

Our government is far from spurning progress. On the contrary, it is always prepared to undertake works that are considered necessary anywhere in the country.

Among the main projects now being considered, mention should be made first of the proposed dam on the South Saskatchewan river.

A commission has been formed to study the economic aspects of this vast project which, as is well known, has caused much controversy.

If money can profitably be spent on this project, the government, ever faithful to its policy of progress and development, will take all the necessary steps and will show in this important matter that it is equal to the situation.

Another government project concerns the province of Nova Scotia and Cape Breton Island. It contemplates the construction of a causeway across the strait of Canso, establishing a connection between the island and the continent in order to facilitate the means of communication and, in particular, the shipping of coal out of Cape Breton.

The government has appointed a committee to inquire, in co-operation with Nova Scotia, into the technical and economical aspects of the project.

It was found that these works were necessary to the economy of our country. Reference to the realization of this project is contained in the speech from the throne. This is additional proof of the progressive and enlightened policy of the government. The whole of our population is in favour of such a causeway.

Another problem that dwells heavily on everybody's mind is the St. Lawrence seaway project. The digging of a maritime canal stretching over such a long distance is a tremendous undertaking. However, the expenditure involved in carrying out this project will be vastly compensated by the resulting increase of our hydroelectric resources, and the advantages of a new commercial waterway available to the west.

The effects of this development of our national wealth will be widely felt outside our country and more specifically on the whole North American continent. It seems evident at first glance that many and wonderful benefits are to be derived from this project.

Considering that the normal flow of the St. Lawrence river is 250,000 cubic feet per second, and that every foot difference in level of such flow carries more than 20,000 horsepower, the difference in level between lake Superior and Montreal being near 600 feet, there would be about 10,000,000 horsepower developed in that part of the river only.

Is that not enough for the whole Canadian population to be interested in the seaway project? There are many drawbacks to our present waterway system, and many ferries could well be eliminated.

Our experts all agree on the usefulness of a deep waterway. Shipping would be faster and cheaper; railway transport has proven inadequate to date and is far from meeting present needs.

In improving the shipping of commodities and goods, tremendous assistance would be provided to agriculture, industry and trade.

Our engineers unanimously recognize that the harnessing of the St. Lawrence would increase our motive power and at the same time establish a more efficient trade route from east to west as in the opposite direction.

Can the Canadian nation remain unconcerned by a project which would allow, according to Dr. Harold G. Moulton, author of "The St. Lawrence and Navigation Projects," the shipping of about 10 million tons of goods?

In order to progress efficiently and to cope with our competitors, we are duty bound to develop our sources of electrical power by harnessing our great river. We must also encourage trade and commerce by improving means of communications across our vast territory. The St. Lawrence waterway project is the answer to all those needs; we should therefore direct our best attention and energy to its achievement.

In concluding, Mr. Speaker, on behalf of all members of the house, may I express the wish that our people will continue to place their confidence in our Prime Minister, whose ideals and aspirations all converge toward an end so dear to his heart, national unity, so that Canada may become greater and stronger and fulfil her noble mission in the great family of nations.

Seconded by the hon. member for Yukon-Mackenzie River (Mr. Simmons), I have the honour to move:

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

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

May it Please Your Excellency:

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

Mr. Speaker, I am convinced that this special session will occupy a prominent place in the history of this great and beautiful Canada of ours.

(Text):

Mr. J. A. Simmons (Yukon-Mackenzie River): Mr. Speaker, in seconding the motion that an address be presented to His Excellency the Governor General expressing thanks for the gracious speech delivered by him to both houses of parliament, I, as parliamentary representative of the people of the Yukon Territory and the Mackenzie river district of the Northwest Territories, wish to express my appreciation of the honour paid to my constituents by this action and also my personal pride that at this particular moment I have the privilege of speaking for these people. I know when he appointed me to second the address the Prime Minister (Mr. St. Laurent) intended to pay a compliment to the constituency I have the honour to represent in this house which is the largest in area in all Canada.

My constituents, like all other Canadians, have been gravely concerned over the state of health of His Majesty the King. I should like to join with the mover of the address, the hon. member for Beauharnois (Mr. Cauchon), in saying how pleased we all have been with the daily bulletins which have indicated a steady improvement in the health of His Majesty. We all hope that he will soon be restored to good health and continue to reign over us for many years.

The people of Canada have been honoured and are proud to welcome to their shores Their Royal Highnesses, The Princess Elizabeth and the Duke of Edinburgh. I like to think, too, that the Prime Minister (Mr. St. Laurent) realized that the people of the Yukon Territory and the Mackenzie district of the Northwest Territories would be disappointed that our royal visitors could not include some part of that vast territory in their present visit. Speaking for my constituents, we hope that the royal couple have such a wonderful time in Canada that they will want to come back again to see more of the country, and that when they do they will plan to visit the land of the midnight sun because there is no other place where there is so much scenery to see. It is also our hope that the assurance of our loyalty, which I am delegated to express, will in some small measure give them and Their Majesties strength and confidence to lead us in the days ahead.

Before proceeding further I should like to tender my congratulations to my colleague, the hon. member for Beauharnois (Mr. Cauchon), for his excellent speech. His eloquence and the manner of his delivery typify the ability and ease with which our fellow Canadians of French descent enrich the proceedings of this house.

Last June the Prime Minister told us that when we came back in October we would have a busy session before us. I do not think anybody quite realized how busy it would be until we listened to His Excellency's speech on Tuesday and heard all the important legislation with which the government is expecting us to deal. I know that my constituents will expect us to get down to business in this house and deal with this very large program, and I am sure that is the view of people all over Canada. We should not need to take too much time with the old age pension bill because all parties in the house are on record as approving it. It is a tremendous forward step along the road the Liberal party has been following over the years, and the new universal pensions which are to start on January 1 will give citizens of Canada who have reached the closing years of their lives a measure of security as great as is provided in any country in the world.

We are proud too of what our Canadian forces have done in Korea. Both the navy and the army had a growing share in the fighting there, and they have behaved as Canadians always do. But I should like to say a special word for the unsung heroes of the Royal Canadian Air Force who have been flying steadily for all these long months on the long hop to Tokyo without a single accident. In my constituency, where air travel is so important, we appreciate perhaps better than

most other Canadians the real heroism involved in what the Royal Canadian Air Force is doing to help keep the forces of the United Nations in Korea supplied, and in evacuating the wounded.

The defence of North America so far as attack from Asia is concerned is established chiefly in Alaska, the Yukon and northern British Columbia. We must be strong north of Edmonton, and I realize that the Department of National Defence is endeavouring to make us strong in that region. When the world situation is clarified and the democratic peoples of the world no longer fear the outbreak of war I hope that the day will come when there will be a great commerce between our people in the north Pacific region and the peoples of Asia. I hope that a great stream of products may go from our northern communities, cereals, oil, metals of all kinds, fish, lumber and newsprint, to supply the needs of the people of Asia. I realize that when peace comes to Asia they will have products to sell us which we do not produce but of which they will have a surplus.

All my constituents will approve of the action being taken by the government to strengthen the forces that General Eisenhower is building up in Europe. The maintenance of peace fully justifies the utilization of the Canadian 27th brigade and sufficient air squadrons overseas, and as the time element is of importance the early action indicated by the government should meet with universal approval.

Turning to the other legislation we have before us, it appears to me that the main items deal with the development of transportation and communications in Canada. There is the St. Lawrence seaway, the strait of Canso causeway, the amendment to the Railway Act to lower the cost of transportation between the east and the west, the investigation of the advantages of the South Saskatchewan power and irrigation project, and the broadcasting legislation. Except for broadcasting, none of these developments concern my own constituency directly, but there is no part of Canada where transportation and communications are more vital than they are to the people of the north at this time.

We also know that the improvement of communications in any part of Canada helps to bind the country together, to make us more united and to speed up the development of our great resources. Therefore I do not think my constituents would expect me to do anything but support these proposals for strengthening the foundations on which our country can continue to grow.

On this occasion, Mr. Speaker, I should like to take some time to mention a few matters relating to my constituency, which comprises an area of approximately 750,000 square miles. First I should like to express my pleasure and the satisfaction of the people of the Mackenzie district with respect to the legislation passed during the last session which added three elected members to the Northwest Territories council in addition to the five appointed members. This constitutional change, which brought about the election of some of the members of the Northwest Territories council, is an extension of true Canadian democracy to its territorial areas. There are solid grounds for the claim that the council should be wholly elected, as is that of the Yukon Territory, and I hope that it will not be too long before this is brought about.

I am happy to relate that the first election was held last month, and that residents of Indian and Eskimo blood were able to vote as citizens of Canada. It is also my definite opinion that the people of the Northwest Territories should be given the right to elect a member to represent them in the House of Commons instead of having to share a member with the Yukon Territory, as is now the case. Both the Yukon Territory and the Northwest Territories are going to play an increasingly important role in the industrial and economic life of the nation, and the area covered by both is too large to be represented properly in this house by only one member.

I am sure all hon. members will agree that it would be well to amend the Representation Act to provide for subdividing this vast riding and allowing two members, one for the Yukon Territory and one for the Northwest Territories.

The present financial agreement between the government of the Yukon Territory and the federal government expires this year. During its three-year term this agreement has led to a better understanding between the two governments, and it is my hope that the new agreement, when its terms have been finally settled, will take into consideration the accelerated tempo of development in the Yukon which is now becoming apparent. With the introduction of a more democratic government in the Northwest Territories a similar agreement between that government and the federal authorities will serve to assist in the orderly development of the mineral and other resources of that area.

If we examine the broad picture of Canada today we find that, while accepting and shouldering our responsibilities as a member of the United Nations in resisting aggression and in giving a helping hand to people less fortunate than ourselves, we ourselves are

experiencing a rapid and phenomenal expansion of our industrial and economic life. We are planning wisely, with imagination and courage, to develop the natural resources which God has given us, while at the same time extending social and cultural benefits to our people.

It will be noticed that from the Atlantic to the Pacific, from the iron mines in northern Quebec and Labrador, through Lynn Lake in northern Manitoba, lake Athabaska in northern Saskatchewan, Kitimat and Atlin in British Columbia, Pine Point, Yellowknife and Eldorado in the Northwest Territories, and Whitehorse, Dawson and Mayo in the Yukon Territory, Canada is moving northward in a big way.

At this time of international strain and tension, when the free nations of the world are once more girding themselves to resist aggression, it would be well for us to assess the sources of our potential strength. The solid enduring strength of Canada comes from the character of its people. Supporting this are the natural resources which come out of and from the ground. The insatiable demand for minerals, which is ever increasing, causes us to look around for further mineral supplies. Fortunately for us we have in the Yukon and Northwest Territories huge areas which have hardly been scratched, but which have every indication of being the last undeveloped reservoirs of mineral wealth on this continent. These indications have been known for a long time but the remoteness of the areas and the lack of adequate transportation facilities precluded development while more accessible mineral deposits were available.

The development of these resources to the advantage of Canada will be largely through the efforts of those hardy, courageous and resourceful prospectors who have played such an important role in opening the north. These adventurous men often encounter great hardships in their work, and at times find it difficult to finance their operations, from which Canada as a whole benefits. Mr. Speaker, I am strongly in favour of some plan whereby a bona fide prospector in the north would receive a measure of assistance from the government in financing his exploratory work. I am satisfied that the return to Canada in mineral wealth would justify this expenditure. Despite all the advances which modern science has made in improving and speeding up methods of geological investigations the prospector still has a most important part to play, for it is he who discovers the leads and does the pioneering work in uncovering the mineral wealth. It is our responsibility to see to it that the industry grows with Canada, and that it continues to be enterprising, vigorous and increasingly productive.

There was never a time in our history as a nation when mining and the products of the mine were so vitally important to our safety and to our future in the world. Actually Canadians cannot be strong or remain free in the face of perils today without the products of our mineral industries. Mining in Canada is now a billion dollar industry. The value of its output passed that mark in 1950 for the first time in our history. We can all feel proud of its pioneering accomplishments, opening up new territories and winning over the wilderness.

Inflation can be checked by the Canadian people if they produce more, we are told by the Minister of Finance (Mr. Abbott). I hold that inflation can be checked if we produce more natural wealth in Canada. We are making our Canadian dollar strong when we in the north pour into the economy of the country gold, silver, copper, lead, zinc, wheat, lumber, fish and oil. Every manufacturing city and town in Canada shares in the market created by the development of new wealth beyond the great lakes, and in the northern areas of Ontario and Quebec. In the Northwest Territories, Yukon Territory and the western provinces, thousands of our young men are employed in new industries. More are needed. Nowhere in the world is there a better and safer place for capital investment. Money spent on frivolous things, on luxuries and vanities, adds to inflation. But money spent on picks and shovels, gas engines and other power units, on trucks and tractors, farm machinery and mining equipment, materials and equipment for the pulp mills, the smelters, the railways, airways and the ocean-going ships, goes to stop inflation and make our economy sound and solid. The implications of this on our national economy are very apparent. It is an easily accepted fact that, with such strides in our natural resources development, this nation advances to greater heights of achievement among the free nations of the world. Labour, manpower, commerce, transportation and natural wealth will be and are being benefited. The worth-while needs of our people are being satisfied, and our national importance intensified.

In all these developments our government has had a hand, has encouraged and supported free enterprise to build and develop the action of the pioneers of our industry.

The first gold brick produced in the Northwest Territories was poured at the Con mine at Yellowknife in September, 1938. The gold

mines in this area contain vast quantities of gold, and the ore already blocked out assures operations for many years to come. The fixed price of gold and the mounting costs of operation have placed the industry in a precarious position, and it is to be hoped that the action recently taken will result in a price commensurate with the cost of producing it, so the operators can stabilize their position and look forward with confidence in planning future operations, so necessary for the future of gold mining in Canada and particularly throughout the Yukon-Mackenzie River riding. I should like to remind the house that it was the new gold from the Yukon in '98 which started Canada upon her twentieth century era of progress.

Interest in oil is not confined to the western provinces. The wells and refinery at Norman Wells, along the Mackenzie river, continue to meet to a large extent the requirements for oil products of the Mackenzie river district. Exploration for oil and natural gas is being actively carried out in the Great Slave lake and Peace river areas where some millions of acres are now under permit, and where a score of drilling operations are now under way.

In the Yukon Territory placer gold was first discovered in the Yukon river in 1869, but the world-famous discovery of gold on Bonanza creek, a tributary of the Klondike river, which made the Yukon world famous and which started the Klondike stampede rivalling the California gold rush of 1849, was not made until August 17, 1896. To date the Yukon Territory has produced approximately one-third of a billion dollars of mineral wealth for Canada, a great deal of this when gold was valued at $15 per ounce.

The Mayo district with its high grade silver-lead-zinc deposits has been perhaps the most active mining field in Canada during the past year. Last year the mines in the Mayo-Keno area produced nearly $5 million of mineral wealth and the production for this year is running at a much higher figure.

Further impetus to mineral development in this area will be given upon completion of the Mayo river hydroelectric project now under construction by the Department of Resources and Development. This will provide the district with cheap power, so that the vast mineral resources may be adequately developed.

Other parts of the Yukon, including the Whitehorse area, have been most active from the mining standpoint during the past year. We now have sufficient information to anticipate that the Yukon is destined to become one of the largest mineral-producing areas in Canada. It has long been the largest placer gold-producing area in Canada. It also has large deposits of coal, copper, antimony and lode gold; interesting deposits of platinum, molybdenum, tungsten, tin and mercury; and intriguing possibilities for iron and petroleum. A large asbestos deposit of excellent quality has been discovered just south of the Yukon in northern British Columbia, and also a large body of tungsten ore near the Alaska highway in southern Yukon is awaiting development.

While the Yukon Territory covers an area of over 207,000 square miles, the Northwest Territories contain an area of over 1,300,000 square miles, or more than one-third of the total area of Canada. This figure includes, of course, the Arctic islands to the north. The mainland contains three main geological areas of which two are tremendously interesting for the production of mineral wealth. To the east of the Mackenzie river valley lies a huge area covered by the Canadian shield which contains the same kind of rock as that which has produced such famous mining camps as Sudbury, Kirkland Lake, Noranda and Flin Flon. This area has produced the well-known Yellowknife gold field and the world famous radium-uranium mine at Eldorado on Great Bear lake. Huge lead-zinc deposits on the south side of Great Slave lake are being actively explored. This region has promise of becoming one of the most important in Canada.

The installation of air services between 1935 and 1940 in the Peace river districts of British Columbia and Alberta, and the extension of these services from both Vancouver and Edmonton to the Yukon, on to Alaska, and into the Northwest Territories, have greatly helped in northwestern development. I cannot pay too much honour to the bush pilots who laid the foundation for the present great system of airways across the west and north. We need more air services. They should be extended in all directions. Airways are the keys to northern wealth. This is proved every day. Our great mining operations are serviced by air. Our armies are serviced by air. Air services out over the Aleutian chain are but extensions of the air services begun by the pioneers of aviation. I visualize the day when Canadian airways will be extended to all points of Asia and the south seas, when air service will be one of the great commodities exported by Canada. I hope that more and more young men may be trained to operate northern airways. Here again our defences will be made stronger if we have a great army of young men fit and trained to handle aircraft in war or peace.

If we examine the history of any nation we find that it develops along with the development of its means of transportation and communication. Ancient cities grew up on caravan routes or avenues of water transportation. Many nations have grown because they knew how to utilize sea transportation. Then came the construction of canals, to be followed by railways and later by highways and air routes. As far as northern Canada is concerned, we have seen the impetus given to northern British Columbia, Yukon Territory and Alaska by the construction of the Alaska highway, the Haines highway, the Whitehorse-Mayo road, the Carcross-Atlin road and all-year airports. We have also seen the impetus given to the development of Yellowknife and the great fishing industry on Great Slave lake by the construction of the Mackenzie highway from the railhead at Grimshaw, Alberta to Hay River on the southwest shore of Great Slave lake.

The need for improved transportation facilities for the development of our economic life is recognized by the construction of the railway from Seven Islands in Quebec to the iron ore deposits in Labrador, and by the extension of the railway to Lynn Lake in northern Manitoba. By the same reasoning we must be prepared to improve the transportation facilities of the Yukon and Northwest Territories, in order to reap the benefits of our northern inheritance.

In our system of free enterprise, which has worked out so well for us in the past, a most effective role has been played by the co-operation of risk capital and government assistance and encouragement. The construction of the Canadian Pacific Railway with government assistance not only helped to knit a number of widely scattered provinces into a nation, but opened up the west. As the federal government owns and administers the natural resources of the Yukon and Northwest Territories, including the vast potential mineral wealth, it is my contention that it should construct and maintain trunk and resources roads required for the development of these natural resources.

I have referred previously to the vast base metal potentialities of the Yukon. It is now anticipated that the Mayo-Keno area is destined to become one of the largest silver-lead-zinc mining camps in Canada. This region is served by the Whitehorse-Mayo road, which was recently built by the Department of Resources and Development; and its effect in stimulating mineral production has been encouraging. This road, 247 miles in length, contains three ferry crossings over the Yukon, Pelly and Stewart rivers. The traffic over this highway is increasing steadily and the ferries are proving to be bottlenecks. I think the time has come to consider the construction of permanent bridges over these rivers to replace the ferries.

The urgent need for the construction of a connecting all-weather road from Stewart Crossing on the Whitehorse-Mayo road to Dawson city is well recognized by the Department of Resources and Development, and I would respectfully urge that construction of the project commence early next spring.

When considering the development of the Yukon we must also consider its means of communication with the rest of Canada and the outside. An examination of this kind indicates the importance of a railway through northern British Columbia into the Yukon and on to Alaska. Such a rail link would be of far-reaching advantage to the future development of British Columbia, Yukon and Alaska, and our defence on this continent.

I have dealt briefly with some of the transportation problems of the Yukon. May I refer to similar problems affecting the Mackenzie district of the Northwest Territories. I have mentioned the mineral developments at Lynn Lake in northern Manitoba and Pine Point on the south side of Great Slave lake. This belt contains the new uranium deposits on the north side of lake Athabaska. Just across the lake from Pine Point lies Yellowknife, which as I have previously stated is a mineralized belt stretching through Hottah Lake to Eldorado and on to Coppermine. There is another mineralized belt at the east end of Great Slave lake and the potential oil-producing area at the west end. Just look at these places on the map and figure out how we are going to develop them. We get back to the well-tried combination of capital and government assistance in the provision of transportation facilities. It would, therefore, seem logical to me that the railway line should be extended from Lynn Lake in a northwesterly direction to the uranium development on the north side of lake Athabaska, on to Pine Point on the south side of Great Slave lake and thence in a southerly direction to connect with the Northern Alberta Railways and a Pacific coast outlet by rail. Orderly development would also call for an extension of the Mackenzie highway to Mills Lake and Yellowknife, with feeder roads to neighbouring mineralized areas.

There are other facilities which will be required for full development of the natural resources of the north. Smelters will be needed to smelt the ore and electric energy to run the mines and the towns which will be built. The development of this electric

energy will require still further utilization of other natural resources, whether it be water-power, coal, petroleum or natural gas.

What a picture this is! Probably never before in history has a country had the natural resources at her disposal for becoming a great nation that Canada has at the present time. Sir Wilfrid Laurier declared that the twentieth century would be Canada's, and today such an assertion might well be made on the strength of our national resources, so widely and generously distributed. In no sphere of our national life is the opportunity of exercising human energy greater than in the development of our national God-given resources. In this field we can meet and overcome inflation. The world cries out for the products of our natural resources.

I have dwelt at some length on the mineral potentialities of the northland. I would now like to bring to the attention of the house a short summary of other natural resources which have a bearing on the economic condition of the territories.

The tourist industry is becoming an important source of revenue in both territories. An essential to the development of this industry is good highways which provide access to national scenic features. The Alaska highway provides one of the finest scenic roads on the North American continent, and the scenery of the Yukon, northern British Columbia and Alaska is unique and cannot be duplicated anywhere. This knowledge is attracting tourists in increasing numbers. In addition to its value as a tourist highway, the Alaska highway with its feeder roads is proving to be of great economic value to Alberta, British Columbia, Yukon and Alaska.

At this point I would like to draw attention to the excellent co-operation and friendly relations which exist between our good neighbours of Alaska and the Yukon Territory. The relations between both territories should be an object lesson of the results which can be obtained by friendly co-operation and mutual understanding.

Much could be said of what can be done and what is planned for this important part of Canada by this government, and through its liberal legislation in the encouragement of private enterprise to develop our vast natural resources. The importance of this expanse of territory became better known as a result of joint defence projects during the last war, such as the Alaska highway, the northwest chain of airfields, the development of oil resources along the Mackenzie river and the providing of uranium ore for war purposes from the Great Bear lake region. We must not overlook the fact that there is land for farming and gardening, and forests for the production of lumber. Probably our greatest need today is to encourage new settlers into the northern valleys. While we are increasing the number of settlers coming into Canada, we can afford to encourage many more to come into the country north of Vancouver and north of Edmonton. Settlers from Great Britain and especially the northern countries of Europe should be encouraged. To fill up our northern valleys, where work and wages are available, is one way of adding also to the defence of this country. New Canadians are entering into the spirit of the country and there are vast numbers of worthy people in the old world who could profitably move into the new land and find opportunity and contentment. The experimental stations of the Department of Agriculture at Pine Creek, adjacent to the Alaska highway in the Yukon Territory, and at Fort Simpson and other settlements in the Mackenzie district, have shown conclusively that these northern areas can successfully produce farm products to meet local needs.

Forest resources of the territories are recognized. Important stands are to be found in river valleys in both territories. These of course are most valuable in meeting territorial building requirements and possible defence needs. We can well afford to open our gates wider to hardy peoples from other lands.

The fishing industry in the Northwest Territories is reaching large proportions in Great Slave lake alone. Under the management of the Department of Fisheries a take of nine million pounds per year is now authorized, much of which goes to markets in the United States. These are the largest inland fisheries on the continent.

The development, settlement and opening up of the north will vastly increase our national wealth, and provide work and homes for countless thousands of new Canadians. As the frontier is pushed back, as each mine is opened and each mile of road built further northward it will increase our strength and ability to resist aggression and enable us as a nation to take an increasingly important part in maintaining a free world, in which happy and free people may live. Vigorous development in the northwest is the road to national security, prosperity and welfare.

These thoughts naturally bring to mind the great work being done for Canada and for the world by members of the cabinet and our departmental officials. Canada, though small in population, is held in the highest esteem not only within the British commonwealth of nations but in the United Nations. Our

domestic activities and developments, our preparedness against aggression and our our foreign relations have for many years been magnificent, and have given Canada a standing in the world that no small nation has ever held before.

While all due respect must be given to the ministers and their advisers for this achievement, yet we will agree that the Right Hon. Prime Minister (Mr. St. Laurent) has been one of Canada's greatest benefactors. He has played a successful part in both our international and our domestic affairs, particularly in our interprovincial relations.

While thanking him for giving me the honour of seconding the motion calling for this address to His Excellency the Governor General, I wish to join all other Canadians in paying him a strong and respectful tribute for his great work for Canada.

On motion of Mr. Drew the debate was adjourned.

Mr. Fournier (Hull) moved the adjournment of the house.

Motion agreed to and the house adjourned at 4.55 p.m.

HOUSE OF COMMONS

Monday, October 15, 1951

The house met at 1.30 p.m.

HIS MAJESTY THE KING

ACKNOWLEDGMENT OF MESSAGE FROM MR. SPEAKER EXPRESSING GRATIFICATION AT PROGRESS TOWARD RECOVERY

Mr. Speaker: I beg to inform the house that in accordance with the wishes of the members I sent a cablegram to the secretary to His Majesty the King, expressing our gratification at the constant progress towards recovery which His Majesty is making. I have now received a cablegram in reply from the private secretary to His Majesty, which I shall read. It is as follows:

Buckingham Palace, London.

The Speaker,
House of Commons,
Ottawa.

The King sincerely thanks all members of the House of Commons of Canada for their kind message which has given His Majesty great pleasure.

It is signed by the private secretary to His Majesty.

CRIMINAL CODE

AMENDMENT TO PREVENT DISSEMINATION OF SUBVERSIVE PROPAGANDA THROUGH THE MAILS

Mr. Wilfrid LaCroix (Quebec-Montmorency) moved for leave to introduce Bill No. 11, to amend the Criminal Code.

Some hon. Members: Explain.

Mr. LaCroix: Contrary to what has been reported by a newspaper in Montreal, it is not the purpose of this bill to outlaw the communist party. The sole object of this particular bill is to forbid the distribution and circulation of communist newspapers and subversive propaganda through the mails because their insidious campaign is destroying inch by inch that for which we are spending millions. There is already a law in the province of Quebec forbidding such distribution but of course not by mail, as that is under federal control.

Motion agreed to and bill read the first time.

PENSIONS

VETERANS—REQUEST FOR STATEMENT AS TO INCREASE

On the orders of the day:

Mr. G. A. Cruickshank (Fraser Valley): Will the government make a statement at an early date in connection with the increase of basic pensions for veterans?

Hon. Hugues Lapointe (Minister of Veterans Affairs): I have received inquiries touching upon this matter from various members of the house. In answer to the hon. member for Fraser Valley, I wish to say that the government has been considering all veterans legislation and the advisability of appointing a committee, and an announcement will be made at an early date concerning the same.

MING SUNG INDUSTRIAL COMPANY

INQUIRY AS TO DEFAULT IN PAYMENT

On the orders of the day:

Mr. George A. Drew (Leader of the Opposition): I wish to direct to the Prime Minister a question of which I have communicated notice to him. Has default in payment due to the government of Canada by the Ming Sung company actually taken place? Has the company taken steps to avoid seizure of their ships? If so, what steps has the government taken to prevent their continued use of the Canadian flag?

Hon. Douglas Abbott (Minister of Finance): Perhaps I might be permitted to answer that question. I got back only this morning and I shall have to ask my hon. friend to permit me to take his question as a notice and I will give him a full statement tomorrow. The Ming Sung company were unable to meet the principal instalment of $1,200,000 odd, which fell due on June 30, within the time stipulated in the contract. They did pay the interest, but they were unable to meet a further interest payment due on September 30. The banks have asked the government to implement its guarantee, and the government has done so. The banks have been requested to institute appropriate legal proceedings under the mortgages and my information is that those proceedings are under way. I will give my hon. friend a full answer to his question tomorrow.

Mr. Drew: I accept the reasons put forward by the Minister of Finance (Mr. Abbott) for the delay in giving a detailed explanation, but I would hope that he could answer now whether the right to use the Canadian flag has been withdrawn.

Mr. Abbott: So far as I am aware it has not.

WHEAT

QUESTION AS TO FARMERS SECURING BANK LOANS ON BASIS OF STORED WHEAT

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, I should like to direct a question to the Minister of Finance in connection with a situation existing in the western provinces where numbers of farmers are unable to secure loans on the basis of their stored wheat because the chartered banks feel that such loans should not be made. Is the minister in a position to advise whether the chartered banks may make such loans in order to meet current harvesting needs and the like to relieve a serious situation in various parts of the prairie provinces?

Hon. Douglas Abbott (Minister of Finance): My hon. friend was good enough to give me notice of his question. He will appreciate that his question is a legal one, but my recollection is that the banks are allowed to make loans under the provisions of the Bank Act and to take wheat as security under section 88.

Mr. Diefenbaker: May I ask a supplementary question. The bank managers say that under the agreement between the government and the chartered banks loans such as that are not to be made.

Mr. Abbott: Of course, that is incorrect.

FISHERIES

REQUEST FOR TABLING OF REPORT OF PRICES SUPPORT BOARD

On the orders of the day:

Mr. W. J. Browne (St. John's West): I should like to ask the Minister of Fisheries a question with reference to payments to Newfoundland fishermen recommended by a recent report of the fisheries prices support board. Does the minister intend to table that report?

Hon. R. W. Mayhew (Minister of Fisheries): I received notice of my hon. friend's question just before coming into the house. I might say that we received the report of the fisheries prices support board some time ago. We acted on the recommendations made and a press release was issued on October 4. If my hon. friend has not seen that press release in his local papers I would be glad to let him have a copy.

Mr. Browne (St. John's West): I have seen the press release by the minister, but I was wondering if he intends to table the report of the board setting out the reasons why the recommendations were made.

Mr. Mayhew: When the report is final that will be done.

INCOME TAX

RULING OF INCOME TAX APPEAL BOARD PERMITTING DEDUCTION OF CERTAIN EXPENSES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Finance? In view of a recent decision of the income tax appeal board to the effect that expenses of lawyers attending conventions of the Canadian Bar Association are deductible for income tax purposes, will steps be taken to extend the same privilege to trade unionists attending their conventions as well as to other comparable groups?

Hon. Douglas Abbott (Minister of Finance): I have had no notice whatever of this question and I suggest that it is one which might be placed on the order paper. In any case I shall take my hon. friend's question as a notice.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed, from Friday, October 12, consideration of the motion of Mr. Robert Cauchon for an address to His Excellency the Governor General in reply to his speech at the opening of the session.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, before proceeding with the remarks that I propose to make on the address in reply to the speech from the throne, may I go beyond the usual formalities and extend my congratulations to the mover (Mr. Cauchon) and the seconder (Mr. Simmons) of this address. The mover spoke of the unity, understanding and good will which he has encountered, sentiments which I am sure will be reciprocated by every member of this house. In addition he used both languages in a manner that was the envy of most of us here.

I wish also to say something about the remarks of the seconder. He spoke in terms of great optimism of the vast northern constituency which he represents. As one who

has had the privilege as a visitor of seeing extensive parts of that great northland on different occasions, I share the optimism which he has expressed about its future. I think it is a good and healthy thing to place before the young people of this country, through reports emanating from this house, some idea of the immense and untapped resources that still lie across the north of Canada.

Many people still have the idea that up above the comparatively narrow southern belt, which is more closely populated and which stretches from the Atlantic to the Pacific, there is nothing but great wastes, with little opportunity for population in the years ahead. Population goes to those places where work can be had, and work is going to be found for scores of thousands in this area where Providence has placed such immense resources for our use.

I simply wish to express my good wishes to the mover and seconder and to say that I believe they performed their task in a manner acceptable to all hon. members. In the very nature of things there were perhaps one or two remarks about which we may not be prepared to go the whole way, but I would have been a little surprised if they had been less enthusiastic about those with whom they are associated in their own activities.

I feel sure that every member of this house will join in the satisfaction expressed in the speech from the throne regarding the king's steady recovery, and the warmth of our welcome to his daughter and her husband. During the past week there has been convincing evidence of that deep and abiding affection with which the members of our royal family are regarded in their individual capacity and, more important still, as worthy representatives of that continuing monarchy, which symbolizes the freedom, tradition, unity and purpose of that great world fellowship which expresses its loyalty to one crown.

I am sure that with the facilities which science has now made available to all of us the king and queen have been greatly heartened by what they have heard of the affectionate and unstinted welcome which has been extended everywhere to Princess Elizabeth and the Duke of Edinburgh. To all of us who regard our democratic monarchy as an institution of profound and continuing importance in these uncertain days, not only to us but to the peace and stability of the whole free world, there has been a great measure of comfort and confidence in the spontaneous and unreserved expression of loyalty to our future queen.

On this subject I doubt if there is any measure of disagreement among the members of this house. On a number of other subjects mentioned in the speech from the throne there will also be general agreement. There is of course nothing really new in what it says. It is merely a government agenda of remaining business for 1951, which under our parliamentary procedure the governor general has been called upon to read.

The fact is that we should not be discussing at this time any of these subjects in relation to a new speech from the throne. We should be continuing the session which was adjourned on June 30, and for reasons which are more compelling than those we had before us at the time I expressed that opinion in June when the plans for a new session were announced.

At the time it was indicated that there would be a second full session this year. I am sure it was generally believed that there would be a second budget introduced to provide the means by which a universal old age pension at the age of 70 would be placed upon a contributory basis. I can think of no other reason which would justify the calling of a second session instead of finishing up the business of the house in resumed meetings of the same session which had been adjourned. The introduction of a second budget would at least have provided the opportunity to remove some of those taxes which have proved to be unnecessary, and to deal with the heavy and improper overtaxation which is now taking place.

This is the third successive year in which we have had a second session. A second session does not merely call for the payment of additional indemnities to the members. It calls for very large payments for the maintenance of those facilities that are required and of services that are needed for the continuance of parliament during the time it sits. In 1949 a fall session became necessary after the business of the house had been abruptly terminated at a time when the government decided, and decided correctly, that it was a good time for them to call an election, no matter how much public money was wasted by failing to complete the session which was already far advanced in its business. Nevertheless, under our parliamentary procedure, following that election a fall session did become necessary.

In the opinion of the government a special session became necessary in the late summer of last year. The regular session had prorogued in the usual way. Because of its unfortunate handling of the threatened railway strike, a situation had arisen which the government decided could only be dealt with

by new legislation. Having regard to the course which the government had decided to follow, undoubtedly a short special session had become necessary.

No such situation arose this year. The speech from the throne delivered to this house at the beginning of the regular session this year adequately covered all possible legislation which will come before us, and provided the opportunity to deal with every subject we shall now be called upon to discuss. Not even the flimsy excuse that a new budget was necessary to provide the method of contribution and the complementary government financial arrangements necessary for the introduction of universal old age pensions can possibly be put forward in view of the fact that we are now informed that there is to be no budget. No matter what strong and obvious arguments there are against a second session of this kind, there might at least be some slight appearance of justification if the introduction of a second budget had provided the opportunity to review those unnecessary and inflationary taxes which were forced through this house last spring, and also to correct the serious miscalculation by which this government had already overtaxed the people of Canada by $500 million during the first five months of the new fiscal year.

There is another and very serious aspect to such a situation which it seems to me should be very much before the members of this house at this time. Parliament has been called together in a new session with every indication that it is to run its full course within the current year; yet, by the device of not introducing a budget, the government will have denied to the members the opportunity to discuss the different departments of government with the opportunity to obtain information which is afforded when each department is called on the motion to go into supply. A government which has already gone so far in denying to the members their long established rights and duties as the elected representatives of the people asks us on this occasion to approve a speech from the throne without any subsequent opportunity to deal with the business of parliament in the manner which has long been the established procedure in this house.

I can only express the hope that the Prime Minister (Mr. St. Laurent) will give us some assurance this afternoon that if the government is not prepared to reconsider its decision to introduce no budget during this session, with the resulting opportunity to discuss the affairs of each department, opportunities for such discussion will be provided by making way for motions introduced by the opposition to produce that result. That is the practice which has long been found satisfactory at Westminster, where motions by the opposition are afforded a fixed date for consideration where those deal with major matters of public concern.

Obviously if this house is to fulfil its first duty at this time it will discuss, in much more minute detail than ever before, the present state of our defence forces and the actual position in which we find ourselves after the immense expenditures which have already been made on national defence. After an expenditure of more than $3 billion since our rearmament program began, we have surprisingly little in the way of first-line forces in being, ready to go into action. So far as our only possible enemy is concerned, it is not the glowing statements of the Department of National Defence that are going to matter; it is how many units of every branch of the service are ready to take the field.

Having regard to the repeated statements that we are now entering the most critical period of tension, and the evidence we read and hear supports that statement all too firmly, the state of our defence forces should be the first concern of every member of this house. Those Canadian forces which have gone into action on land, at sea or in the air have carried forward in the very highest measure those great traditions of military service. On the distant battlefields of Korea, imperishable pages in the history of valour and sacrifice have been written by the men of regiments which carry famous names—names made famous in earlier engagements when their fathers and their brothers took part in the battle for freedom. Canadian naval units have taken a very distinguished part in the operations in the western Pacific. The Royal Canadian Air Force has performed the tasks assigned to it with efficiency and great credit to those engaged.

This does not mean that we have yet undertaken our share of the tasks undertaken by the United Nations. If we were to go on spending as much as we have already spent for what has actually been accomplished, then in the unhappy event that we were called upon for large-scale operation we would bankrupt ourselves overnight. If this is going to be a long-term program, then in terms of simple arithmetic we must calculate what forces would be required in the event of that major disaster, and then ascertain what it would cost, in relation to the moneys we have been spending to produce the result, or lack of it, which we have already seen.

The over-all disproportion between expenditure and result can be illustrated in one case in this simple manner. During the current year Canadian taxpayers will be called upon to pay substantially more in taxes than they did during any year of the last world war when we had more than a million men and women under arms. What are we getting for it? That is what we have a right to know. That is what every member also has a duty to find out.

If as a result of the discussions during this session we can finally dispel the verbal smoke screen set up by the Department of National Defence and begin to receive statements upon which we can rely, then possibly this unnecessary second session may serve some useful purpose. Canadians have been told that we have developed the finest anti-tank gun in the world, that we have the world's most advanced anti-submarine vessels, that we have the world's most powerful jet engine, that we have the world's best all-weather fighter, that we are ready to play our part along with the best forces from other lands to meet any threat that may come.

Canadians will be glad to claim any real achievements which Canadians have the right to claim. In two world wars Canadians have shown that in whatever service they wore uniforms there were no more efficient and effective men and women in the world. That has been proved in the air, on land and at sea. It is unworthy of their great achievements and their valour, to say nothing of their sacrifice, that the people of Canada should at any time be lulled into a state of complacent optimism by boastful statements unrelated to the facts.

Three years have passed since we were told we were starting our rearmament program. The Korean struggle is now in its sixteenth month. Where are the anti-tank guns? Where are the anti-submarine vessels? Where are the aircraft using the world's most powerful jet engines? Where are the all-weather fighters in actual service? Where are the armed forces ready to go into action for which so much money has been spent? True, we have naval units with superb personnel. That service is in fact the most advanced, although it still has many unexplainable deficiencies in equipment.

It was air power, however, that was to be the core of our defence effort. Half of our expenditure was to be on that branch of the service. What have we in actual fighting squadrons today? When the time comes for teams to play in any league, it is the teams that can play that really count, and not the teams that are still being talked about. In a recent series of responsible and, I believe, unchallengeable articles appearing in one of the most reliable newspapers in this country, it was stated unequivocally by their military writer—and he is an exceedingly competent military writer—that as of October 1 there are only two fighter squadrons ready to go into action.

The situation in regard to the land forces is equally uncertain. Figures of recruiting mean very little in themselves. They mean next to nothing in the case of the reserve forces unless we know how many of those enlisting actually trained at camp during the year. There again one of the great difficulties, in understanding what the situation is, is to be able to interpret at any particular time the explanations given by the Department of National Defence. As a reason for not using the highly-trained airborne brigade at the time we were called upon to accept a share of the responsibility in Korea, we were told in this house—and in that way the people of Canada were told—that the defence requirements of the north made it unwise to send the airborne brigade out of Canada. Now at a time when the dangers have certainly not diminished, the airborne brigade is being sent out of Canada with no trained airborne brigade to take its place. If the explanation for not sending the airborne brigade was valid in the first place, what is the reason that we do not need a trained airborne brigade at this time? It is such contradictions as these that make it difficult for the members of this house and for the people of Canada to know what is fact and what is fancy.

These are only some of the reasons why there should be the most detailed and comprehensive examination of the real state of our defence forces. It is to build up those forces that the bulk of the heavy taxes now being collected by the government are to be used. The speech from the throne indicates that an opportunity will be afforded to discuss national defence early in the session. It has been indicated by the statement in the speech from the throne that measures will be placed before the house dealing with the dispatch of the 27th brigade to Europe, although that should—and I hope it will—provide an opportunity for the most detailed discussion of national defence. I have raised this subject today because I do not think that the examination of this matter should wait for any future date when legislation limited to a particular purpose will be before the house. Once again I make the request that without waiting for the termination of this debate, a committee of this house be set up to examine defence expenditures and all related

matters. The exceedingly limited results obtained from the enormous sums already spent surely leave no further doubt that a committee should be empowered to inquire into defence expenditures so that the elected representatives of the people—and they are the ones to have the responsibility—may have reliable information as to the results we are getting from the huge expenditures that are being made.

One thing about which the speech from the throne is strangely silent is the subject of veterans' pensions. When I raised this subject on June 30, the day on which we knew that we were going to adjourn until October, this exchange took place, as reported at page 4985 of *Hansard*:

Mr. Drew: . . . I would ask the minister to dispose of this matter by giving us an undertaking that when we meet in October he will take the proper steps to introduce legislation that will provide for a uniform over-all percentage increase to the veterans consistent with the increased cost of living.

The Minister of Veterans Affairs (Mr. Lapointe), after saying that he could not bind the government by his statement, then said:

I did state that the recommendations of the committee, which included the subject matter mentioned by the leader of the opposition, had been put before the government and will be considered by the government.

In view of that assurance that they were to be considered by the government, then if the government has any intention of dealing with this subject we certainly had every reason to expect that the speech from the throne would include an indication of what the government intends to do. I hope the absence of any reference to this subject does not close the door to further consideration of a matter that must be one of major concern to every member of this house.

At a time when the government, at long last, is finally agreeing to remove the means test in the case of old age pensioners of 70 or over, the distasteful and unfair means test has been applied to veterans before those in needy circumstances can receive some adjustment for the loss of buying power through inflation. An adequate basic pension is a matter of right, not of charity. Pensions are not paid to every veteran on the same basis. Pensions are paid on a basis that is in accord with the degree of their injury or disability. That being so, if there is any part of the Canadian population which is entitled to an adjustment to meet a loss in dollar value through inflation it is those pensioners who, by their unselfish service to the country, resulting in their disability, are so much in need of a basic pension adjusted adequately to living costs today.

The present situation must bring a feeling of humiliation to every member of this house who is prepared to countenance such an intolerable attitude toward those who have the highest claim upon our consideration. The treatment of our veterans and the refusal to make an over-all adjustment of pensions in their case related to the cost of living is in striking contrast to what the government has done in other cases and what is obviously the only real purpose of a second session of this house. I hope that the absence of any reference to this in the speech from the throne does not indicate that the government is unwilling to correct this situation.

I do not propose to discuss in detail those subjects referred to in the speech from the throne which can obviously be more satisfactorily discussed when the government measures dealing with them are before us. As I said before, nothing new has been raised in the speech from the throne. In fact, very little information has been given in regard to the subjects which we all knew we would be dealing with.

There is one subject, however, which although rather casually dealt with in the speech from the throne is by far the most urgent and important subject, along with national defence, which the members of this house will be called upon to discuss. It goes hand in hand with national defence, involves our real capacity to maintain our defence program, and is, in fact, part and parcel of the problem of defence itself. It is referred to in these words in the speech from the throne:

The concern of our people over the rising cost of living resulting from international and domestic inflationary pressure is fully shared by the government. Every measure will be taken which my ministers believe will be effective in counteracting inflation without impairing our free institutions.

Some hon. Members: Hear, hear.

Mr. Drew: I am encouraged to hope that the hon. members who say "hear, hear" will be prepared for that very reason to support the amendment which I will introduce at the end of these remarks.

The anti-inflationary measures already in force have checked the upward trend of prices of goods and services affected by their operation.

I might say I am of course still quoting from the speech from the throne, because otherwise I am sure that many hon. members would wonder where that statement had come from.

The fact that the concern of the Canadian people about inflation is fully shared by the government will I hope bring some measure of reassurance to many Canadians who had been given the contrary impression by recent

statements made on behalf of the government. I trust there may be some belated hope in the statement that the government intends to take every measure that will be effective in counteracting inflation without impairing our free institutions. Mr. Speaker, it is most significant that the government itself says effective measures will be taken and does not for a moment imply that they have been taken.

Most certainly we all wish to conserve our free institutions. The thing that would be most likely of all to destroy our free institutions would be inflation itself, if it is not brought under control. Now that the government indicates that it intends to do something to protect our free institutions by effective measures to combat inflation, the question naturally arises, When and how?

There is no subject calling for more urgent consideration by the members of this house than that of inflation. Even if our defence efforts are brought into some sort of order and expenditures on defence properly supervised and allocated, our efforts along that line can be defeated unless the dreadful economic disease of inflation is finally checked. I borrow the words of the Prime Minister himself when I say that inflation in this country has already reached calamitous proportions.

When we introduced an amendment to the motion adopting the speech from the throne on September 1, 1950, more than thirteen months ago, we expressed regret that the government had failed to take steps to deal with inflation and the rapidly rising cost of living. Discussing that motion and referring to what I had said about the dangers of inflation at that time, the Prime Minister indicated his own belief that it would be difficult for us to have less inflation than the United States, an opinion not commonly shared by all members of this house. But holding that opinion he then used these words, as found in *Hansard* at page 118 of that date:

> So far it has not outrun anything that has taken place south of the border.
>
> It might. It would be disastrous if it did. It would be calamitous if it did; and we certainly must do everything within the ingenuity of man to prevent it.

I accept these words of the Prime Minister in so far as the extent of the seriousness of our inflation outrunning that of United States is concerned. Now inflation in Canada has outrun anything that has taken place south of the border. It has outrun it more than the cost of living index really indicates, because, as all hon. members are aware, these things which are not sufficiently regarded as basic necessities to be included in the cost of living index do not show the same difference as do some of these other things which most people regard practically as necessities, but which still are outside of the articles included in the cost of living index itself. If these other things were included the disparity between our cost of living and that of the United States would be still greater than is shown by the cost of living index. The Prime Minister said on September 1 last year that it would be disastrous, that it would be calamitous if that happened. It has happened, and therefore by his own definition we are now called upon to discuss what should be done about a calamity with which we are already confronted.

In the same speech the Prime Minister said on September 1 last year:

> I can say to the house at this time that we are not planning at this session to ask parliament for any enabling legislation which would empower us to impose a general system of controls on wages and prices.

In accordance with that assurance the legislation which was introduced did place some limit upon what the government could do by order in council.

Last spring, however, at the regular session, new legislation was introduced replacing that which had been adopted last September. The explanation given for introducing that new legislation was that the time had now come when the emergency made it necessary for the government to have power to introduce such controls at the time it deemed them advisable. I think this should be remembered at a time when the government seems to be claiming some measure of virtue in the fact that it has refused to adopt controls at the upper level as well as the bottom level.

Now this being so we may well ask ourselves why such wide powers were needed, and why it was that this government, with the support of its followers, obtained the most sweeping and arbitrary powers ever possessed by any democratic government in time of general peace.

In recent speeches on this subject different members of the government have sought to convey the impression that we were trying to convince the public that there was some easy way to deal with inflation. They claim that we have attributed some magic powers to price control. That was precisely what we did not say. We said the very contrary. Since some of the statements which have been made on this subject bear so little resemblance to what actually was said, I should like to place on record once again part of

what I said on April 9 of this year, as reported at page 1730 in *Hansard*. I said this:

> It is only natural that in the discussion of a subject of this kind there should be some tendency to oversimplify the issue and suggest that one particular remedy or another will solve the whole problem. At no time in this house or outside it have I ever suggested that this problem can be overcome by any one simple solution. On the contrary I have contended that there is no simple solution, that there are many aspects to this problem.

Then, after discussing the subject further, I went on to say this:

> There are a number of things that we have urged the government to do:
>
> First, substantially reduce all non-defence expenditures by the government.
>
> Second, encourage the production of every line of civilian requirements so that increased production of these things may ease the strain and pressures which cause inflation.
>
> Third, encourage immigration which will bring to our country vigorous people with the skill and character which will make them useful members of the Canadian community.
>
> Fourth, remove all restrictions which will discourage the building of new houses urgently needed for the steady increase of population by our own normal growth and by immigration.
>
> Fifth, take effective steps to make sure we get full value for every dollar spent on defence.
>
> Sixth, restrain inflation through the control of currency by the Bank of Canada, and by other monetary controls available to the bank under the act which gives it its powers.
>
> Seventh, introduce emergency controls immediately to the extent that they are required to deal effectively with the cost of living and inflation.

In the explanation which I gave of those recommendations I pointed out that in our opinion production was the one long-term answer to inflation, but that the first and most direct way to tackle this problem was for the government itself to economize and to reduce non-defence expenditures.

In view of the fact that the Prime Minister stated more than a year ago, when this subject was under discussion, that it would be a calamity if inflation in this country exceeded that in the United States, and that everything within the ingenuity of man must be done to prevent it, it is necessary to point out to the government that the ingenuity of this government was not sufficient to prevent it, and that obviously there are things which should be done immediately under the immense powers which they obtained from parliament to deal with the calamity which is already upon us.

It is not enough to be told by the government—and the speech from the throne is the statement of the government—that the government does share the concern of the people of Canada about inflation. We should be told, and through the reports of the proceedings in this house the people of Canada should be told this afternoon, what the ingenuity of this government does suggest as an effective way of dealing with this calamity at this time.

It would be incorrect to say that the government has done nothing about inflation. It has done a number of things. Most of them have been disastrously wrong; some of them have greatly aggravated the situation. As an example, the government increased the sales tax by 25 per cent last spring and put a special excise tax on a number of articles that are real necessities. We pointed out at that time that those taxes were unnecessary; and that, as they were increased hidden taxes on things which people needed to buy, the taxes were restrictive, unfair and inflationary. It will be recalled that by arguments and by resolutions as well we sought to prevent the imposition of those unfair and unnecessary taxes.

It will be recalled by hon. members who were present that the Minister of Finance (Mr. Abbott) set up his estimates and was unwilling to concede that his budget would really provide more than was necessary for the purposes set out by the department. Now we have ample proof that those taxes were not only unfair but, to a substantial extent, were unnecessary. The $500 million surplus in five months demonstrates how unnecessary they were and how little reliance hon. members can place upon the estimates presented by the government. Even though no provision has yet been made for any procedure which would repeal those taxes, I trust that the government will take steps to repeal them at this session and relieve the inflationary pressures which they create, as well as the hardship they have produced to consumers of all those things affected by them.

Now, the one answer given, when the attention of the government is called to this enormous surplus in five months, is that it is a wise thing to be able to pay off our debts. That is always sound, at the proper time; but there are things which parliament should be asked to approve. If it is the intention of the government to tax the people for the purpose of paying off debts, then that should be indicated to hon. members of the house at the time the budget is placed before them. And it is not only not good practice, but it is contrary to every principle of parliamentary procedure and every recognized principle of government, if the Minister of Finance has, in fact, intentionally overbudgeted for purposes which he did not disclose to members of the house. The $500 million is there as evidence of the extent to which this government has taken out of the

people's pockets dollars which were not needed, in addition to the very large number of dollars it needed for the tasks which lie before us.

The government has also restricted credit. Certainly some limitation on the pumping of new currency into circulation by the government was urgently needed; but that was a very different thing from suddenly reversing the whole course of government policy and imposing at the same time extremely severe credit controls on purchasers, and also severely limiting the bank credit of manufacturers, distributors and retailers providing those things upon which the purchasing power of the public had also been so greatly reduced. It was a double squeeze; it was a squeeze on those producing and on those receiving. While the same restrictions on credit do not apply to those purchasing food, they did apply to the farmers, in so far as the extension of credit to the farmers of this country at this time was concerned.

This double squeeze had other consequences, in addition to the difficulties it presented to the people who needed those things. It has also had a very serious effect upon building new homes, and the furnishing of homes, both new and old. The credit restrictions, at the level at which they were imposed, and under the terms under which they were imposed, did place restrictions upon very real necessities such as washing machines, refrigerators, automobiles and other electrical and mechanical equipment of that kind. It made it extremely difficult for many people to proceed with their building. In certain statements made on behalf of the government recently I have noticed references which conveyed the impression that automobiles were luxury equipment. In a great many places in this country today automobiles have become an absolute necessity if people are going to get to their work. There is no other way by which they can get to the jobs which need to be done in the interests of the whole defence production of this country. When we are emphasizing the desirability of electrifying homes both urban and rural it hardly seems to be the time to make it difficult to furnish these homes with the one means of heat and power that most of these homes have available.

What is a more important proposition in its immediate effect is that it has created very serious areas of unemployment throughout this country. This is a positive result that the government certainly has achieved. I am not suggesting for one moment that this was the result the government intended, but a government which has been pumping inflation into this country through currency and otherwise for years suddenly reversed its course and went to the extreme the other way, and we are feeling the consequences right across Canada today. What is the government's answer to this situation? The government tells the people that they must produce more to meet inflation. What is the use of telling a worker in Windsor, Vancouver, or any other city in Canada today where he is now out of work that he must produce more? What chance has he to produce more? He has not even got a job at the moment in the place where he has been working. What is the use of telling him that inflation is the result of too many dollars chasing too few goods? They know that in their particular occupations there are too many goods waiting for dollars that are not at the moment available.

While there are areas of unemployment throughout the whole of Canada as a result of the government's action, it is most acute in Windsor, and what has happened there illustrates in a very forceful way what is happening in many other parts of Canada now. In Windsor of course, with its great concentration of factories producing automobiles and automobile parts, they have felt the impact of this restraint more severely perhaps than in any other one part of Canada. What answer does the government give to their problem? What hope do they offer people affected in that way? They make the suggestion that they will be generous enough to ease the facilities provided at the border so that these people who are out of work in Canada can leave the country to go to the United States. That is the solution they offer to people who are out of work as a direct result of the misapplied policy which this government has adopted.

No matter how little this may affect any other part of Canada, it can surely be a source of very little pride or satisfaction to any Canadian that the best suggestion the government can make to those it has put out of work is to tell them that the solution is to leave their own country. We have been told that we need more people in Canada. I believe we do. The minister of immigration says that we do. If this is the best the government of Canada can do to deal with the hardship resulting from its own action, then the least that can be said is that it illustrates very forcefully the conflicting ideas within the government itself and the state of utter confusion in which it finds itself in tackling the most serious domestic problem we face.

If anything could more emphatically emphasize the necessity for a removal of these restrictions, it is the shameful situation in regard to housing which has resulted from

the severity of the credit restrictions imposed. The minister of immigration announces with pride that within the first eight months of this year more immigrants have come to Canada than in any similar period since the war, and yet at the very same time we see a steady and alarming reduction in the construction of new houses. If there is one place above all others where all artificial barriers should be removed, it is in the case of housing. We are desperately short of houses for the people already here, never more desperately short of them than we are right at this hour. They are needed for the people now coming here and for those we are inviting to come. We have the raw materials in Canada. We have the skill. Additional workers are available as a result of the unemployment which the government has created and other workers are coming to this country. Many thousands are being brought here by the government itself. What is necessary therefore is that the government remove the obstructions it has raised, change the mortgage provisions under the National Housing Act, and give the green light to a real and comprehensive building program of new houses throughout the whole of Canada.

The Minister of Finance has a formula for fighting inflation. It sounds good. It gets back to old and earthy principles. Speaking to the annual convention of one of our most important women's organizations in Montreal not long ago he emphasized the importance of saving as one way of fighting inflation. He said that the amount might not seem large in any particular case but that an accumulation of many little savings would produce a very real result.

Is it too much to hope that in this case the Minister of Finance was speaking on behalf of the government and that this does represent a change in the attitude of the government? After all, that is what we have been seeking to impress upon the government in regard to government expenditures for some time. On each occasion that we have urged that a committee of this house or a commission be set up to examine the cost of government and the business organization of government itself, we have been asked to say where the savings would be made. We have pointed out where many savings could be made. We have pointed out—and I point out again—that millions of dollars could be saved simply by the device of closing down on the unnecessary propaganda organizations maintained by the government and letting the government rely on what it actually does instead of what its paid propaganda says that it does.

I doubt if there is a single member of this house, in his contacts around this building and elsewhere throughout Canada, who does not know some place where some saving could be made. Possibly it might be relatively small. That is the very thing the Minister of Finance has pointed out, but with a multitude of government activities, such a multitude of activities as would never be known by the careful housewife, the point which the Minister of Finance so aptly made at Montreal surely does apply with immense force to the government itself.

Even if the individual items of the saving here and the saving there are small in proportion to the billions spent, even with a government that can say, what does a million matter, the accumulation of many savings in many departments of government would undoubtedly reach a very substantial figure. That would be tackling inflation at its very base. Under the unusual procedure adopted for this session it may not be possible to introduce a motion which would once again give the members an opportunity to vote on the question of setting up a committee to inquire into the cost and operation of government. But if the Minister of Finance thought his advice was good when it was directed to those who are called upon day by day to exercise the utmost care in their own spending, then it should be many times as good when directed to an organization which spends such enormous sums of the people's money, and in this case the advice does not have to go to somebody else. It can be accepted by the person who has put it forward.

If the government believes that saving will help to fight inflation, then it must believe that saving of public money by the government itself will be effective in fighting inflation. For that reason I do hope that in the face of such a calamity, to use the Prime Minister's own word for it, the government will be ready to follow a course which would be followed by any business of any substantial size which hoped to keep in operation in this country in these difficult days.

The Minister of Finance has every reason to know that in these particular days those companies which have to adjust themselves to the economic pressures of the moment are examining every single department of their businesses to see whether even the most efficient staffs have permitted duplications and inefficiencies to creep in which waste some unnecessary money, perhaps just the small savings such as he has mentioned.

The government has also placed great emphasis on production as the answer to inflation. In that I am sure the government

is sound. But if the government believes that production really is the answer to inflation, then I hope it will immediately take steps to encourage production instead of discouraging it. I hope that as a first step it will announce that it is prepared to introduce legislation to repeal the 25 per cent increase in the sales tax and the wholly unnecessary increases in excise tax which were introduced last spring. Certainly the government can do that.

If the government believes that inflation threatens our defence effort, and more than one member of the government has said that it does, then I hope the government will take the necessary steps to make sure that every dollar spent on defence produces the best possible results. The way to do that is clear. May I repeat what I said before. The best way to assure effective defence production is to set up a committee to examine defence expenditures and provide for the first time some reliable and understandable information for hon. members of this house and the people of Canada about what is happening to our defence dollars.

If we are going to make those little savings which the Minister of Finance now recognizes as being so important the government should accede to the request previously made and which has been accepted in other jurisdictions and appoint a committee or commission to examine the business of government and the cost of operation of government. The minister himself should welcome the advice of independent experts as to ways of preventing duplication and unnecessary complicated services.

The government may have some other plan for dealing with this calamity. I hope it has. Unless inflation is tackled and overcome the consequences are far too serious to contemplate. The main thing that hon. members of this house should seek is positive action. That responsibility rests upon every member of this house, no matter to what party he belongs. If there is in fact some method which has not yet been employed, let us know what the method is. Confidence that this situation is going to be faced is almost as important as evidence that steps have already been taken. The situation is so serious that I am confident the government will receive support for any sound measures it may now put forward which show any real hope of tackling this problem effectively at this time.

I have used the word calamity. I hope there is no hon. member of this house who considers that the inflation which has already taken place is not already a real calamity for many thousands of Canadians. I am indebted to the Prime Minister for the particular word; but call it what you will the present value of the dollar in actual purchasing power has placed our disabled pensioners, our disabled veterans, our old age pensioners, our blind pensioners, our industrial pensioners, those who have invested in endowment policies for their old age, those who have sought to protect themselves by investing in bonds, and those with low incomes, in a position where they simply do not know today how to make ends meet.

If any member of the government wants to know what is happening all he needs to do is speak to the bank manager in any of the smaller banks who is dealing directly with people in this country who are receiving smaller incomes. I am almost certain that any inquirer will be told that one of the great concerns of the banks today is the extent to which people are encroaching upon their savings and pledging the holdings which they were putting aside for their own protection in an effort to meet the necessary demands of daily life at this time.

We have all acclaimed the fact that at last there is to be a universal pension for all our people reaching 70 years of age. Even before the legislation is passed we are bound to recognize that the $40 a month which will be paid is not worth much more than $20 a month compared with pre-war dollars when $20 a month was not thought to be sufficient by anyone. That is a calamity in itself.

Even if our hopes are realized and the increasing strength of the free nations does prevent a general war, this is likely to be a long and sustained struggle for peace during which we must be constantly arming and renewing our arms. Our ability to maintain that effort and therefore our ability to preserve peace depends on the extent to which we avoid the ravages of inflation.

The urgent, critical and compelling task before parliament, not just the government alone, is to protect the economy upon which our whole effort for self-preservation is going to depend. It is of equally great importance, and closer to us in human terms, that those who are in no strategic position to protect themselves against the heartbreaking effects of inflation, and most certainly not in a position to take advantage of it as some are, will be given not only immediate relief but also some ground for confidence that they will be able to meet the simple demands of their daily lives.

In addition to the very real hardship which is already being suffered and the increasing hardship which would accompany any further rise in the cost of living, there is the fact that in this country, where most people

believe that success through free enterprise should be encouraged, we would find the seeds of that distrust between people of different occupations which has been the unhappy heritage of conditions in some older nations when inflation brings hardship to most but advantage to the few who are in a strategic position to take advantage of inflation itself. This problem should not be allowed to get any further out of hand, nor should it be allowed to become a bogey. It can and must be tackled or we face a major defeat in this long struggle in which we are now engaged.

Since production is the answer and since no country has greater undeveloped resources to put into production than Canada, it can be said without any careless optimism that no country in the world is better able to fight the battle against inflation than we are in Canada. It is with confidence that this is so that I am going to move a motion which I hope on this occasion will be dealt with not upon the rigid basis of division between parties in this house.

Some hon. Members: Oh, oh.

Mr. Drew: There are those who will be interested to know that the effects of inflation in this country are a laughing matter to some members of this house.

It is with that confident belief, and with the conviction that all else depends upon our successfully tackling this problem, that I propose to introduce an amendment which will simply call upon the government to take immediate action to deal effectively with this problem. Do not let anyone say simply that something needs to be done. The speech from the throne says so, and it says that the government is going to do things. I am asking the members of this house, therefore, to say that they should be done without further delay. The motion has been framed in words which make it possible for every member of this house to ask for such action without being called upon to censure the government for its failure to deal effectively with this problem. So often members say, "Oh, I would have voted for that amendment if there had not been included in it a number of details with which I do not agree, although I agree with the main purpose of the motion." The motion I am about to move leaves no such possibility, and I hope that the members will vote upon it recognizing that fact. I hope that the members of all parties in this house who believe that something effective should be done will support the motion. It carefully avoids all other controversial issues, and asks the members for a vote on no other question than whether or not the government will now tackle the problem of inflation in a way which will assure the general welfare and security of all Canadians.

I therefore move, Mr. Speaker, seconded by the member for Lake Centre (Mr. Diefenbaker), that the following be added to the address:

> We respectfully represent to Your Excellency that in the opinion of this house adequate steps should be taken to combat inflation and deal effectively with the high cost of living.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, it is indeed a pleasure for me to join the leader of the opposition (Mr. Drew) in extending the usual congratulations to the members who moved and seconded the address in reply to the speech from the throne. The hon. member for Beauharnois (Mr. Cauchon) and the hon. member for Yukon-Mackenzie River (Mr. Simmons) are among the more recent members of this house, having come into parliament for the first time in the last general election. I believe we can all say that as their colleagues we are proud, and I believe their constituents have reason to be proud, of the admirable way in which they conducted themselves in moving and seconding the address. The speeches reflect credit upon them and upon those who sent them here, as well as upon this House of Commons.

The hon. member for Beauharnois (Mr. Cauchon) spoke both in French and in English. Those of us who had the privilege of following all of his remarks heard, I think it is fair to say, an address of high merit, although I am sure that many of you felt as I did that he was overly generous in his references to the Prime Minister. All I can promise him in that regard is that the Prime Minister will continue to do his best, and trust that his efforts may not be too disappointing.

(Translation):

The hon. member for Beauharnois (Mr. Cauchon) did not have to wait until the 1949 general elections to be entrusted by his fellow citizens with public office.

Originally in his capacity as alderman, then as mayor of Valleyfield, and also as vice-president of the Union of Municipalities of the province of Quebec, he had already acquired an enviable reputation for devoted and useful public-mindedness. I am convinced that the experience and knowledge gained by him in the municipal field constitute a factor of success which we may put to good use here in the discussion and solution of the various federal problems.

I believe the citizens of the constituency of Beauharnois can be proud of the member they chose in 1949 to represent them in this house.

(Text):

Those of us, and there are many, who know something of the background of the hon. member for Yukon-Mackenzie River, Canada's largest and still most remote constituency, were not surprised to hear him extol the part of the country from which he comes, its rugged beauty and its rich resources. With the exception of the years when he served overseas in the Canadian expeditionary forces in world war I, he has spent most of his life in the Yukon Territory. Before running for parliament in 1949 he was the collector of national revenue, immigration inspector, magistrate, judge of the juvenile court, and had been president of the Whitehorse board of trade and member of the Whitehorse hospital board. The hon. member made a speech which I feel sure we all listened to with interest and, I may add, with gratification. We, too, believe in the future of our north country. We all feel that it is fortunate for the people of the whole of Canada that their representatives in parliament continue to be men and women who not only have a broad grasp of current public affairs, but are men and women of vision who have confidence in the future of our country. With this in mind I repeat I am very happy to extend sincere congratulations to the mover and the seconder of the address.

We have also listened with interest to the speech by the leader of the opposition. I am not sure that, in spite of what he has said, he has succeeded in making his motion anything but a motion of no confidence. That, Mr. Speaker, will be for you to consider. If it is not a motion of no confidence it probably is not in order at this time. I believe it would be unfortunate to have the discussion of the matter which occupied a substantial portion of the hon. member's time, that of inflation, dealt with in the context of a motion of no confidence, because it so happens that this is a matter which is giving us all grave concern. There are many of the hon. member's friends who, for other reasons, perhaps, do not choose very often to assert confidence in this government, but who feel that the policies we have been following are in fact the right policies at this time. I must confess that there are many of our friends on this side, and in that other corner of the house near Mr. Speaker, disturbed at the fact that the government has not been able to devise any more effective measures of combating inflation than those which have been so far proposed to parliament.

This is not a matter upon which there have been the usual divisions between those who support one party or another, those who support the C.C.F. party or the Social Credit party; but it is a situation in which all of us feel the pinch of these higher prices and none of us likes it. Now, with regard to those who have been suggesting that the government's refusal to introduce direct price controls is a matter of stubbornness or a surrender to vested interests, let me say this. I do not often have the opportunity to go to the *Globe and Mail* for authority for any of the positions taken by the government. But it so happens that on September 27 last, in an article which is entitled "Cold Common Sense," the *Globe and Mail*—which I am sure for that reason has not lost its liking for the leader of the opposition—had this to say:

> It was not a statement of policy that Finance Minister Abbott made this week in his radio talk on price control. It was a statement of fact. He was not merely saying that the federal government would not control prices. He was saying—and he was perfectly right—that the federal government could not control prices. Neither could the Conservatives if they were in office. And neither could the C.C.F. Nobody could.

The article went on to say:

> On the face of it, it is most unfair and unreasonable to suggest . . . that the government's refusal to introduce price control is a matter of stubbornness, or a surrender to vested interests. Such criticism not only misleads the public, but misrepresents the government. The government's refusal is a matter of cold common sense. It is taking the only rational attitude there is to take. It will not attempt to do what cannot be done. It will not embark on a program which at this time and under these circumstances can only succeed by destroying the last vestige of personal liberty.

With respect to the assertion that the Conservatives, if they were in office, could not do it, and the C.C.F. could not do it, they say:

> Mr. Abbott rightly drew attention to the British experience. That country has a highly organized system of price controls, subsidies and rationing. And what has happened? Prices have risen faster in Britain, during the last six months, than they have risen either in Canada or the United States. Government leaders admit that the system, long overburdened, has broken down.

I do not want to criticize what has been attempted elsewhere, but I think we are entitled to examine the results that have been achieved elsewhere and to determine, in the lights that are ours, whether we could expect to realize from the same methods better results than others—who, I am sure, have been operating with as great ingenuity as we could display and with as great devotion to the public weal as we could display—have found it possible to achieve. That is the situation in the United Kingdom, and it has been the situation for many months.

I do not know how many hon. members have given themselves the benefit of the interesting and valuable study that would come from the perusal of this discussion pamphlet issued by the Labour party last January and which is entitled "This Cost of Living Business", in which they attempt to explain why it is that they have not been able to keep prices down in spite of their rationing, their direct controls and the other methods they have endeavoured to employ.

From page 9 of the pamphlet I cite this paragraph:

> One big element in the cost of living, the prices we have to pay for imports, is outside the control of the government.

That is true here as well as it is in the United Kingdom; and in this country there is not only the prices we have to pay for the goods we import but the prices our Canadian producers can obtain for the goods they export, unless we prevent them from exporting them and force them to take from the Canadian market for their labours less than they can obtain by exporting. The pamphlet goes on to say:

> Britain has to import about half its food and many raw materials. Both food and raw materials are far more expensive than before the war. And prices have taken another steep rise since the outbreak of war in Korea.

Then a little further down:

> Dearer imports are not due only to the war. There are other, more fundamental causes. Standards of living in many countries are higher now than they were before the war and as a result the great food-producing countries are eating more of their own food. There is, consequently, less for importing countries like Britain.

Then at page 13:

> About 60 per cent of the value of the nation's output is the cost of wages and salaries. Changes in wages and salaries therefore have a profound effect on prices unless the higher wages are matched by higher productivity, or are met from profits.

With respect to profits they give this explanation:

> Profits cater for the creation of reserves to pay for expansion and re-equipment and the additional money manufacturers want to pay dividends to their shareholders. The more money firms put aside to develop new methods of production, the more consumers have to pay now for goods. But new equipment and better laid-out factories mean more efficient production, lower costs, and the possibility of lower prices in the long run. If the money to pay for this were not raised from profits it would have to be raised in some other way.

On page 14 we find this:

> Can we, then, cut profits?
>
> First, it has been explained that, to the extent that profit makes provision for re-equipment and new building, it is an element in increasing efficiency in industry which, in the long run, should make price reduction possible. This leaves then that part of the profit which is distributed to shareholders.
>
> A reduction in distributed profits could do little to reduce prices.

[Mr. St. Laurent.]

That is not my statement. It is the statement of the Labour party in England after years of experience with their controls over the industry of the United Kingdom.

Then they go on to say, as to profits:

> They are a very small part of the cost of any item so, although there are very many excellent reasons for dividend limitation and profit control, their effectiveness as a means of reducing the cost of living is not one of them.

On the same page they explain what inflation is:

> Inflation is an increase in spending money without a corresponding increase in the supply of goods and services. The effects of inflation are higher prices or a shortage of goods, or both. A country which has full employment must face the problem of inflation. When there is plenty of work for everyone, there is more money to spend. The more money there is to spend, the more demand there is for goods. Prices tend to go up, and goods sell out quickly. If incomes go up faster than prices or production, there is even more competition to buy goods, prices rise again, and there is pressure for further income increases. The cost of living then begins to rise really fast.

Then they go on to make this statement which is a truism for all of us:

> The first and most obvious thing to do in these circumstances is to increase production and productivity as outlined previously. While this is being done the other main anti-inflationary safeguard is to restrict the supply of money available so that it matches the amount of goods and services.

If you want two things to be equal in weight and one is heavier than the other, you have to lighten the one or increase the weight of the other. There are several ways of doing this. One is to put a stop to increases in wages, salaries and profits. Another is to tax away the surplus money. That is not a popular way, but the Labour party in the United Kingdom recognizes, as do all economists, that it is an effective way. They go on to say that they have used these ways, and at the same time the government has taken more from the people in taxes than it has spent on running the country and providing the social services. This has taken money out of circulation and has reduced the inflationary pressure. They go on to say:

> This looks like a paradox.

Probably it does look like a paradox.

> It seems difficult to believe that higher taxes prevent prices from rising. But it is still true that the use of higher taxes and budget surpluses prevents inflation, preserves the value of our money and prevents the cost of living from getting out of control.

On page 12 they deal with the cost of distribution and with the effect of resale price fixing, and they say:

> A great deal more evidence is needed before all the various aspects of the problem of distribution can be tackled.

But with respect to retail price maintenance they explain that once a merchant or manufacturer has created a demand for his goods by brand name he is in a position to

lay down conditions on which he will sell, and most branded goods are in fact offered for sale at a fixed price. On page 20 they deal with the conditions of sale that are imposed by the manufacturers and show that competition between retailers is reduced as well. They say:

> If all shopkeepers have to buy at the same prices and sell at the same prices there can be no price competition, so shopkeepers have to offer more elaborate services, credit or delivery services or chromium-plated shop fronts in order to attract customers. These things again have to be paid for and again have an effect on the cost of living.

Then they go on to explain that the Labour party has promised to deal with the problem of preventing manufacturers and traders from stopping supplies to retailers who cut prices. They go on to say that when this has been done the interest of customers will depend on there being sufficient retailers enterprising enough to accept the challenge. They say that price competition is one of the most effective ways we have of counteracting the tendency of private traders who sit back and take easy profits from the country's prosperity.

Well, even on that there is no agreement between people on the basis of their allegiance to one political party or another. This problem has been carefully studied by a committee appointed to do that job, a committee composed of highly respected persons felt to be qualified to examine the problem objectively and to make a report upon it. They have done so, and that report is now before parliament, but I am sure that when any legislation based upon that report is being considered there will be arguments pro and con the probable effects of interfering with this so-called right of the producer of an article to determine the price at which it will be resold to the ultimate consumer.

I am not sure myself that that is not already contrary to provisions of the Combines Investigation Act, because the act defines a combine as a conspiracy between two or more persons to fix the resale price of commodities. As to why that should not apply to an agreement between a producer and a distributor to fix the price at which the distributor will resell the goods is a question to which I have not yet been able to find a satisfactory answer; but that act has been there for many years, and in spite of it we all know that there is a large variety of commodities for which the resale price is fixed by the producer.

Some people think that is detrimental to the public interest, some contend that it is otherwise; but it is certainly a problem which is being considered by those who are really concerned with such measures as can be effective in curbing the high prices consumers have to pay for the goods they require.

Mr. Diefenbaker: Have there ever been any prosecutions for price fixing under the combines act?

Mr. St. Laurent: I do not know of any prosecution based upon an agreement between a producer and a distributor; I do not know that any have been instituted on that aspect. It seems to have been considered that because the word "conspiracy" was used it had to do with something which, irrespective of a definition of the combines act, most people would regard as wrongful, and I do not think that there has been any recourse to the Combines Investigation Act to attempt to curb this practice of fixing resale prices when they result solely from an agreement between the producer and the distributor. Whether that should be done or not I am sure the hon. gentleman will be giving us the benefit of his views when the matter is up for consideration in the house.

Now, with respect to the situation in the United Kingdom, where the chancellor of the exchequer has recently warned that any further attempt to hold prices down by increased subsidies would require subsidies of such an extent that it would wreck the economy of the country, the fact is that with their controls, with their subsidies, which have been continued through the whole period since the cessation of hostilities, as the hon. gentlemen of the C.C.F. party think should have been done in this country, the increases in prices have been faster in the United Kingdom in the last six months for which there are reports than they have been either in the United States or in Canada.

Referring to the report issued for the six months from mid-February to mid-August —it is not exactly from the 15th of one month to the 15th of another month, as I understand it; it is a certain day in the week which may be the 13th, or the 14th, the 16th or the 17th; it is close to the middle of the month. From mid-February to mid-August, which is the latest United Kingdom figure, the increase shown in their cost of living index, which of course is not strictly comparable to ours, because it probably comprises fewer items than ours does, has been 7·6 per cent; and in the same period, or a comparable period, from March 1 to September 1, which is the last available figure for Canada, it has been 5·6 per cent.

Now, I am not claiming any credit for that; I am just putting it before the house as one of the facts that have to be taken into consideration when attempting to formulate a policy with any expectation that it is going to be effective.

I have considerable pride in what I believe to be fact, that up to the present time this

government has been looked upon as frank and fair and as trying to do a good job. I do not think it would be right for us to put before the public anything we ourselves did not believe in. It is human for us to make mistakes, but they must be honest mistakes. I think it would be wrong for us to try to put into effect measures that would turn out to be mistaken, and that we ourselves did not believe in when putting them before the public. That is something this government does not intend to do.

They have not been able to do it in the United States, any more than they have been able to do it in the United Kingdom. The hon. member for Rosetown-Biggar (Mr. Coldwell), in a recent broadcast, said that they had put into effect more efficient controls—I am not using his exact words, but I hope I am correctly paraphrasing them—more efficient controls than they had in effect during most of the time during the last war. Well, that does not speak very highly for those which were in effect during the last war—if we are to judge them by their effect on prices at the present time.

There has been an assertion that the Bank of Canada admitted in its July publication that the cost of living in Canada had become higher than the cost of living in the United States. Well, that was the interpretation put upon it by the Canadian Press—"Canada's living costs higher than U.S.; Bank of Canada survey shows reversal of historic pattern". And the leader of the opposition has asserted that we now have inflation in this country to a greater degree than they have in the United States.

Well, I asked to be shown just what this Canadian Press dispatch was based upon, and I found that it was based upon a diagram of cost of living indexes where, for the first time, the Canadian curve crossed the American curve.

These cost of living indexes are based on statistics showing changes in prices; but they are not exactly the same thing as the actual cost of living. Some say that they do not reflect the whole cost of living, while others say that they do show more than the actual cost of living. That is a matter of opinion. But, whatever one's opinion may be in the matter, the fact is that the housewife does not support her family upon a cost of living index: she supports her family upon what she pays in the shops for the articles she has to buy.

Now, from a distance pastures always look green. However, I happened to be in Washington on September 28. I had gone down to that city to confer with the President of the United States about the measure that it might be proper to put on foot to try to bring about speedy development of the St. Lawrence waterway. Naturally, I picked up a Washington newspaper. As a matter of fact, I brought it back with me.

This paper showed the ceilings that were going into effect in the United States on their beef prices on October 1. Those are the prices in effect, with the direct controls that have been resorted to in the United States. I am told there are others charged on the black market which go beyond these prices. These, however, are the prices authorized by government action. They dealt with retail stores, groups 1 and 2; retail stores, groups 3 and 4, and certain small stores; and then retail stores groups 3-B and 4-B, which include supermarkets, chains and independents. This latter group has lower ceilings because it provides less service than do the other shops.

The first item shows porterhouse steak at $1.34 a pound; tenderloin, $1.81 a pound; sirloin, boneless, $1.34. Well, I do not do the marketing myself. But I have a family, in which there are representatives of three generations, from whom I hear something about the high prices that have to be paid. I know that none of them is paying those prices.

I picked up a paper in Ottawa last week. This happened to be a copy of the Ottawa *Citizen*, and in it I found advertised porterhouse steak, with the cuttings taken off, at $1.05 a pound, instead of the $1.34 set out in the Washington paper. Those are the actual prices which prevail.

On another page of that issue of the Washington *Post* of September 28, there was a news item stating that the price of grade A milk was to be raised one cent a quart on the following Monday, with three dairies fixing the price at 23½ cents a quart. That is for the American quart, which is about one-fifth less in volume than ours. That means that the price would be more than 28 cents for an imperial quart of milk.

I find upon inquiries made through our consular office in New York that the prices there are a little higher even than those indicated for the A & P, Safeway and Supermarkets in Washington. I found that while the retail price was 23½ cents for an American quart at the A & P supermarket at 2141 Wisconsin avenue on October 2, 1951, or the equivalent of 28 cents for an imperial quart, the price prevailing on October 12 at an A & P store here in Ottawa was 19 cents for an imperial quart. It may be 20 cents now; I understand there has been a move to add an additional cent to the price. However, it was 19 cents on October 12.

Then, as to the price of bread: in Washington, for a 24-ounce loaf of white bread, sliced, the price was 19 to 21 cents. To buy it from the same firm—the A & P store—here in Ottawa, the 24-ounce loaf was 15 cents.

Mr. Diefenbaker: But the farmers get higher prices down there.

Mr. St. Laurent: I am comparing actual prices at the present time to see whether or not, all things considered, it is proper to say that we have here in Canada a greater degree of inflation than they have in the United States. I am not trying to defend the government; I am not trying to make an argument; I am just stating to the House of Commons such facts as we have been able to ascertain, and upon which we have to base conclusions.

An hon. Member: What about cigarettes?

Mr. St. Laurent: Well, here I get the indication that while in 1939 it took half an hour's work, at prevailing wage rates, to buy a package of twenty cigarettes, at the present time it takes only twenty minutes' work.

I have dealt with bread; let us now turn to butter. Creamery butter in Washington is quoted at 78 cents, while the price in the A & P store in Ottawa is 68 cents. For eggs, grade A large, the Washington price is 83 cents, and for the same grade in Ottawa, 84 cents. Turning to cheese, the price for American cheddar mild is 55, medium 59 and sharp 63, whereas Canadian cheddar cheese is 49. Maine or Long Island potatoes are 10 pounds for 39 cents, and the Ottawa price for Ontario potatoes is 35 cents for 10 pounds. I am sure a good many would feel that Ontario potatoes are just as good as Maine or Long Island potatoes. I know I got some from northern Ontario, from a friend of mine who was kind enough to send a bag to 24 Sussex street, and they are as nice potatoes as I have ever seen anywhere in the world. Taking canned salmon, pink, at Washington for one pound net the price is 65 cents per can, and at the A & P store in Ottawa a one-pound can of pink salmon is 45 cents. Eight-ounce packages of Kellogg's corn flakes, the same corn flakes in both countries, are two packages for 29 cents in Washington, 14½ cents each, and in Ottawa 14 cents a package. Chase and Sanborn coffee is 94 cents in Washington and 92 and 94 in Ottawa.

Mr. Coldwell: How much?

Mr. St. Laurent: 92 and 94.

Mr. Coldwell: Not Chase and Sanborn.

Mr. St. Laurent: Chase and Sanborn coffee at the A & P branch.

Mr. Coldwell: It is $1.08.

Mr. St. Laurent: I did not make up the list. I was supplied with it.

Mr. Knowles: It is over $1 in the west.

Mr. St. Laurent: Perhaps my hon. friend will drink more while he is here and pays 94 cents for it. Taking orange pekoe tea, the Washington price is 66 cents per half pound, and at the A & P store, Ottawa, tea is 89 cents per pound.

Mr. Coldwell: Is the Prime Minister (Mr. St. Laurent) comparing the same things when he compares tea and orange pekoe tea?

Mr. St. Laurent: It is orange pekoe in both instances, and the price in Ottawa is 89 cents. These were the prices on the 12th October at the A & P supermarket store in Ottawa. As to sugar, our price is a little higher for granulated sugar. Five pounds of granulated sugar cost 50 cents in Washington, and granulated sugar, white, is 11·2 cents per pound in Ottawa instead of 10. However, brown sugar, in packages only, is 13 cents a pound in Washington, and at the A & P store in Ottawa it is 12 cents per pound.

Mr. Green: What about horse meat?

Mr. St. Laurent: I have not priced horse meat. I have not yet become interested in horse meat.

These are actual facts, which have their importance in determining whether or not we should expect to do better than has been done in the United States with respect to such controls. I have a clipping from the Montreal *Gazette* of October 3 in which it is pointed out that these ceilings are such that they are bringing about a reduction in supplies. The editorial continues as follows:

> The result is that with an all-time record number of cattle on United States ranges, the volume of slaughterings has shrunk by 10 per cent below this time last year. Cattlemen are holding out for the high prices they can obtain from "black market packers" who resell to hotels, restaurants, night clubs and others willing to pay above-ceiling prices for under-the-counter supplies. Packers have refused to bid on large scale orders which the United States army sought to place to supply meat rations for soldiers both at home and overseas.

Mr. Brooks: Might I ask the Prime Minister what is the date of that article?

Mr. St. Laurent: October 3, 1951. The editorial is entitled "Price control with a catch in it", and is to be found in the Montreal *Gazette* of that date. The hon. member may have some misgivings about the correct appreciation of the facts by this writer in the Montreal *Gazette*. I would not blame him because I frequently have misgivings about some of their appraisals of other subjects; nevertheless it demonstrates that there are serious difficulties involved. The leader of the opposition (Mr. Drew) has said in this house that he was not advocating the overall ceilings that were administered during

the war. I do not want to be unfair to him, and as I have his exact language here I will quote it. He said, as recorded at page 1734 of *Hansard* of April 9, 1951:

> I have sought to make it clear on earlier occasions in this house that much more moderate controls, much more flexible controls would be sufficient to deal with the situation which has arisen...

We see what kind of controls they have endeavoured to enforce, and which the hon. member for Rosetown-Biggar (Mr. Coldwell) says are more effective and harsher than those they used during most of the period of the last war, and we see what the result is. I do not think the Canadian public would be satisfied to have us fix ceilings at the prices I find in the ceilings published in the United States on the 28th of September. I do not think the consuming people of Canada would want their government to be stating that the price it was fair to ask the consumers to pay for porterhouse steak was $1.34, for tenderloin, or anything of that kind.

Mr. Coldwell: Have you comparable figures as to the prices paid to the farmers for the primary products and to labour for wages?

Mr. St. Laurent: No.

Mr. Coldwell: That makes a difference.

Mr. St. Laurent: I am merely comparing what the situation is. I do know that a lot of our producers of beef are selling to the United States market because of the prices they can get there, and that has had the effect of making it necessary for our Canadian slaughterers to pay similar prices or see the animals move across the line. Perhaps I should read a little more of the editorial in the *Gazette* to which I have referred. It has this to say:

> Major packers are finding that they cannot make even their established average profit of one per cent or less on turnover, and are beginning to operate at a loss, if they buy live animals at advancing present prices, slaughter and process them, and attempt to sell them within retail price ceilings. One company, Armour, showed a loss of $1·6 million in its latest quarterly report, a Cleveland firm has shut down rather than go on losing money, and the big Wilson company has cut back its slaughtering plant operations to three weeks a month.

These are things which I am not defending, but which I am merely stating are happening in the face of this situation where a lot of people—I will not say everybody—have quite a lot of money and rather than keep their money are willing to spend a portion of it for certain supplies. That being the situation I do not feel that I can agree with the leader of the opposition when he says that inflation in Canada has outrun inflation in the United States. That does not appear to be so by the actual prices at which commodities are being sold. I have another comparison of prices but I do not want to burden the house with unnecessary figures, as I think I have said enough to indicate that if one investigates that is what he will find.

There is no doubt that prices are high. There is no doubt that certain sectors of our population are feeling some hardship, but not all sectors. In spite of high prices the average wage paid in our manufacturing industries will buy more today than it did before the war. The prices that our farmers are getting for their produce, in spite of the fact that they are paying higher prices for things they have to buy, is giving them a larger share of the national income at this time than ever before. I am not saying that is not as it should be. I notice an hon. member shaking his head but let me say that he is not the only one who knows the farmers in this country. I know farmers in various parts of Canada and I know for a fact that at the present time they are getting a larger share of the national income than they ever got before. I am not saying that they should not. I am not saying that they are getting too much. I know that they work hard for what they get and I feel that the prices they are getting under present price levels are not too high and that it would not be fair to try to roll them back.

Mr. Wright: How about that portion of the national income—

An hon. Member: Sit down.

Mr. St. Laurent: The hon. member will have an opportunity of putting his information before the house. I have had many opportunities to observe what is going on and I am simply stating what has come to my knowledge. I am most happy to testify to the fact that the larger portion of the national income which the farmers are receiving is being used to improve farm lands throughout the country. I know that for a fact. I have seen evidence of it with my own eyes. They are increasing their productivity through the use of the larger portion of the national income they are getting. I think that is all to the good. Ultimately we will be most happy that that has been done. We have an increasing population that will have to be provided for largely by areas already under cultivation. Those areas must be made to produce more or we in this country will not be producing our share of the food requirements of an increasing mankind.

I stated that A & P in Ottawa were selling Chase and Sanborn coffee at 94 cents but I understand it was their own brand that was being sold at that price while Loblaws were selling Chase and Sanborn at $1.06.

I have said that the average rate paid to labour in our manufacturing industries provides a greater purchasing power today than it did before the war. I must confess that I was led into this by a tabulation which had been made in the United States to show what an hour's wage down there purchased in terms of certain foodstuffs. I asked to have a similar tabulation prepared for Canada and I have here figures showing the estimates of food quantities which one hour's work of a manufacturing employee at average wages would buy in certain periods. While the first item is not disappointing, it does show that in October 1939 an hour's work would purchase more sirloin beef than it does at the present time. The figures follow:

	October 1939	October 1950	June 1951
Sirloin beef .....lbs.	1·6	1·2	1·1
Bacon .....lbs.	1·3	1·5	1·7
Eggs .....dozen	1·2	1·5	1·6
Potatoes .....lbs.	22·8	36·5	39·1
Bread .....lbs.	7·3	9·5	9·9
Milk .....quarts	4·1	5·6	5·9
Tea .....lbs.	·7	1·0	1·1
Coffee .....lbs.	1·1	1·1	1·1
Sugar, granulated ...lbs.	6·8	8·5	9·0
Butter .....lbs.	1·4	1·5	1·7

On September 20, 1951, the president of the Canadian Federation of Agriculture was discussing high prices and I have here certain excerpts from what he said:

> Food prices are not high in relation to other prices or in relation to wage rates or to the profits being made by industry. Most food, in terms of the hours of work required to purchase it, is cheaper than it has ever been. When we compare average hourly earnings in manufacturing industries with average prices of staple food products, this fact is borne out.

He goes on to give other examples.

> Others who can control their production and who do set or help establish their price or wage levels, have been more responsible for the high price structure of today than has the farmer.
>
> Labour uses the strike to force wages up, and maintain them. Industry uses resale price maintenance, not only to establish their own prices to consumers, but also to fix the margin for the distributor in between.
>
> Resale price maintenance is a form of price fixing. If businessmen want free enterprise and want farmers and others to compete in a competitive market, why don't they do so themselves? Resale price maintenance ought to be made illegal and prosecuted as a restraint of trade.
>
> In my opinion, there are just as many low income farm families as there are low income urban families.
>
> And today, because of a high price structure, many farm families have to do without lots of things that are considered ordinary necessities in the average urban home.
>
> If some food prices are high for the low income large families—as they undoubtedly are—aren't we all helping them out by paying taxes for family allowances? Canada paid around $300 million in family allowances last year.

So the situation is that there are large sectors of the population of this country whose incomes have not only kept up with but a little ahead of the increasing cost of living, contrary to what has happened in the United Kingdom. In the United Kingdom the index of wages has been a little slower in its rises than the index in the official cost of living since the war. In this country it has been a little in advance of the index of the cost of living. That does not mean that there are not large numbers of people who are finding it difficult to pay these high prices. This has not passed unnoticed.

The leader of the opposition says that a pension of $40 per month is not much better than $20 per month used to be. It was $20 per month before the war; the pension has been doubled, but the cost of living index has not quite doubled. I believe there is going to be substantial relief through the payment of this "no means test" pension to all persons over 70 years of age. There are many persons whom we know and meet socially who are on retiring allowances, not very large, for whom an additional $40 per month, or if both members of the family are over 70 an additional $80 per month, is going to be of substantial help in meeting this higher cost of living.

Mr. Knowles: Will the Prime Minister permit a question before he leaves that table dealing with the purchasing power of an hour's labour in Canada? Has he a similar table for the United States?

Mr. St. Laurent: I have not it here, but I have it in my office. It was because I saw a table prepared for the United States that I asked to have the Canadian table prepared. I shall get it and let the hon. member see it.

Mr. Knowles: Perhaps the Prime Minister would let me have it when I speak.

Mr. St. Laurent: I have no objection. I believe it is not only permissible but it is our duty to bring before the house and the public all the pertinent facts that can help to form a sound conclusion, not only about what is desirable but what is practicable under present conditions.

The leader of the opposition spoke of what he described as the unnecessary expenditure that was being made in government. The Minister of Finance (Mr. Abbott) described in his budget speech what was being done in that regard. Before passing to that, might I suggest that those who are filled with admiration for what is taking place elsewhere may perhaps be in the position to which the poet referred:

> 'Tis distance lends enchantment to the view,
> And robes the mountain in its azure hue.

Perhaps that explains why I have heard laudatory remarks from many people in the United States about how we have been doing in Canada. I have heard also the same kind of remarks from some Englishmen. It may be that there, too, "distance lends enchantment to the view".

From the *Financial Post* I clipped an article, not because of what was written by the *Financial Post* but because of what was cited from the New York *Times*. One of the New York *Times* writers, Mr. Edward Collins, refers to the drastic dissimilarity between Canada and the United States. He says:

> In this country (United States) we are talking about balancing the budget and putting the defence effort on a pay as you go basis. But Canada has been consistently budgeting for surpluses for several years, one of the consequences being that she has reduced her debt by 15 per cent since 1946. While our own treasury, with the undisguised encouragement and support of the White House itself, has resorted to every artifice to defeat the efforts of the federal reserve to tighten money rates, Canada has carried out a vigorous and concerted program in this area. While both the administration and congress here flinch at proposals for increasing consumer taxes, the dominion is raising almost half its revenues through this, the most anti-inflationary of all forms of emergency taxation. And while Washington has found even the modest restrictions imposed by the reserve board on instalment credit politically unendurable, a Canadian who wants to buy a car today must be prepared to put up half the purchase price in advance and pay the rest within 12 months.

The leader of the opposition said it was a mistake to restrict credit on cars and like articles.

Mr. Drew: To that extent.

Mr. St. Laurent: In this article that was not the view, though it may have been a mistaken view that the financial critic for the opposition was expressing at that time. It may have been a mistake in appraisal at that time, but the hon. member for Greenwood in his criticism of those measures when they were brought before the house said that they were too late and should have been adopted months previously. He said it was better late than never.

I am not suggesting this for the purpose of casting blame. I am bringing this before the house for the purpose of having everyone realize that we are dealing with a difficult problem about which any of us can make mistakes. I do not believe any of us can be sure in advance that any special line of conduct will not turn out to be mistaken. We have to do our best, and that is what we have been doing. We have been doing those things referred to, and we have also been endeavouring to keep down the civilian part of our budget.

[Mr. St. Laurent.]

In the broadcast I made in September I said that the government had made serious and constant efforts to keep down its own expenditures. In commenting on the broadcast the Montreal *Gazette* said that government savings had been like a drop in a bucket full of holes. Other critics are also fond of blaming the high cost of living on the alleged extravagance of the government, and its failure to keep its expenditures within bounds. In his budget speech last spring the Minister of Finance described the efforts that were being made to keep down expenditures. From my day to day contact with my colleagues I know that each one of them is watching the various phases of the administration of his department in an endeavour to keep down expenses. Hon. members know what efforts were made to reduce expenditures in the Post Office Department. They know the kind of reception those measures received throughout the country and in this house. While each one of my colleagues is giving careful consideration to some particular phase I felt that I should like to know how our expenditures on general services compared with the expenditures that were being made before the war. I asked the officials in the department of my colleague, the Minister of Finance (Mr. Abbott)—he was not here so I did not get his permission—to get figures and to give me a calculation, as accurately as they could, so that comparison might be made. It is exceedingly difficult to make a comparison, and I myself am not convinced that these figures will be convincing to others, but I wanted to know what they were. It is not easy to make comparisons because the services have been expanded; they have been modified; and of course a great many items of substantial expenditures have been added which were not there before.

I asked them to exclude, as not being at all comparable, the items on defence, on veterans' benefits and on the service of the debt. They result largely from the last war and that made a complete change in the situation. There have been modifications in other expenditures. Before the war one of our substantial items of expenditure was unemployment relief. The comparable expenditure is not on so large a scale now; our contribution to the unemployment insurance fund replaces that expenditure. But it seemed to me that the only useful way to make a comparison would be to see what we are now spending on the services which existed before the war, although they have been expanded.

I asked them to show me what the expenditure was in 1938-39, excluding defence,

veterans' pensions and other benefits and the service of the national debt, and to give me the estimated cost of the comparable services in the present fiscal year, excluding the same three items and all the new services or expenditures which have been established since 1939, such as, for instance, family allowances and the payment made to the provinces as a rental for their abstaining from imposing certain forms of taxation which we impose in their stead. In 1938-39 the total was $326 million or $29.20 per capita. For 1951-52 the comparable estimates total $719 million or $55.80 per capita. The increase per capita is 91 per cent. This is just over the percentage increase in the cost of living index and a little less than the percentage increase in the wage level.

I think this then would indicate that the government has held down its expenditures on these services fairly effectively. It must be admitted that, for instance, in a service like that of the comptroller of the treasury, he has four times as much to do as he had during 1939 because he has to check the proper expenditure and accounting of everything in these new services that have been established. The Department of National Revenue has at least four times as much revenue to collect and account for as it had before 1939. Though I would have been somewhat happier if the increase had been less, I feel that a fairly close tab has been kept on the general overhead that has to be provided for in order to take care of the large increase in the nation's business.

What can be done to prevent further inflation? I hope there will not be further inflation. Recently in many of our papers we have seen advertisements of cuts in prices, some of them attributable to the reference in the speech from the throne to the fact that the fixing of resale prices was going to be made illegal. I am informed that there are quite large inventories throughout the country—

Mr. MacInnis: Why then are prices going up?

Mr. St. Laurent: Because there are people—and I am not suggesting that they include my hon. friend or me—who have money they would rather not keep than get the thing they can obtain at a high price. During the war we had controls; but although prices were controlled, we also had an active patriotic fervour that made people put a great deal of the money they were earning at that time into government bonds. The very fact that the payroll is larger, or has increased at a rate even faster than prices have increased, shows that the money is there. When there is this unbalance between the amount of purchasing power and the quantity of goods and services that can be purchased, unless it is mopped up by taxation or is put into savings, it puts a pressure on prices. There are many who hold the view that quite a number of those engaged in the distribution of services and supplies are becoming a bit anxious about the inventories they are carrying at the present time. I have no personal knowledge of what those inventories are, but I am told that they are rather abnormally high, and that they will not remain on the shelves even if some of them have to be disposed of at diminishing returns.

The price level cannot be held fixed in a free economy, although it is disturbing to have it move far in either direction. Deflation, when it comes about, is almost as painful as inflation. The ideal state would be a proper balance between purchasing power and supplies; but none of us—except perhaps the hon. member for Lethbridge (Mr. Blackmore)—has the formula by which to maintain that proper balance at all times.

Mr. Blackmore: Hear, hear.

Mr. St. Laurent: We cannot get away from the fact that while we are building up these combined forces of the free nations to create the kind of force that is apt to deter aggression, we are taking a certain proportion from the annual production and are not diminishing the purchasing power, except through taxation.

The situation we have to face is that this upbuilding of the kind of strength that will deter aggression is a duty for all of us. It is not something that we can leave to the other fellow. It is something we all have to provide and pay for by doing without some of the things which we should like to have and which it would be possible for us to have if we did not feel it to be desirable to devote that portion of our national production to this joint effort to maintain peace in the world.

I have expressed that view in many places in this country. I have said in many places throughout the country that I felt that was what the people of Canada wanted us to do, and that if they did not want us to do that they should make their views known. That would not mean we would change our views, but it would mean that we would make room for somebody else who shared their views to carry on the affairs of the country in our stead. That is the situation; and again I can say that as regards immediate additional measures to curb inflation, while others may develop, the only one we are prepared to submit at this time is the one that will arise out of this report of the combines committee with respect to resale prices.

I do not think that is going to have a very substantial effect on the index of the cost of living; I think it is apt to bring about some change in resale prices, because I do know that there are instances where the spread between what the consumer has to pay and what goes to the primary producer seems to be inordinately large. But there is no doubt that the Canadian public has, perhaps without realizing it, demanded from the distribution trade of our country far greater and better services than those that used to be provided. Those greater and better services have to be paid for, and they are paid for out of the price that is fixed by the distributor for the item he delivers to the consumer. That is inevitable in our form of society. It may be that the establishment of those supermarkets will bring about some change. It may be that there will be devised, as the Labour party expresses its hope there may be devised, methods of distribution which will not be as costly as they are. But they are costly today. They are costly in the United States; they are costly in the United Kingdom. We are all up against the same problem and I am sure that we are, all of us, trying to meet that problem as best we can.

We are not all agreed as to what are the best methods of meeting it. I am sure that all of us will be glad to hear from other hon. members what their suggestions are, and I feel sure that their suggestions will be made in the same objective spirit in which I have tried to make clear the government's position. It is a world problem. It is a problem that is giving concern all over the world to those who have the responsibility of government, to the extent that there are some who are saying that it will be a very dubious victory for whichever party in the United Kingdom has the responsibility for the headaches that seem to be quite inevitable for a certain period ahead of us.

Mr. M. J. Coldwell (Rosetown-Biggar): We have heard two very interesting speeches this afternoon, and I shall find it very difficult for once to remain within the confines of the forty minutes allotted to me because the main subject is one upon which we feel rather keenly and upon which we have been quite consistent. However, before I begin to discuss the problem I want to join with the Prime Minister (Mr. St. Laurent) and the Leader of the Opposition (Mr. Drew) in congratulating the mover (Mr. Cauchon) and the seconder (Mr. Simmons) of the address in reply to the speech from the throne. In both instances they acquitted themselves well.

I should also like to associate myself with what was said regarding the satisfaction and thankfulness that are felt because His Majesty the King has improved in health. We hope that his health will long continue to improve, because after all the monarchy is the symbol of unity that we have in this great commonwealth of nations.

I am glad too that we were able to have in Canada the presence of Her Royal Highness Princess Elizabeth and the Duke of Edinburgh. I hope the remainder of the tour, however, may be just a little closer to the people than it was in the capital city of Ottawa.

I cannot deal with everything that is in the speech from the throne. With regard to the old age pensions legislation, we shall reserve our comments until the legislation is before us. I regret, too, the omission of any mention of the need to review veterans' pensions and allowances by a committee. I think the increases in the cost of living that they have been subjected to, in common with all the rest of the people of Canada, warrant increases, or a cost of living bonus; and all of it, may I say, without a means test.

The St. Lawrence seaway is mentioned, and we shall have something to say on it later on. May I also say that I was a bit surprised when the commission was appointed to go once again into the feasibility of the South Saskatchewan river scheme. After all, we in the province of Saskatchewan had been led to believe by the Minister of Agriculture (Mr. Gardiner) on more than one occasion that the decision had been taken, and that all that was awaited was the consent of the province of Saskatchewan, and perhaps in some respects of other provinces. But now we have another commission set up to inquire into the reports that have been made by other commissions or engineers on this particular project.

I am glad that the people of the maritime provinces are to get the Canso causeway. Whether it should be a bridge or a causeway is a matter of course for expert advice to the government, and when the matter is before the house we can examine what advice the government has.

I am glad to see, too, in the speech from the throne that we are to get some legislation dealing with the railway problem. I think that what is suggested, the assumption by the dominion of part of the transportation costs over the unproductive area between east and west, is insufficient to remove the discrimination that exists; but we welcome a step in that direction.

This afternoon once again the question of the marketing of the new crop was before us. As hon. members will recall, last spring we

urged the appointment of a transport controller. That has been done much too late, and while I think the present transport controller is doing a moderately good job toward giving service to the country, I am convinced that something more must be done so the farmers may be assisted in either holding the crop on the farm or having storage space provided and payments made for the amount of grain that they find it necessary to store.

There is one other point that I should like to refer to briefly, namely, the Massey report. I am glad to see that we are going to get legislation on the Massey report. May I just say that I think in its conception, in the matter of the language that it uses, it is not only a great report on a great national problem or a group of national problems, but a contribution to the general literature of Canada, a splendid report in every respect.

I want to deal with a topic that has been under discussion this afternoon, namely, the increase in the cost of living. The amendment moved by the leader of the opposition is of course in very general terms. Because we have been consistent first of all in resisting the removal of beneficial controls and subsidies and subsequently in urging that where controls can be beneficial and subsidies useful to bring down the high cost of living they should be re-adopted—that has been our position in this house ever since 1946, and today we offer no apologies for that position —I think that I should be very specific.

I can understand some hesitation in this regard on the part of the leader of the opposition (Mr. Drew) and of the party he leads because I am not forgetting that it was largely because of the insistence of the Progressive Conservative party in this House of Commons and across the country, as well as that of the powerful press of the country and of the financial institutions and other interested people, that controls were removed. At least the speed with which the controls were removed was accelerated by that propaganda.

On the other hand we have been consistent. Therefore I am going to move a subamendment, seconded by the hon. member for Vancouver East (Mr. MacInnis):

> That the amendment be amended by adding thereto, immediately after the words "high cost of living," the following words:
>
> such as the making of provision for price controls and the payment of subsidies, where necessary, so as to equalize the sacrifices our people are called upon to make at this time.

That leaves a fairly wide area within which the government can bring before the house the proposals to make this equalization effective.

The Prime Minister (Mr. St. Laurent) says of course that this cannot be done at the present time. He says that neither the government nor the Progressive Conservative party nor the C.C.F. could control prices. I am going to ask this question: Why does the government say it will do it when and if it becomes necessary?

Mr. Abbott: It does not. It has never said any such thing.

Mr. Coldwell: It has said it, over and over again.

Mr. Abbott: Rubbish.

Mr. Coldwell: If I have understood what the Minister of Finance (Mr. Abbott) has said on more than one occasion—and I think I understand the language fairly well—then certainly we have been told that measures will be taken which are necessary to bring about a better condition for the Canadian people in regard to prices, and so on.

Mr. Abbott: Oh, that is different. We will do what is possible; but we will not attempt to achieve the impossible.

Mr. Coldwell: That they will do what is possible; and the Prime Minister says it is impossible. So we might as well know and admit where we stand at the present time. We know now where the government stands at the present time in relation to this matter. The Prime Minister spent a great deal of time this afternoon reading from a Labour party pamphlet. It is a pamphlet which I myself read, and the contents of which I have noted very carefully. But let us remember that while the cost of living did rise in the British isles in the first six months of this year by a percentage greater than in Canada in the same period, it rose from a base which was very much lower than the cost of living in Canada. The Minister of Finance—

Mr. Abbott: The index rose less, not the cost of living.

Mr. Coldwell: All right—"the index". The minister has just returned from London—

Mr. Abbott: Paris.

Mr. Coldwell: Paris. He knows that in London today the cost of bread is a fraction of what it is in Canada.

Mr. Abbott: How much is the subsidy on bread?

Mr. Coldwell: I will deal with that. He knows that the cost of meat in London is a fraction of what it is in Canada.

Mr. Abbott: Only you don't get the meat.

Mr. Coldwell: On the amount of meat that is rationed. I know, of course, that the quantity is small. But let me say that the British are not rationing people by the length

of their purses. Everybody gets his share, even though that share is small, and at a price within his reach.

One could go down the list and refer to milk and all the other basic commodities in that country. True, they had to release some of their controls; but why? They had to release some of their controls because of the point made by the Minister of Finance a moment ago; because they have had to pay increasing subsidies for these basic supplies from overseas. And why have they had to pay increasing subsidies? Why have they had to pay more for their supplies from overseas? Because countries like Canada and the United States have allowed inflation to run wild within those countries.

Mr. Abbott: Would my hon. friend allow a question? Just as a matter of interest, does he think the Canadian farmer should get less for his bacon—

Mr. Coldwell: No.

Mr. Abbott: —because he ships to the United Kingdom?

Mr. Coldwell: No. But just a moment; that is one of those catchy questions.

Some hon. Members: Oh, oh.

Mr. Coldwell: Oh, you can laugh; but what the minister asked me was another question, and I will tell him why. It is because the farmers' cost of production has risen beyond the value of his returns, since this government allowed controls to be removed. That is the answer to his question. As a matter of fact the answer is to be found in the government's own report, put out by the bureau of statistics. What does it show? It shows that the average cost of living in Canada rose in August by about one point; but it also shows that the return received by the farmers for their produce in the same month decreased by seven points. So, you see, I am talking about the justice that would be achieved by subsidies and controls. So far as the primary producer is concerned, his returns are falling now.

Mr. Argue: Bacon is down $7 a hundredweight in one month.

Mr. Abbott: Which price does my hon. friend want to continue to go up?

Mr. Coldwell: I will answer that. If the government is going to allow the basic prices of other commodities to rise, and monopolies to continue to set those prices, then the farmers' prices must go up. We have to face it. But it is because the government, ever since it began to remove controls, has let inflation run wild in this country—and in the neighbouring country the same applies—that in European countries as well as in Canada prices have continued to rise. That increase I say is due to a large extent to inflation in North America.

The Prime Minister this afternoon compared certain prices in Washington and New York with prices in Ottawa. Well, had he taken, for example, a comparison of prices of the same commodities in Minneapolis and Winnipeg he would have found a somewhat different condition. Be that as it may, a statement about two weeks ago by Mr. Michael DiSalle, director of the office of price stabilization in the United States, which office is in charge of the stabilization policy of the federal government in that country, had this to say:

> Up to February 15, 1951, from Korea, the cost of living in the United States increased eight per cent. These rises cost our people $16 billion.
>
> The increase from February 15, 1951, to June 15, 1951, was eight-tenths of one per cent, or less than $2 billion.

I should add that from February 15 to June 15 the office of price stabilization in the United States exercised some control over American prices. He went on to say this:

> While we held this price line, the index in Canada —which has no direct price controls—increased five and three-tenths per cent in that period.
>
> Had our prices been going up at the same rate as Canada's it would have cost the American consumers $7 billion—$150 per family of three.

That is not my statement; it is the statement of Mr. DiSalle of the office of price stabilization in the United States. So I say that our criticism of the government in respect to this matter is fully justified; and I hope that hon. members, wherever they may sit, will support both the amendment and the subamendment, in order that we may give to the people of Canada an assurance that we at least are determined to bring the matter forcibly before our government. The cost of living index today is 189·8, the highest in our history and, as I said, during the same month, August, farm prices dropped another 7½ points.

Mr. Gibson: Farm income or farm prices?

Mr. Coldwell: Farm prices dropped to that extent, and let us bear in mind that the failure of the government to bring about any stabilization in the price level has reduced the purchasing power of the Canadian dollar to 52 cents in terms of its value in the base period of 1935-39.

The Prime Minister (Mr. St. Laurent) and the Minister of Finance (Mr. Abbott) have said that there must be more saving because more dollars chasing fewer goods will cause further inflation. I thought the Prime Minister rather discounted that statement at the end of his address when he said that inventories were unusually high and that

manufacturers could not move goods. It seemed to me then that goods should be chasing dollars unless something else intervened, and I think that something else is monopolistic price fixing by some of the powerful organizations in this country. I want to see our young people save and put a little money by. I have encouraged it whenever I have had the opportunity. One afternoon about a month ago I happened to be in the Royal Bank. I was standing talking to one of the officials at the counter when a young lady walked across with a couple of hundred dollars in bonds that she had bought about 1943 or 1944, I think she said. She handed over the $200 in bonds and what did she receive? As far as I could hear, it was $198 or thereabouts.

An hon. Member: She did well.

Mr. Coldwell: Someone says that she did well. I heard that young girl's remark. She said, "Oh, I am not going to lend the government any more money. I lent them $200, when I could have bought something else with it, and now I get $198", or $196, as the case might have been. Let me say at this time that I am proud of the fact that when the victory bond campaigns were first instituted the hon. member for Melfort (Mr. Wright) on behalf of this group urged upon the then minister of finance, Right Hon. J. L. Ilsley, that we should guarantee 100 cents on the dollar when these bonds became payable, and I am glad that has been done with the new savings bonds.

Mr. Abbott: I know my hon. friend wants to be fair.

Mr. Coldwell: Quite fair.

Mr. Abbott: The point that was made by the hon. member for Melfort, if I understood him correctly, was that the bonds should be paid at 100 cents on the dollar when they became due. No Canadian bond has ever been paid in any other way.

Mr. Coldwell: No, not always. Look at the savings bonds today.

Mr. Abbott: What he was suggesting was that all government obligations should be demand obligations.

Mr. Coldwell: Quite fair.
victory bonds which were being sold to the ordinary man in the street and the ordinary small person who was saving his money. We were told at that time that it could not be done. I am glad to see that it is now being done with the savings bonds. May I say to hon. members that in 1946 the Canadian consumer was able to obtain basic food and other supplies at more properly related prices. The consumer was protected against high prices. The producer was protected against low returns. We have seen the result of government policy already, of course, in the falling consumption of milk, for example. The bureau of statistics tells us that the consumption of milk dropped by 20 quarts per capita in our country between 1946 and 1950. That is a serious thing when we realize how basic milk is to good health.

Of course we were told that if controls and subsidies were removed, if business was permitted to return to normal competition, to make normal profits and all the rest of it, production would increase and prices would go down. That was the theory. I think the Minister of Finance will confirm my statement that that was the theory presented here. What have we seen? We have seen prices go up, corporation profits reach the highest level in our history, and prices continue to soar.

In a recent broadcast, which I subsequently criticized, the Prime Minister contended that if prices were controlled there might not be a fair distribution of some scarce commodities without rationing. Let me say once again that the Canadian people are rationed now, not by tickets but by a much more cruel, harsh and unjust system of rationing, rationing by the purse.

Mr. Gibson: Has that not always been true of every nation at all times?

Mr. Coldwell: That is an old Tory talking. That has always been done and therefore it always has to be done. I intend no reflection on the Progressive Conservative party; I said "Tory". May I say that we were treated this afternoon to a great deal of information regarding what is happening in other countries. I remember that the Minister of Finance took me to task because I said that certain people I had met in this country recently had stated that our cost of living was the highest of any country they had visited. I do not want to put on the record who they are but I would not mind telling the Minister of Finance afterwards. Incidentally, they were not Britishers. The minister said that no good could be done by discussing what was happening in other countries. This afternoon we heard a great deal about what was happening in the United States and in the United Kingdom.

Mr. Abbott: That was not quite what I said.

Mr. Coldwell: Pretty close to it.

Mr. Abbott: I compared the results, and I said that having said that I did not think there was anything to be gained by further discussion.

Mr. Coldwell: That is right.

Mr. Abbott: I was limited to a fifteen minute broadcast.

Mr. Coldwell: So was I.

Mr. Abbott: I could have said a lot more.

Mr. Coldwell: I say that the people in the lower income brackets are rationed out of the market by high prices, but those who have money can still buy goods. That is why we suggest in our amendment that we should have certain controls and subsidies in order to equalize the sacrifice that we are called upon to make at this time. Under the present system there is inequality. Goods in short supply are denied to one group and they may be obtained by another. In my opinion that in effect is class legislation of the worst type. The budget emphasized the policy of the government. When it wanted to restrict the manufacturing of stoves, washing machines, automobiles and so on it rationed the supply through a special excise tax and through increasing the sales tax by 25 per cent. In other words, as I understand it, taxes were increased and therefore prices were increased in order to cut down consumption.

Mr. Macdonnell (Greenwood): And the revenue was increased.

Mr. Coldwell: And the revenue was increased as well. As has already been mentioned this afternoon, hundreds of thousands of Canadians are in the direst possible need of homes. I think perhaps the need today is greater than it has ever been, but what does the government do? It takes deliberate steps which in effect ration our less fortunate citizens out of the market, and generally inflate the prices of housing accommodation both for sale and for rent. We take direct issue with the government in these matters. We are convinced that if under a system of price controls any essential commodities were in short supply the Canadian people would rather have rationing by tickets than rationing by the purse, and incidentally our view coincides very closely with that expressed in October, 1941, by the late Mr. Mackenzie King. I am going to quote from his radio address on that occasion, when he said:

> Rising prices unless controlled will make it more costly and therefore more difficult to finance the war.

All we have to do is substitute the word "defence" for "war".

> Rising prices, unchecked, will spread confusion and uncertainty in industry and trade. They will hinder production and the proper distribution of supplies. They will make the cost of living rise more rapidly than wages and salaries. The value of savings will be materially lessened. The result would be hardship to nearly everyone, and hardship in very unequal measure.

And again:

> Rising prices, a rising cost of living, do not have the same effect on all households. The smaller the family income and the larger the family, the more serious the hardship imposed. For those with small incomes, rising prices of clothing, food and other necessities may mean serious hardship, while for those with larger incomes only luxuries and small comforts may have to be given up.
>
> Rising prices thus serve to aggravate the inequalities in society, and to throw the heaviest burdens on those least able to bear them. Wartime experience has shown that prices rise faster than wages or salaries, and bear more heavily still on those who live on small pensions or life savings.
>
> The truth is that all but an insignificant minority of the population would be worse off as a result of rising prices, if prices were permitted to rise unchecked, and in general the relatively poor would suffer more than the relatively well-to-do.

I know that my hon. friends will say that was wartime, but Mr. King had some good advice to give the parliament of Canada and the people of Canada for the post-war period when he said the following in an article which appeared in *Maclean's* magazine in 1945:

> Immediately after the war the dangers of inflation may be even greater than they are now. The Canadian people cannot afford to sacrifice the benefits of wartime stabilization by relaxing controls too soon.

That is precisely what parliament did. We sacrificed the benefits of wartime stabilization by relaxing controls too soon. Apparently the Minister of Finance (Mr. Abbott) did not like my statement, as he indicated in a radio broadcast the other evening, that powerful newspapers and prominent industrial and financial leaders had joined in the campaign demanding the removal of all controls. I say that the Canadian consumer is paying through the nose as a result of the policies demanded by powerful interests, supported by all other political parties, and made effective by the Liberal government of Canada. As I have already remarked, these high prices have been accompanied by the highest corporation profits in our history.

I know what has been said and what will be said again, that you cannot have price controls unless you have wage controls and, incidentally, unless you have subsidies. Let us look first at wage controls. Hon. gentlemen will remember that in a brief presented to the government on February 10 this year the Trades and Labour Congress of Canada, the Canadian Congress of Labour, the Canadian and Catholic Confederation of Labour, and the dominion joint legislative committee of the railway transportation brotherhoods pointed out that many wage and salary rates were unduly low and that distinction should be

made between the freezing of any wages and salaries at a low level and wage stabilization. I quote from the brief as follows:

> The labour movement recognizes that wages could go up fast enough and far enough to break a price ceiling, though it sees no immediate danger of anything of the sort. It believes that the proper way to deal with this question is a government-labour-management conference to work out methods of wage stabilization. This offers a prospect of a wage policy which will do two things, both essential: (a) preserve the spirit, the principle, of collective bargaining, and (b) bring the experience of labour and management into the defence effort. If our government institutes a general policy of price and production controls, labour is ready to take part in a joint government-labour-management conference to consider wage stabilization.

That is clear-cut, but it has never been accepted by the government. It discounts entirely this parrot cry that if you are going to freeze prices you must freeze wages. Many of the wages and salaries paid in this city at the present time could not be frozen at their present levels. I have been amazed in the past five or six weeks to be told by men standing behind counters, holding as I thought fairly responsible jobs, that although they were married they were earning less than $150 per month. The girls employed in some stores in this city are earning considerably less than $150 a month, as are some of the labourers. Let me repeat the word of organized labour, and I stress the word "organized". They say that if the government institutes a general policy of price and production controls they are ready to consider ways and means of effecting wage stabilization.

I would like to go somewhat exhaustively into our experience during the last war and what was said of it subsequently, but time will not permit. When we talk about controls we are led to believe that there are no controls now, but the fact that the government intends to amend the Combines Investigation Act indicates that there are controls of some description. I was quite interested on Thursday or Friday to read the reaction of the Canadian Manufacturers Association to the MacQuarrie report and to the suggestion that legislation would be brought into the house to prevent price fixing. I notice that statements in opposition were made by Mr. Norman Leach, who stated:

> It is an undemocratic and high-handed move to deny a manufacturer the right to protect his goodwill right down to the consumer.

Then he added:

> If all controls are removed a lot of articles will go up in price at once.

Was he referring to the people's controls? Was he referring to parliamentary controls, instituted by those responsible to the people's duly elected representatives? Not at all. There are controls. They are objecting to the removal of controls instituted by members of the Canadian Manufacturers Association. We have known for some time that these controls exist. It is not a question of whether we are going to have controls, it is a question of who is going to do the controlling.

Mr. MacInnis: These are people who are opposed to government controls.

Mr. Coldwell: These are the people who from one end of the country to the other opposed government controls. Not only did they make speeches; they financed radio programs which I think were a contravention of our radio act when they engaged in political discussions over the air on behalf of their own Canadian Manufacturers Association controls and political views. Let us bear this in mind when we hear of opposition to government action. Let us not forget the statement made by the Right Hon. Mr. Ilsley in this house in 1947 when he said that for every $200 million we had spent on controls during the war it was estimated that the Canadian people had saved, either as consumers or as taxpayers, $2½ billion.

Mr. Sinclair: What did he say two years later?

Mr. Coldwell: I am saying what Mr. Ilsley said at the end of the war when the operation was in his mind.

If my hon. friend thinks that is an extravagant statement, what about this one? Mr. Donald Gordon, who was chairman of the wartime prices and trade board, described the operation of subsidies and controls on Nov. 4, 1946, in these terms:

> The payment of subsidies has meant a real saving to the people of Canada and has not been merely a transfer from one pocket to another.
>
> Under a price control system, a subsidy paid to primary producers prevents merchandising costs from pyramiding as the product passes through the hands of the wholesaler and retailer to the final consumer.
>
> The net result is that subsidies have cost the people of Canada, as taxpayers, far less than the additional prices they would have otherwise paid, as consumers.

That is Mr. Donald Gordon speaking. I have not heard that he wished to change that view.

In its report to the house the wartime prices and trade board said this:

> The payment of subsidies distributes the burden of rising production costs according to ability to pay, whereas inflation distributes this burden according to the strength of one's bargaining power, with no regard to the financial need.

These statements are authoritative. They are not my statements, nor the statements of the C.C.F. party. They are statements of the

Minister of Finance, the chairman of the wartime prices and trade board and the wartime prices and trade board itself. We say, therefore, that the use of subsidies can be warranted. Moreover, if subsidies now were accompanied by a reimposition of the excess profits tax, which brought in something like $460 million the last year it was in operation, most of the money required to meet the cost of subsidies on basic things like milk and so on could be obtained.

We are engaged in a democratic struggle to preserve those freedoms which we all value. It is an incontrovertible fact that one of the weapons of communism is inflation. It was used by the communists after the Russian revolution to bring about the downfall of governments in Europe. Even today their followers in this country have passed resolutions opposing price controls and subsidies and have forwarded them, incidentally, to some of the members of this house including myself. Why? Because Stalin and his friends know that they are not going to destroy the western democracies by war. They are going to destroy, if they can, by undermining our economies and bringing about the collapse of our economic and social institutions.

I am not pretending, and I say this to the Prime Minister, that everything can be done within the boundaries of Canada. It cannot. I believe this requires international action as well. There is some action which we can take within our own boundaries. The situation today is very different from that of 1939, when we had idle factories and hundreds of thousands of unemployed in the country. When we began our rearmament program early this year our factories were employed to capacity, and there was a shortage of labour. This, in part, accounts for the inflationary atmosphere at the present time in the western world.

There was recognition of this fact when the North Atlantic agreement was made. Our members will recall that we were insistent that, in addition to the military provisions of that pact, there be economic provisions for the integration of the economies of the co-operating nations. We were delighted when Canada suggested that, and subsequently it was put in the treaty. I am proud of the fact we suggested it. Now the north Atlantic alliance has recognized the need for economic integration, if you like, but has done very little about it. They did set up an international materials conference for the procurement and allocation of strategic materials to the free world. The purpose, of course, was to prevent stockpiling by any one nation, but unfortunately it failed in its objectives.

Mr. Sinclair: Not all of them.

Mr. Coldwell: Not wholly, no, but to a very large extent. The seriousness of this problem was brought home to us after the outbreak of the Korean affair. The consequences to the economies of the western European nations, the British and ourselves, we know or should know. This stockpiling has been undertaken largely by the United States, but we have not been innocent. The prices offered and demanded by the United States for certain basic materials soared, as did the prices of some of our materials like nickel and newsprint. Those who controlled the tin cartel, the British and the Dutch, also saw that the price soared, defeating the very purpose of article 2 of the North Atlantic agreement. We say that we should now insist—I am glad that Canada raised this at the recent NATO meeting—on the proper planning of our resources and greater economic co-operation among the nations of the free world. No nation, not even the United States, is self-sufficient.

I was going to make some remarks on the extent to which the United States is not self-sufficient, but I cannot do so because of the lack of time. I am going to say that this lack of co-operation hampers our joint defence. This is unfortunate because we are, in so many respects, complementary to the United States and the United States is complementary to us. On another occasion I shall have something to say about the failure to bring about a balance in the defence purchases of our two countries. I shall also have something to say about the Geneva trade agreement and the United States unilateral action restricting imports of cheese, about which I was pleased to note the member for Coast-Capilano (Mr. Sinclair) had something caustic to say the other day.

If we are to solve the economic problems that arise out of the present international situation, there must be closer co-operation in the allocation of raw materials among the democratic nations. This requires both national and international planning, pooling, and hence intelligent and democratic controls. I said a moment ago there are some who resist controls because they say it is an interference with private enterprise. When we enact any law it is an interference with someone's private affairs. In this time of crisis it seems to me we have a right to protect our own people, and we have an undeniable right—indeed an obligation—to associate with our other friends in the north Atlantic alliance with a view to protecting the economies of the whole of the western world.

I must finish now; but let me say, as I have often said, that this is a matter of

urgent concern to all of us when we see the conditions in some of the western European countries today as the result of inflation. In France wages are lagging far behind and there is grave unrest. It is true, as the Prime Minister (Mr. St. Laurent) has said, that the British workers have shown a tremendous amount of restraint in not pushing wage demands which they could have done during this period. I believe it is a great tribute to them. The same thing applies to workers in other parts of the world, but we cannot expect that kind of thing to continue indefinitely. Ultimately the struggle for progress will depend on the co-operative use of our resources and the standards of living everywhere, as well as the removal of poverty, misery and want wherever they exist. So I am going to put these considered views forward from our party on the international side:

1. That Canada press in the North Atlantic Treaty Organization council for greater attention to the economic consequences of rearmament.

2. That Canada, in partnership with the United States of America, greatly increase her direct contribution to economic aid to Europe and Asia.

3. That Canada should, under present conditions, oppose increased military burdens which are likely to cause economic distress and international collapse, and which would thereby defeat the whole purpose of the alliance.

4. That economic co-operation be promoted by Canada, under article 2 of the treaty, particularly in the pooling of essential raw materials and supplies, leading to a closer integration of the economies of the allied countries.

May I say that what I have said does not in any way imply that Canada should not fulfil her obligations under the North Atlantic treaty. Indeed, quite the contrary; although I saw in one of the newspapers this morning criticism of this statement, on the ground that the C.C.F. was going back on the position that it has taken hitherto. Not at all. What we are saying here is that there are nations which are less able to bear the impact of the burden of the defence of the democratic world than are the United States and Canada, and in order that we do not destroy the very basis of their defence—namely, their economies—that when it is necessary and if it is necessary we should assume a larger share of that international burden for the defence of the free institutions that we have in common.

What we say is that more attention must be given to article 2 of the treaty, which visualized the integration of the economies of the democratic nations in order that economic stability and progress might maintain the strength of the democratic alliance to resist threats of both economic collapse and of military aggression.

We believe that a real danger to the western democracies is the possibility that the present rearmament burdens and the high prices of basic materials caused by inflation, generated largely in North America, will weaken our European allies and undermine their determination to resist totalitarian aggression.

These, Mr. Speaker, are the main reasons I have emphasized the need for the control of basic materials and domestic supplies and have urged once more upon the government a consideration of intelligent controls and beneficial subsidies in the light of our experience during the war; because while we are not at war now, we are spending hundreds of millions of dollars on defence, a fact which makes this economy more like that of wartime than of peacetime.

Mr. Solon E. Low (Peace River): Mr. Speaker, I should like to join with those who have preceded me in this debate in complimenting the hon. member for Beauharnois (Mr. Cauchon) and the hon. member for Yukon-Mackenzie River (Mr. Simmons) on the exceedingly high quality of their efforts in moving and seconding the address. I should also like to join with those who have preceded me in expressing our sincere hope that His Majesty the King will continue to improve and that he will soon regain completely his health and strength. We are quite sure the Canadian people feel that it is a high honour to have amongst them at this time, and to enjoy their presence, Their Royal Highnesses The Princess Elizabeth and the Duke of Edinburgh. These young people are endearing themselves to the Canadian people wherever they go. The enthusiasm with which they are greeted bespeaks the firm attachment to the British crown which exists everywhere amongst our people. We sincerely hope that the remainder of their tour will be most pleasant for everybody and will be without unpleasant incident of any kind.

Mr. Speaker, we heard here this afternoon some very interesting addresses. I have been keenly interested right from the first words that were spoken by the leader of the opposition (Mr. Drew). With a great many of the things he said I find myself in full agreement. He covered nearly the whole field of important things that should be considered in this debate. I will not have as much time to

speak as he had; therefore I shall have to be more careful in my selection. I will not have a chance to speak about all the matters I should like to discuss. I therefore will cover some of the things that those who preceded me have dealt with; but if I do so, it certainly is not with any desire to repeat but rather perhaps to underline or to emphasize some of the matters and their importance, and to indicate that the position we take as an opposition in this house is indeed the position which the people of this country are taking. I believe that the opposition parties are much closer to the people than the government appears to be. I believe that we are saying here today exactly what the people of Canada from one coast to the other would say if they were here. I think that unanimity is something which the government ought to take into consideration; and if it does not do so, of course it will be to their detriment.

In his address the leader of the opposition again asked for a committee of this house to be set up to examine into defence expenditures. We have taken our position with respect to that demand on several occasions before. We think that the government should be ready, by all means at their disposal, to reveal to us in this house all of the information that we require to enable us properly to determine the real situation with respect to our defence position. Whether that is by committee or whether it is by some other means, I am not prepared to try to determine this afternoon. We certainly support the request for the fullest possible information concerning our defence preparations and the costs thereof.

With respect to veterans' pensions, already mentioned by the two preceding speakers, may I say that we have always advocated that an escalator clause should be inserted in the Pension Act—we think that should have been done at the last session—which would keep pensions in line with the cost of living. We are pressing strongly that that be done at this session.

I should now like to say a few words about that part of His Excellency's address which has to do with old age security. The address declares that the primary reason for meeting in this session is to give consideration to increased security for our senior citizens, through universal pensions without a means test for those Canadians over seventy years of age. That may have been the primary reason for the government calling a session, but I think there are other matters that will have to be considered—matters that perhaps rank at least equal in importance with old age security, important as we believe that to be. However, we are well pleased that government and public consciousness of the need and desirability of greater old age security has finally crystallized into action by this parliament. We are happy that at long last measures are to be enacted which will improve the lot of most of those Canadians over seventy years of age. It has been a long time coming. Many of the members of this house have been pressing for this type of legislation and these improvements for a good many years. The members of the Social Credit group, of which I have the honour to be the leader here, are among those who have been struggling for greater old age security for going on twenty years, and have made their demands well known inside and outside of this house. While we rejoice over the progress that has been made in this field, our satisfaction is tempered somewhat when we think of what happens every time a new social security measure is adopted by the federal government.

Old age security measures are just one phase of a war against poverty. Some of us at least—and I count myself and my fellow members of the Social Credit group here among them—have long since set our hearts on completely abolishing poverty from amongst Canadians, and nothing less will satisfy us. We are firm in our conviction that any country that is endowed with the wealth of resources, both natural and human, that Canada has been blessed with, need not be plagued with poverty amongst any group of our population. We can—and I think we have demonstrated it in the past—produce in quantities sufficient to guarantee a high standard of living for all our people, but we have not yet by any means solved the faults and the problems of distribution. Our failure to do so has been very largely because so many of our people, including those in high positions in government, and in the civil service—perhaps I had better say especially those in high places in government and in the civil service—have clung tenaciously to outmoded ideas.

I find myself in quite thorough agreement with what Bertrand Russell had to say in one of his broadcasts recently from Britain. I do not remember exactly the words he used, but he expressed the thought that most of the trouble in the world today could be traced to hanging on to ideas that no longer fit the situation. Our whole economic system is based on a philosophy of scarcity. This we have brought before the house on numerous occasions prior to today. The truth is that the whole idea of scarcity throughout the whole world, and particularly right here

in America, exists only in men's minds. There is not the slightest well-founded reason for scarcity at all. The only real scarcity that does exist is due to plain stupidity and nothing else.

I know it is difficult to change the thinking of individual people, and particularly individuals in high places in government and in the civil service. The attempts that we make, we people who call ourselves reformers, are made a lot more difficult because so many of the educators who mould the thinking of the people, and particularly young people, always teach admiration for the type of character who would be successful in commerce. I have had it drawn to my attention ever since I started school. It has been said to me: What you ought to become, young man, is the kind of character who is successful in business, in commerce. Bertrand Russell says that that is the type of character who would make a successful bandit leader. When I look over the situation in Canada today I am compelled to agree that Bertrand Russell was almost completely correct. The thinking of individuals will have to be changed if the threat to our security from false ideas is ever to be removed.

Specifically, this idea of scarcity must be replaced by more realistic thinking in terms of abundance if we are to abolish poverty from amongst the Canadian people without enslaving them in the process. I want to emphasize the latter part of what I have said: if we are to abolish poverty from amongst the Canadian people without enslaving them in the process. I want to ask this question: Is it not a fantastic thing that whenever the government is pressed into taking a step that is designed to abolish some of the poverty existing amongst any section of the Canadian society, they cannot think of any way to do it except by piling on heavier and more ruthless types of taxation. The power to tax is the power to destroy. Taxation never at any time stimulated increases in productive effort. On the contrary, it encourages, and has always encouraged, less productive effort. It discourages all-out productive effort. By taxation men are progressively becoming slaves to a super state. Does it not seem queer that Canadian scientists and engineers have conquered the forces of the earth, the sea and the air, and have performed miracles such as would astound our fathers if they were here to see them, but no one in a responsible position has as yet successfully bent his efforts to the task of abolishing poverty from our midst without enslaving the Canadian people? That is a question we should ponder very carefully in the days to come.

I want to warn all my fellow Canadians, including those here in this house, that if they want to preserve their liberties they will have to go slow in their demands for further social security until some of the outmoded ideas have been knocked out of the heads of some of the stinkers in high places, in government circles. We probably will have much more to say about this whole matter when the old age security measure is before the house.

I should now like to turn for just a few minutes, Mr. Speaker, to a consideration of the question that has been uppermost in the minds of all the speakers in the house today, namely, the question of the high cost of living. I was delighted with the contributions made by the various speakers, including that made by the Prime Minister (Mr. St. Laurent), because he certainly gave us something to think about this afternoon. In view of his position I must compliment him because he rose and dug into the task as he did. He got down and swam right around in detailed information which this house should have. I quite agree with him that we should not attempt to deal with these things unless we have all the information before us. For that reason the Prime Minister's contribution was quite significant to me.

I think perhaps the major plague of the Canadian people today is the high cost of living. His Excellency's address makes reference to it in one short paragraph, which has already been quoted by the leader of the opposition (Mr. Drew), in these words:

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

Well, now, I think the government is concerned, but not nearly as much about the rising cost of living as about maintaining the status quo. That has been my conclusion as a result of studying what they have done. They are certainly concerned about maintaining the unimpaired status of certain institutions in Canada, and about preserving unchanged a thoroughly discredited financial system. They are much more concerned about these things than they are about getting at the root causes of our ever-increasing cost of living and doing something effective about it. I think I am perfectly correct in saying that maintaining the position of certain institutions and systems in our country seems much more important to the government than does the welfare of individual human beings.

The last part of the paragraph I quoted from His Excellency's address is, I think, a complete misstatement of the fact. The fiscal measures to combat inflation which were adopted by the government have been a dismal failure in so far as controlling prices is concerned. Since the Minister of Finance (Mr. Abbott) announced the first of these fiscal measures, the cost of living index has zoomed up no less than 18⅞ points. That, it seems to me, ought to be evidence enough that the government's fiscal measures have failed utterly to check the steady rise in consumer prices, much less to bring prices under control.

It is a fact that certain aspects of the anti-inflation program have contributed directly to higher selling prices, as well as to the highest cost of living index in our history. A case in point is Mr. Abbott's commodity taxes. He gives them that genteel name "commodity tax", but the fact is that they are hidden taxes. They are known by such names as the sales tax, the excise tax, and perhaps customs duties. By applying these taxes at the manufacturers' level the government pushed prices up. And that is not all; in many cases they pyramided prices beyond all reason.

I should like to point out to the house that the net effect of the 10 per cent sales tax is to cause the consumer to pay up to 60 per cent more in taxes than would be necessary if the same rate of tax were applied at the retail level. I am prepared to use specific examples which I have obtained from manufacturers to prove the case, if that statement is challenged.

I should like to repeat, because it is significant and important for the Canadian people to know, that the net effect of the 10 per cent sales tax is to cause consumers to pay up to 60 per cent more in taxes than would be necessary if the same rate of tax were applied at the retail level. That can be proved.

A look at the progressive rise in the cost of living index shows that immediately after the introduction of the 1951 budget, that is during the months of May, June and July when the budget provisions were being applied to the Canadian economy, the cost of living index rose by 7 points. The excise tax increases and the 25 per cent increase in the sales tax provided the main pressure for the price rise during those months; I think there is no question about it.

The government has chosen to rely almost exclusively upon taxation to combat inflation; and that in the light of the fact that many economic authorities think that taxation, unaccompanied by subsidies and, perhaps, rationing, cannot possibly check price rises under conditions such as those in Canada today. This was drawn to the attention of the Minister of Finance during the budget debate last spring. I did so, and I recall that at that time other Social Credit speakers did so, and perhaps others as well. The Minister of Finance chose to ignore this fact, and proceeded to put his whole trust in his taxation measures. He created an extraordinary measure of discomfiture and suffering on the part of many thousands of Canadian people.

Another budget provision which has contributed to the increase in the cost of living since last spring is the unabated corporation income tax increases. The Minister of Finance was warned by a great many in the house that if an abatement provision was not provided, those corporations classified as utilities, such as railway companies, telephone companies and power companies, would be forced to apply for increased rates. The minister failed to keep his promise to insert an abatement clause in his budget. Consequently, almost immediately after the budget was introduced in the House of Commons utility companies did apply for higher rates, and gave as one of their reasons that they were forced to do so in order to pay the increased taxes imposed upon them.

Here again the Minister of Finance was hiding a tax so the Canadian people could not see it. That is, he simply compelled the utility companies to collect taxes for the government which the government was afraid to apply directly to individual citizens in this country. Increases in telephone rates, and in electric power rates as well as freight rates, do contribute to price increases throughout the country. They have already contributed to increased prices by the fact that the railways were recently granted a 12 per cent increase in freight rates.

Another way the government has contributed to the high cost of living is that it has failed to adopt an effective policy covering investment and expansion and development in Canada. At least some of the expansion and development of Canadian industry and resources during the past few years has had about the same effect on prices in Canada that war has had upon them. Whenever huge profits are plowed back into plant expansion without soon bringing an increase in consumer goods available to the people of Canada, it is inevitable that inflationary pressures are set up which push up the cost of living. The immediate effect of capital plant and resources development is to divert materials and power from ordinary consumers, and it raises either prices or taxes, or both. But of course development differs from war in that ultimately it does raise the standard of living, if the government does not discourage the

increase of consumer goods production which that development makes possible.

I would say that a good deal depends upon the word "ultimate". Some expansion projects give returns within a relatively few years, and they can be justified; others are likely to be of use only to future generations, and are therefore a dead loss so far as this generation is concerned. This generation of Canadians—you and I, and our fellow Canadians—has inherited rich assets in the form of abundant resources. It is only right that we pass on to our children and grandchildren an increase in those resources, wherever possible, but it is not necessary or desirable that the increase should be very great in so far as it is done at the uncompensated expense of this generation. I believe there is a reasonable rate at which development and expansion should be undertaken. An excessive rate is plain robbery of the community, because while the development is going on our people are forced to pay higher prices for their living and higher taxes to government, without getting any benefit of increased production of consumer goods at all.

The Liberal government has failed dismally in its responsibility to the Canadian people with respect to the management of investment for expansion and development. I brought forward at the last session what I thought, and what many people thought, was a perfectly sound suggestion, by which some of those undistributed profits of corporations might not be plowed back immediately into expansion. But the suggestion was turned down. I presume the government had other ideas. The fact is that since 1946 the rate of increase of prices in Canada has accelerated out of all reason. Much of this increase in prices has come from the unnecessary exploitation of the Canadian people through the very process of taking large profits and plowing them back into expansion and development, without giving the Canadian people the benefit of increased production of consumer goods.

I maintain that it is an urgent matter now that some specific policy be laid down governing future development and expansion programs. The criterion by which they should be judged, in my opinion, would be this, that any development program should be authorized only after a proper analysis of its purpose and cost has been made, and after it has been determined that one of its results, at any rate, will be an early reduction in the general price level, at least until that level has been brought down to or near the 1939 level.

The government tries to excuse its comparative inaction by saying that the present price situation is a world-wide phenomenon. Up until late spring I noticed that many of our cabinet ministers were quite ready to blame high Canadian prices on those in the United States. A good deal has been said this afternoon by way of comparison of prices in Canada with those in the United States. I was keenly interested in what the Prime Minister (Mr. St. Laurent) had to say in reply to the statement of the leader of the opposition (Mr. Drew) that the Canadian price index has increased above that of the United States. I believe him, and I have reason to believe him. I think it was very unfortunate that the Prime Minister (Mr. St. Laurent) did two things this afternoon. First of all he selected a centre in the United States that represents perhaps the very highest price centre that you can get anywhere in that country, and used it to compare with prices here. I am sure if he had selected an average of prices across the United States he would have found quite a different level.

I had the privilege of travelling across the United States twice this summer, and while I travelled through the east, middle west and western United States I took the trouble to investigate prices for myself. I did not depend on newspapers at all. I investigated prices in the stores, bought things to eat for myself and priced things in which I was interested. I think the second unfortunate thing that the Prime Minister did today was that he only selected foodstuffs for comparison. If he had gone to the trouble of selecting other things such as machinery, tools for making repairs, clothing, furniture, household equipment, and all those things to which in Canada have been applied such dreadful and foolish commodity taxes, he would have found quite a different story.

I found, for example, in my travels across the United States, taking an average of different areas, that most foods would average about the same price in the United States as in Canada, although I was quite surprised to note that I could buy grade A eggs at 54 cents a dozen just ten days ago as I came through the middle western United States. I could not help thinking of the 84 and 86 cents my wife was paying in Ottawa. Butter was approximately the same price. I admit that what the Prime Minister said about milk is probably true. The average across the United States was around 20 cents as I found it, because I do buy milk to drink, and of course that would be about 24 to 25 cents here.

That is quite correct, but when I got into other fields like fruits and certain vegetables I found that prices there were much lower than they are here. Furthermore, when I investigated the price of clothing I got the

shock of my life. If you want a real comparison just take a look at the prices of cotton goods in the United States and compare them with prices here. Take the prices of men's shirts. If you want another shock take a look at the tools used by farmers and mechanics to make repairs. They are 20 to 25 per cent lower in the United States than they are here. Electrical goods run up to 75 to 80 per cent lower than they are in Canada, and there are so many other things I could quote which enter into the day to day cost of living in the United States. I am satisfied that what the leader of the opposition (Mr. Drew) has said is quite true, that the cost of living index today in the United States is lower than it is in Canada.

Mr. Knowles: And wages are higher.

Mr. Low: Wages are higher. I do not think there is any question about that when you consider the whole range of things that enter into the cost of living index. The government sort of excuses its position on the ground that the cost of living index in Canada is no higher at any rate than it is in the United States, and they say further that this is no time to apply a system of direct price controls. They go further and say that it would have to be an over-all system including wage controls, and that even such a comprehensive system would not work now. I am not going to quarrel with that declaration by the government, but I want to set out our position quite clearly.

We Social Crediters are convinced that a system of over-all direct price controls, with all the regimentation and restrictions it entails, is the very negation of the democratic way of life. That is the first point. We further believe that as long as Canada continues to participate in the numerous international organizations to which she is now committed, such as NATO, Bretton Woods, the United Nations, the Colombo plan, and so on, the cream of Canadian production is likely to be given away externally, leaving in our country effective demand for which there is no balancing supply of consumer goods. In that situation pressures for price rises are inevitable, particularly if large corporations continue to pile up inventories so that those goods are not released to the Canadian public. It is our conviction too that as long as we continue to operate under the present financial and economic system this country cannot maintain a condition of full employment, even in peacetime, without some price control arrangements. Until proper financial and economic reforms are established in Canada to take care of the situation on a long-term basis, it may be necessary to adopt certain price controls, as has been advocated by both opposition speakers who have preceded me this afternoon. We would support such a temporary measure, and note that I say "temporary"; I am quite sure that the leader of the opposition at any rate, and I think perhaps even the hon. member for Rosetown-Biggar (Mr. Coldwell), would agree that it should be a temporary measure, to bring our people relief from the present terrific high cost of living until we can get things balanced down to a decent level.

In my judgment there are other perfectly scientific and economically sound things the government can do to ease the cost of living burden and bring relief to millions of our Canadian people. We strongly advocate the following measures:

1. Overhaul of the taxation structure. We feel that the government ought to abolish or reduce in rate those taxes which are found to pyramid consumer prices. Particularly we advocate removal of the sales tax, an abatement in income taxes on public utility corporations, and the reform of the fiendish income tax enforcement policy as it has been applied to western farmers. Wherever any tax policy is found to discourage all-out productive effort, it should be revised to remove the discouragement.

2. We advocate holding out every possible inducement to all sections of Canadian society to increase their productive efforts. We believe that the greatest single factor in bringing down the general price level is a plenteous supply of consumer goods for home consumption. Let me make that clear; a plenteous supply of consumer goods for home consumption, not piled up in somebody's inventory, not produced to send to some other place, but a plenteous supply of consumer goods for home consumption.

3. We believe we should couple with a wise taxation policy a system of consumer price discounts or subsidies on selected items which enter into the daily needs of the majority of Canadian people. The Prime Minister said something today about the history of subsidies in the United Kingdom. Again I think it was rather unfortunate that he did not say at the same time that the subsidies applied in Great Britain are largely on things which they have to import, of which they produce not enough for their own people. It is a different matter when you apply subsidies to things you have to import than it is to apply subsidies to things that you produce in your own country and can produce in abundance. Let us take eggs, for example. I think it is certainly a reflection on the intelligence of the Canadian people today that we find ourselves in the position that we have to import eggs into Canada for the first time in our lives.

Mr. Major: That was the result of too low a price previously.

Mr. Low: I quite agree with you, and whose fault was that? The Liberals. It was only Liberal policy that did it. There is no question about that.

Mr. Major: What you are advocating now is low prices.

Mr. Low: I am suggesting now that if the government had been aware of what was going on, or had cared, it would have been a simple matter to use a temporary subsidy at least to enable consumers to get eggs at a more reasonable price but keep the price to producers at a level sufficient to induce producers to produce more eggs.

Mr. Major: To whom would you apply the subsidy?

Mr. Low: It could be applied to consumers and producers alike, just as we did with milk during the war.

Mr. Major: You had subsidies before and when they were taken off the price was so low that it affected production.

Mr. Low: I think perhaps the hon. member for Glengarry (Mr. Major) is all wrapped up in eggs. I hope he will get up and throw a few of them when it comes time to debate this matter. He has some good ideas. He knows what we did with milk during the war, and that could be done with good effect with selected items that enter into the cost of living of the Canadian people from day to day. We could certainly make it possible for them to buy more of these things by the use of subsidies or price discounts such as I have suggested. If they could buy more the demand would increase and the farmers or producers would meet that demand. There is no questioning that fact.

It is quite true that there is a difference between applying subsidies in Canada to things we can produce in abundance and applying subsidies to things in Great Britain of which they cannot possibly produce enough for their people. That is what surprised me when the Prime Minister (Mr. St. Laurent) made his statement.

Mr. Cruickshank: What about peaches in the Peace river district?

Mr. Low: By George, I am going to tell you something about that. The British Columbia fruit growers' association attempted to take me to task because I had decried the stupidity of people who would allow peaches to go to waste, tons and tons of them, at a time when the people on the prairies were not able to get them. They wired me to the effect that they had incontrovertible evidence to show that thirty thousand packages of fruit had been distributed in my constituency, the Peace river, of which ten thousand were peaches. I have determined that a package of peaches is a crate containing approximately three dozen. There are seventeen thousand families in the Peace river country and the fruit growers' association of British Columbia were sufficiently interested to see that each family in the Peace river country got about 24 or 25 peaches. Does that sound like decent distribution? At the same time I saw with my own eyes perfectly good fruit going to waste at Summerland and in various parts of the Okanagan.

Subsidies intelligently applied would have permitted the people of the prairies to buy that fruit at a decent price. It would have been possible for the producers to sell every crate of fruit produced without depressing the producer price one bit. In fact, that would make it possible for those producers to sell a lot of fruit they are unable to sell now. That is the situation. I claim that a set of intelligent subsidies upon selected items would go a long way toward reducing the cost of living.

Our fourth suggestion is that whenever it becomes necessary to expand the money supply of Canada the government should not add to the debt burden on the people by borrowing from the chartered banks. Rather the government should ask its own treasury and the Bank of Canada to create and hand over the new supply of purchasing power, interest free, to be spent into circulation by the government for the essential needs of the situation.

The fifth proposal we make and which we think the government should adopt—I have pleasure in noting that the throne speech does mention certain measures that are to be taken at this session—is the institution of a wise policy of control of combines and monopolies so as to ensure a full measure of economic competition in Canada which we think is most important if we are to bring prices down to a reasonable level.

As a sixth point we think there should be a wise and fair investment policy governing industrial expansion and resources development.

I shall take just a moment to say something about a matter which has been very close to my heart and in my mind for years. I refer to the matter of taxation which I have discussed to some extent in connection with the high cost of living. I have said already that the government's taxation policy has contributed to the high prices which

Canadian people have had to pay for the things they need. There is much more that could be said, but I shall confine myself to making one or two observations which have been running through my mind for some little time.

People generally throughout Canada are seething with dissatisfaction over the taxation policy of this government. I do not think that that is an overstatement in any respect. Their dissatisfaction mounts daily as they realize that the ministers of the cabinet are confiscating by way of taxation much more this year than the government needs for the defence effort and the maintenance of services. We challenge the moral if not the legal right of the Minister of Finance (Mr. Abbott) to overtax the people of this country in this way, especially at a time like this when they are burdened with the highest living cost in all history. We challenge also the manner in which they are overtaxing the people. I refer to the method used which contributes directly to higher consumer prices.

The government's taxation policy, especially their hidden taxes, is denying the people of this country the advantages of technological advancements. Lower consumer prices should follow as a consequence of the discovery of better, faster and cheaper methods of production. But the people are not getting these lower prices because whenever our inventive genius discovers better methods and better materials to overcome production costs, the government rushes in and slaps on hidden taxes which more than offset the saving. The result is that prices are pushed up again, and that is not right.

Moreover, our Canadian people are becoming absolutely fed up with seeing their United States neighbours able to purchase automobiles for $500 to $700 less than they have to pay for the same cars. They are absolutely fed up with seeing their neighbours in the United States able to purchase electric refrigerators, stoves, in fact all kinds of electrical supplies and many other goods much more cheaply than they can in Canada. There is no real reason why Canadians should have to pay up to 60 per cent more for some of these amenities and necessities than do our brethren in the United States; no reason at all except the government's foolish hidden tax policy.

Another feature of the government's taxation policy is that it has been discouraging an all-out productive effort. I refer more particularly to what has happened in connection with income tax enforcement among western farmers. People everywhere in the west are fed up with the way they are being chased by income tax inspectors. This summer I saw a large number of people throughout western Canada. Some of them pointed out to me abundant acreage of feed and asked if I wondered why they were not producing livestock to eat up that feed. They told me that livestock production was largely a matter of overtime effort. We have in mind the experience of the long years of the war and after the war. As a result of being forever on an all-out production effort and raising livestock in overtime, we were then pursued down the years until this very moment by the income tax inspectors, who were forcing us to pay to the government practically all that we gained through our overtime work. We are not going to do it any more. Whether or not that is correct, the fact remains that in the minds of a good many western farmers there is this question. Why is it that the government was quite prepared to declare an amnesty, let us say, to deserters from the army and those who absented themselves illegally from military service—it was done almost immediately after the war—yet they continue to harry the farmer for the last cent of income tax which they did not know they owed. For years many of these farmers thought they had paid every penny of their income tax. This summer one of them came to me with this story. He said he had recently received a nice letter from the income tax division in Edmonton which went something like this:

Dear Sir:

Examination of your income tax returns for the past five years shows you owe us for 1946 a balance of 84 cents. Will you please remit this together with a $5 penalty?

The department proceeded to harass him to get that, and I imagine they spent five or six times as much as the tax was worth to get it. This is not the sort of thing, Mr. Speaker, which inculcates confidence in the people. Surely it was not the fault of the taxpayer that the department was five or six years late sending him a notice that he had not paid. It was the inefficiency of the income tax branch that let it drag on for five or six years. Under those circumstances the government ought to be able to strike a cut-off date and say that from that date forward everyone will be treated alike. They could help provide the means whereby the taxpayer would know what his taxes really are. I believe the government would be well advised to look into that business. It is nothing less than fiendish the way income tax measures are applied. These people in western Canada are feeling the pinch, and in many respects they are relaxing their production efforts when we need all-out production.

Mr. D. S. Harkness (Calgary East): Mr. Speaker, I should like to join with other members who have taken part in this debate today in congratulating the mover (Mr. Cauchon) and seconder (Mr. Simmons) of the address. They both made fine impressions. I should like also to express my own happiness at the rapid recovery of His Majesty from the operation he had to undergo, as well as the pleasure I experienced in meeting the Princess and the Duke of Edinburgh during their visit here. I know many millions of Canadians will have that pleasure before the tour is completed.

Before mentioning some matters upon which many members will not be in entire agreement with me I should like to make a suggestion on which I think there will be complete agreement by all those in this chamber. As probably many hon. members know, the first battalion of the P.P.C.L.I. has been stationed in Calgary since the last war. During the last two or three weeks they left for Korea to relieve the second battalion of that famous regiment. The second battalion has made a record of achievement in Korea of which we can all be proud. It is a record which I am sure the first battalion will maintain and embellish. The commanding officer of the first battalion, Lieut. Col. Norman Wilson-Smith, saw me two or three days before he left for Korea and asked me about the procedure in securing *Hansard*, the price of a subscription, and so forth. He said he wanted it for use in N.C.O. schools in connection with the preparation of talks which are given to the men. I was pleased to tell him that I would be delighted to send it to him. However, my suggestion is that Mr. Speaker, representing all of us—which he always does in such a distinguished manner—arrange for copies of *Hansard* to be sent to all the army, air force and naval units which are posted overseas. Apparently some units desire to have copies.

Mr. Cruickshank: I shall send them all my speeches.

Mr. Harkness: I do not think these people would read the hon. member's speeches in *Hansard*, but apparently they do wish to read the speeches of some hon. members. I hope that suggestion might be acted upon in the near future.

Undoubtedly the matter which has been uppermost in the minds of the Canadian people has been the cost of living. This is illustrated by the results of recent public opinion polls. These polls corroborate the personal experience of every member in this house. It is the question that everyone brings up, and about which everyone complains. About six months ago the public opinions polls showed that the threat of Russia and the measures forced upon us to counter that threat were the greatest worries of our people. The Russian menace, Mr. Speaker, is still the most dangerous we have to face. To the extent that inflation and rising living costs have caused people to forget that fact, in my opinion the Russians have gained a victory.

We need to constantly keep in mind that Russia and her satellites constitute the number one danger to our national existence, our free political institutions and our economic system. The number two danger, however, is undoubtedly inflation and the suffering and chaos it can produce if allowed to run wild. The difficulties and actual suffering it has already caused for many people are all too apparent. There is an old saying that everyone talks about the weather but nobody does anything about it. This saying could apply equally as well to inflation and rising living costs in Canada today. So far as most of our people are concerned, there is nothing constructive they can do about it. So far as the government is concerned, it has been singularly lethargic and inept in the few doubtful steps it has taken to try to curb inflation.

The credit restrictions have had, as their most apparent effect, a drastic reduction in the amount of housing constructed and the creation of what the government calls "pockets of unemployment". Apparently the government proposes to deal with these pockets of unemployment by shipping the unemployed workers across to the United States or making it easy for them to go to that country. Surely, Mr. Speaker, that is a most shortsighted policy, since the government itself has stated repeatedly that this country's greatest need is more people. This is being done at a time when we have an expanded and assisted immigration program. This does not make sense.

The other chief measure the government took was to increase the sales and special excise taxes at the last session of parliament. They have had the inevitable effect of forcing up the prices of all goods to which they apply; and they are, of course, the majority of those we have to buy. In his speech this afternoon the Prime Minister (Mr. St. Laurent) attempted to show that prices are higher in the United States than in Canada. He said: "Apart from all cost of living indexes and everything, that is what I actually found". I was glad to hear that he had been making some personal investigations as to the cost of

living. I think the trouble is that he did not carry them nearly far enough. As has been already indicated by the hon. member for Peace River (Mr. Low), Washington and New York are, I believe, the two highest priced centres in the United States. Apart from anything else, the prices taken in one store in Washington do not give any sort of indication of what prices are across the country. There is an old saying that one swallow does not make a summer.

The Prime Minister's experience was directly contrary to my own and to that of every person with whom I have talked who has been travelling through the United States in recent months. The unanimous opinion I have received from them is that prices there are lower on practically all goods. Milk is one exception. But the Prime Minister, as has already been indicated, mentioned only food. However, if you go into the field of electrical appliances of all sorts, kitchen appliances of all kinds—refrigerators, stoves and so on—or if you go into the field of clothing, you will find that prices in the United States are very much lower than they are here. I have not a list of these prices, but I think everyone's experience will bear out that statement; and it is easy to corroborate it by securing a few United States papers and looking at the advertisements in them.

However, when we come to food, upon which the Prime Minister made his case, as far as I could see—and an extraordinarily poor case it was, I thought—after he had finished speaking I went into the library and obtained the advertisements of a food store from two issues of the Detroit *Free Press*. This issue is for October 8, and here are the prices which are advertised there. The Prime Minister took coffee as an example and there was quite a bit of talk about coffee. He established that coffee—their own chain store brand—was being sold by A & P at 96 cents in Ottawa. In this same paper the A & P stores were advertising their own brand of coffee at 77 cents a pound, a difference of 19 cents a pound for that one particular brand. Here is the advertisement of another of these supermarkets; Big Bear Markets, it is called. They advertise coffee for 75 cents a pound. It is packed in a vacuum can, not one of these paper ones. That brand is White House coffee. Then we find that Blue Bonnet margarine is advertised at 27 cents a pound. I have not before me what the price is here, but I know that it is over 40 cents a pound.

An hon. Member: Forty-four cents.

Mr. Harkness: My hon. friend says that it is 44 cents a pound. That is just getting on toward twice the price for which it is advertised in the United States. If we look at some of the other advertisements we find that bacon in the slab is advertised at 49 cents a pound; bacon squares, 31 cents per pound; smoked hams, 12 to 16-pound hams, full shank, half a ham, 53 cents a pound; lean, short shank, fresh picnic pork roast, 4 to 6 pounds each, 45 cents a pound; frying chickens, 59 cents a pound; lamb roast, 65 cents a pound; potatoes, 10 pounds for 35 cents; butter, 77 cents a pound; Velveeta cheese, 2 pounds for 89 cents.

In the very short time I had at my disposal I looked over some of the advertisements of some of the local chain stores such as Dominion, A & P and so on; and in them I have not found one price as low as those advertised in this Detroit paper. As I say, that only serves to confirm the experience of all the people with whom I have talked, and my own experience in travelling through the United States. I think there is no question but that, even as to food, prices are lower there; particularly when you come to things like fruits and fruit juices, prices are lower there than they are in Canada. When you come to manufactured goods of any sort, prices are much lower there. Any attempt, on the basis of the prices of groceries and meats in one store in Washington, to show that prices are higher in the United States than they are here I think is a bit feeble.

Like the Prime Minister, I have been doing a little bit of personal investigation of prices in the last little while, and have been trying to get at what people actually were paying for different goods. I have a few suggestions to make which, if carried out, I think would have at least some hope of helping to bring down the prices of goods; and these are not suggestions which go into any sort of detailed price control or anything like that.

I think that one of the difficulties in this country at the present time is that a large number of people, when they think of bringing down prices, think of only one thing, namely price control, and that there is no other remedy. It may be that the situation is getting so desperate that this will be the only remedy, but I think there are numerous other remedies which could be pursued and which have some hope of success. I should like to indicate one or two of them.

In order to do this, I propose to go in some detail into the costs, at various levels, of one product with which I have a certain amount of familiarity. I have chosen it primarily, however, because meat is the commodity which, above all others, causes complaint having regard to the cost of living. There is nothing about which there is so much

talk as there is about the price of meat. I am therefore going into the cost of pork at different levels.

In the matter of the cost of meat nearly everybody in the city blames the farmer. The farmer in turn blames the packer. There are not so many packers, so I have not run into any of them and I do not know whom they blame, but I have no doubt that they blame somebody. In any event, everybody blames somebody else; and the situation is that when the consumer buys a dollar's worth of pork or any commodity, he actually does not know how much of his dollar is going to the producer, how much is going to the processor, or how much is going to the retailer. I think the consumer has the right to that information, and that some effort should be made to give it to him. I will say something more about that later.

It is very difficult to arrive at any average cost of production to the farmer of his pork—of his raising it and so on—the cost to the processor and the cost to the retailer. However, I have attempted to do that on the basis of figures available from the dominion bureau of statistics, from newspapers and so on; and I think I have arrived at figures which are reasonably accurate. I am not for a moment saying that they are completely accurate, but I think they are reasonably accurate and reasonably close to the situation.

The first thing we need to do is to determine how much it costs the farmer, in an average case, to raise his pig. I am not going into all the figures involved in this matter. I am going into them only enough to indicate how I got them. Take the cost of breeding and feeding the sow. I have made the assumption that the farmer will receive two litters a year from his sow, and that he is able to market from these two litters an average of seven each, which is better than the national average; in other words, fourteen pigs. Now, as to the cost of feeding the sow for a year in this area, I have taken the figures for Ontario and the Ottawa area, which are not less than 25 cents to 30 cents a day. Therefore we take as a rough cost $100 a year to feed the sow, and $4 is a share of the cost of maintaining the boar. From these figures you get $7.42 per pig when it is born. You have to add on another 8 cents per pig at least for the cost of oxide of iron and worming powder and the other things that have to be given to young pigs; therefore you get roughly $7.50 a pig.

According to the experiments of the university of Alberta experimental farm it takes on the average—and I will not go into it now, but I would refer anybody interested to the pamphlet called "Swine Production, Alberta" put out by the faculty of agriculture of the university of Alberta—450 pounds of grain or its equivalent to make a hundred pounds of pork. Therefore to bring your pig up to 200 pounds it will take 900 pounds of grain or its equivalent. Today No. 1 feed oats are selling in Toronto for $61 a ton, No. 2 feed barley for $63.50 a ton, and supplements range from $5 a hundredweight up. Therefore the cost per pound of feed to the farmer in this part of the country is certainly not less than 3½ cents for the 900 pounds. That would give him a total of $31.50 a pig. The total amount of money actually paid out for feed, not for anything else, just money actually paid out for feed, would be $39. On October 6 the price of a good quality hog, according to the livestock and meat trade report, was about $30 a hundred pounds. We will say his pig dresses at 155 pounds, which would be the average. He would get a return of $46.50, leaving him $7.50 to cover all his expenses and overhead in connection with it, the cost of repairing his fences and his buildings, the cost of transporting the grain to his farm and the pigs to market, the labour of his hired man if he has one, or to pay for his own labour if he has not one. Therefore the farmer gets for the year's work, 365 days a year, $7.50 per pig that he markets. Of course, the more pigs he has the more total profit he will have; there is no question about that. However, I will leave it at that point. I think these are very favourable figures. I doubt whether a very large number of farmers could hit them.

I telephoned to Canada Packers in Hull and found that last week, which would be the time on the basis of the prices of October 6 that a pig would be coming on the market, the price for a pork carcass with the head on, the kidneys in and so forth, was 38 cents a pound. The dominion bureau of statistics told me that the figure at Toronto for the same carcass was 36½ cents. However, I took the 38 cents local price. That means that the young pig when it was dressed would be down to 150 pounds. You have a shrinkage of 5 pounds from the hot weight dressed as compared with that on which the farmer is paid. The packer would sell that same carcass say for $57, which gives him a margin of $10.50 for his work in killing, cutting and refrigerating, distributing it to the butcher and so forth. In other words he gets $10.50 for having the pig in his hands a comparatively short time after killing. To cover his labour costs, his overhead and so forth the farmer got $7.50 during the same week in October, and both got their profits out of it.

When we come to the price at which it is sold by the butcher the thing is more difficult still. However, I got from the Department of Agriculture the last dominion cutting test, which shows the percentage of the pig which

would be loin, the percentage of ham, the percentage of shoulder and head and so forth, and worked it out from that; and the average prices in the stores on Saturday last that they would get for that pig. One of the surprising things which refutes what has been said to me in the last week, namely, that there is no competition, is the variation in the prices for the same sort of cuts. There may be some variation in quality, but I do not think there is much because Canada Packers quoted only one price for a carcass. There was no distinction between A-1 and B-1, or the light or heavy pig or the sow. The carcass was so much and that was all. In any event, I will just read a few of these figures to show a variation in price for the same cuts of the same quality. I begin with loin of pork. The lowest price was 65 cents, the highest 75 cents; leg roast, which is the ham, the lowest price was 53 cents, and the highest 75 cents; shoulder roast, the lowest price was 47 cents and the highest price 65 cents; chops, the lowest price was 74 cents and the highest price 89 cents. I will not go on with any more of these, but they give some indication of the variation.

Under these circumstances I took the prices at one large chain store, a store in which some of the prices were the lowest and some were not the lowest, but at any rate I took all their prices and I figured out what they got for the pig on the basis of it. Once more I will indicate only how I arrived at the total figure. Shoulders constitute 16 per cent of the weight of the pig, which makes 24 pounds of the 150-pound killed dressed weight. I put them in at the lowest price, 47 cents, which makes $11.28. I did the same with all the rest of the pig, and it gave a total of $74.16. The packer received $57. This gave a margin to the retail butcher of $17.16, which is a percentage margin on his cost price of just over 30 per cent.

However, if we turn to the highest prices which were charged—and I put them down to get at what was the highest price being charged for this same pork—and work it out on the same basis we get the total price received for the pig of $87.20, or a margin to the butcher in that case of $30.20.

What emerges from all this, Mr. Speaker, to more or less recapitulate, is that the farmer receives $7.50 for his total overhead and labour on the sale of one pig. The packer receives $10.50 for his services in killing the pig, refrigerating it and so forth, and the retailer receives from $17.16 to $30.20 or more for cutting it up and serving it to the consumer. I have left out of consideration such cuts as tenderloin which were selling for from $1.20 to $1.30 a pound and so forth.

An hon. Member: What about spareribs?

Mr. Harkness: No; I have spareribs, but tenderloin is not in the cutting test. It is included apparently with the loin. At any rate, I am convinced that the prices I have given so far as the retailer is concerned are actually less than is being received when you add in some of these higher cuts.

Pork chops are shown at 75 cents a pound. They are not shown on the cutting test because, of course, they come off the loin. It is quite apparent from these figures that the costs of processing and, particularly, distributing pork are away out of proportion, in relation to the return for producing it. There is something wrong with our system of distribution, undoubtedly, when we find a situation of this kind.

Looking again at this example, I suggest that the packer does not require a margin of 22·4 per cent—because that is what his $10.50 amounts to. Surely he does not require that much for the killing and distribution of the pork. The committee on prices which met some two or three years ago, and of which I was so unfortunate as to be a member, heard a good deal of evidence on this point. We were told that over a period of twenty years packers had lost money on beef and had made it up on pork. I would suspect that they are making it up even more rapidly at the present time.

Surely this margin is not necessary. Further, I do not think the chain store requires a margin of better than 30 per cent in order to handle pork profitably. I am sure the chain store could handle it on a smaller margin and still make a good profit. We realize that the independent butcher is entitled to a greater margin because, in most instances, he gives more service. But even so I do not think he requires a profit of 52 per cent to perform the service of cutting up the carcass of pork, parcelling it and holding it for a certain time in his store.

I believe strongly that the consumer is entitled to know who is getting the money he spends for his meat and, in fact, for any of the other basic commodities he must buy in order to live. I believe if that information were in the hands of Canadian housewives, and made available to them regularly in a form by which they could readily see how much of the dollar they spend for pork or beef, or for any other commodity, goes to the producer, and how much to the processor or the retailer, public opinion would very rapidly drive down many of these prices and cut the margins.

My suggestion in that regard is that members of the staff of the bureau of statistics

should be assigned to the job of gathering information along these lines, as it would apply to the chief centres of population in Canada, so that such information might be released every week. In one week the bureau could release a breakdown of, we will say, the price of pork, while in another week it could give the information in connection with beef, or various items of clothing. I believe that if this were done the newspapers would be pleased to give such information full publicity. I can imagine nothing more likely to cause store operators and others to begin hauling down prices than large numbers of irate housewives making the accusation that those store operators are taking 50 per cent, 30 per cent or whatever it might be as their share for the handling of the products.

Let me take one example in the manufacturing line, because so far as manufactured goods in Canada are concerned we find a situation anything but reasonable. Nearly all manufactured goods are priced considerably higher than in the United States; there is no question about it. Let us look at automobile prices. A two-door model of a well-known so-called low-priced automobile, one of the best known on this continent, sells in New York for $1,598, while in Ottawa, from information supplied by the dealer, it sells for $2,335. Why is there this difference of $737? I can see no reason for this difference in price. And so that there may be no misunderstanding, let me put another set of figures on record. In Ottawa the four-door sedan sells for $2,402, while at Ogdensburg, a distance of only about 60 miles to the south, but in the United States, the same model sells for $1,778, or a difference of $624. Why there should be this difference in respect of the two models, I cannot say.

There is no justification for this great differential in prices. As was stated by the hon. member for Peace River (Mr. Low), the people of Canada—and I can speak with certainty with respect to the people of western Canada at any rate—are becoming more and more angry because of these differences in prices. Out there the differential is even greater, because there is another $200 by way of freight to be added to the Ottawa price before delivery can be made at Regina or Calgary. The people are becoming more and more angry when they see the terrific differentials in prices of automobiles, and they cannot be blamed.

The difference in prices in the two countries can be explained partly by government taxes. The automobile dealer to whom I spoke told me he did not know the exact amount of government tax on the cars on which he quoted prices, but he said it was something less than $500. If there were no taxes in the United States, that fact would explain the major portion of the difference in price. The fact is, however, that over there they have taxes. While the taxes imposed by this government explain part of the difference in price, they do not explain anything like these amounts of $624 or $737. There is still a great deal left to be explained.

Are wages paid by automobile manufacturers in Canada higher than those in the United States? The answer is: No, wages are less. Are costs for land and buildings greater in this country that they are in the United States? Again the answer is: No, they are less than similar costs in the United States. In other words the Canadian manufacturers in these respects have an advantage over manufacturers in the United States. It is true that certain automobile parts are not manufactured here and therefore must be imported, thus increasing the Canadian price of the car. But the fact that the manufacturer is paying less by way of wages and that general factory costs are less in Canada should offset, and indeed more than offset, these additional costs of parts. The only conclusion to which one can come is that either our factories are inefficient or they are taking a much higher profit than is taken by factories in the United States. What the answer is, I cannot say; but it seems to me it must be one or the other.

There is of course another factor entering into the higher price in this country. I have always understood, and I believe it is true, that the dealer gets approximately 20 per cent of the price of the car. On that basis, the New York dealer would get about $300 whereas the dealer in Ottawa on the same car would get about $450, or in other words about 50 per cent more.

What I do know is that since the war all the automobile dealers I have known in this country have been doing extremely well. I see no reason in the world why a man must receive $450 for selling an automobile in Ottawa when for the sale of the same car in New York the dealer would receive only $300, or perhaps a little more than that in Ogdensburg. If anything, it should require less expense to sell in Canada, because labour costs for mechanics, as well as costs for garage space, are less in Canada than in the large American cities.

That is one factor which increases the total cost. I merely took automobiles as an example, but you find the same sort of situation so far as nearly all manufactured articles are concerned, particularly appliances of all

sorts, refrigerators, washing machines, mixmasters, and so on. Prices in Canada are much higher than in the United States, and are out of proportion. It seems to me that the time arrived some time ago when our factories became large enough to reap the advantages of large scale production, of the assembly line and so forth, and that many of them should be in a position—automobiles for one—to compete on even terms with United States factories. In view of the fact that they get some of their raw materials cheaper, that their labour is cheaper, and that their sites and so forth are cheaper, they should be able to beat United States prices rather than charging considerably more for their products. Under these circumstances it seems to me that one avenue of bringing down prices which should be explored is an examination of tariff schedules which make it possible for a manufacturer to charge just a few dollars less than it would cost to import the article manufactured by him.

These two or three suggestions may not be valuable. However, if followed through I think some of them might produce useful results. The situation this year so far as the throne speech is concerned is that one has such a basket of riches to choose from, all things for which one can criticize the government severely, that it is difficult to make one's choice. On this occasion I have chosen to speak about this matter. I sincerely hope, as the leader of this party said this afternoon, that a full opportunity will be given at a later date for a discussion of defence matters, the question of housing and also veterans' affairs. These are three things which very much need to be dealt with at this session, and I hope that we can produce better results than have, as far as I know, been achieved so far.

Mr. Daniel McIvor (Fort William): Mr. Speaker, after listening to the big guns of this house blasting hon. members with food for thought, perhaps a gun of small calibre will scarcely be heard, but there are a few things I have observed during the last two months on which I think something should be said. First of all I noticed that the Prime Minister (Mr. St. Laurent) and the leader of the opposition (Mr. Drew) did not have to speak of the character and ability of any hon. members who had passed on to their reward, and I think it is our duty to thank Him who has spared us to come back here to measure up to our tasks.

I commend the government for making an attempt to change the hours of sitting so that those of us who retire at a decent hour will not have to remain here until eleven o'clock. I am sure that good will come of it. As far as I am concerned I prefer to sit from half-past one to seven o'clock instead of closing at eleven.

I noticed that the leader of the opposition and the leaders of the C.C.F. and Social Credit parties all dealt particularly with inflation. I have read the amendment and the amendment to the amendment, and I should like to read again the paragraph in the speech from the throne referring to inflation. It is as follows:

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

I may be dumb, Mr. Speaker, but as I read the amendment and the subamendment I take it that they are supporting the government in their anti-inflationary measures, and that is good enough for me. I know that we want control of the right kind. I do not want anybody to tell me how I am to spend my money, but we have to remember that those with small incomes find it very difficult to make their monthly cheques go around. However, when reading the newspapers before I came here and listening to some of the addresses by opposition speakers over the radio, I wondered how many homes are poverty-stricken in Canada today. How many people do not have enough to eat because of inflation? How many children do not have clothes fit to go to school? From my observation our school children have never been better dressed, and there are more bicycles at the public and high schools than I have ever seen.

I find also that our people have lots of money to spend, and they spend it. I am glad to see that because if you keep money circulating you are going to have good times. I attended a football game on Saturday afternoon. I thought a bleacher seat was good enough for me. It cost me $1.25. I understand that one can pay up to nearly $4 for a seat; yet all the seats were occupied and many people were standing. Why? You cannot say that because of inflation and hard times people were not able to go to the football match. Our picture shows have never been better attended than they are today. On Saturday night there was a big crowd at the hockey game. Where did they get their money if the high cost of living is taking it?

An hon. Member: Family allowances.

Mr. McIvor: We have money to spare for a great many things. Never in the history of

Canada has so much money been spent on liquor. About $740 million was spent in Canada last year on liquor. There is also a good deal spent on travel. With respect to cigarettes, more money is spent on cigarettes today than ever before. Why? Because people have the money and are not denied that privilege because of inflation. I should like to congratulate the Minister of Finance (Mr. Abbott) that he did not fall for the plea of the corporations which manufacture cigarettes and cut their taxes. If he had cut the taxes on cigarettes, then right across the board he would have had to cut the taxes on other things more important than cigarettes.

I know that we want control. I want control of the right kind, and I am patiently waiting for our government to measure up as usual in this time of crisis as they have measured up in the past. They may find that there are a few people who desire to make a killing at this time, and I am sure the government will watch them. I congratulate the Minister of Justice (Mr. Garson) on the way he has administered the Combines Investigation Act. The bakers in the west could not get away with their killing. He caught them in time, and there is more coming. I congratulate the Minister of Justice on his splendid job.

So much for inflation. We have other things to think of at the lakehead, although of course we think about inflation and hope that a way will be found. We have a bottleneck at the lakehead because we cannot find the shipping to deliver our wheat to the old country. We cannot find storage; and that brings me to this point. If we had the St. Lawrence waterway completed, ships could come right to Fort William and Port Arthur to load grain and take it to Europe. To me that is one of the outstanding arguments in favour of such a great waterway system. I should like to congratulate the Minister of Transport (Mr. Chevrier) for the way he is sticking to his guns. I know it is likely to help the provincial government of Ontario, but what about it? We will be very glad to have that waterway.

There are other things about which we at the lakehead have been thinking. I represent a group of people who do not drink very much liquor.

Mr. Macdonnell (Greenwood): What? At the lakehead?

Mr. McIvor: They are an influential group and some of them have told me in very plain language that liquor advertising should not be carried over the radio. I do not think it should either. Liquor advertises itself. If you give a man a bottle, when he consumes half of it and goes out on the street he will advertise the nature of the liquor business. Give him a drink or two and let him take charge of an automobile and you will see how he will advertise the liquor business. There is the man who takes his cheque to the beer parlour and gets it cashed. As an honest man, he could not get it cashed without buying something. He comes home and he has not as much money as he expected to have. You can tell by the families of such men what the liquor business is.

I know that there are magazines in Canada—and I am very reluctant to buy one of them—which will tell you that this is the sweetest blend, the most beautiful mountain dew, that it will exhilarate and build up the human mind and body, but they never tell you about the destruction caused by the liquor business. I warn the minister or anybody else who supports such action that if the radio people dare to advertise the liquor business there will be a fight on our hands. I have never meant anything more seriously in this house than when I say that there will be a fight on our hands, and the contest between Daniel and the lion will have to take second place.

I did not say anything about the mover (Mr. Cauchon) and the seconder (Mr. Simmons) of the address in reply to the speech from the throne. I enjoyed our friend from Quebec. My French is very limited, and what I have learned in the past is pretty well all gone, but I understood his gestures and his enthusiasm and I interpreted them to my own sweet content. I think the hon. member for Yukon-Mackenzie River (Mr. Simmons) should be congratulated upon emphasizing the need of assistance for the individual prospector who is not working for the large corporation. These men have done a great deal for Canada. I once had a resolution on the order paper dealing with this matter, and while it got fair support it did not result in anything definite. These prospectors go out on their own for months and months at a time and when they make a find the government, either provincial or dominion, should investigate the prospect and then if the mine is developed the government could take back its costs.

When I think of the war I think of some of these committees that call on me from time to time. I have had people call on me to advocate taking our troops out of China, to advocate having the British take their troops from the Suez canal, to advocate our not doing anything that tends toward war. I told one group most decidedly that the great need is to demolish the iron curtain. Let the people of Russia see what is going on in Canada, in

the United States and Great Britain; let the people of the democratic world see what is going on in Russia.

I have said before and I say again that neither Russia nor China can win a war, any more than Hitler or Napoleon could, because they have left God out of their form of government. The great Peacemaker said: "Blessed are the peacemakers"; but he also said:

> Neither cast ye your pearls before swine, lest they trample them under their feet, and turn again and rend you.

What are they doing in China today? They are tormenting, persecuting and liquidating the Roman Catholic and Protestant missionaries. Therefore I say we should not cast our pearls before those people. We must stand for what is fair and clean and good, and back up our government in its preparations for war. I know what it is to go to school where there were a few bullies. You cannot liquidate a bully, but you can lick him. That is the only cure for some bullies. I do not think Russia will ever attack any country because they have not the courage to do it, especially when they know we are prepared. I remember one chap in our school who prepared himself to meet one of the bullies, and that was the end of that bully. When we are thoroughly prepared we will be ready for action. We must keep first things first.

I congratulate the government upon its sturdy way of doing things. If they can find a way out of this inflation, a way that will allow us to think and act for ourselves, they will have gained the commendation of all Canada.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, I listened with considerable attention to the mover (Mr. Cauchon) and the seconder (Mr. Simmons) of the address. The hon. member for Beauharnois delivered his speech in an able manner, but I was not able to understand all that he said. He made one observation with which I do not exactly agree when he referred to the seaway project. He is reported as having said that he felt that all the members of this house and all the people of Canada would give unanimous support to that project. In passing I just want to assure him it is in connection with that particular observation that I do not agree with his speech.

The throne speech could well be an election document. It covered everything in all provinces. It catered pretty well to every section of society. It contained something for everybody in Canada. I read it over, and I thought if I were the Prime Minister, with the international situation as it is, I would write that kind of document for the election next June. When you finish all the issues, promises and hopes that are in this particular speech, you wonder what the Prime Minister will find for 1953. It covers nearly everything.

Before I mention what I really want to say in regard to the subject matter of the speech, I should like to mention one particular item about which I am very pleased. That is the decision by the federal government, agreed to by the provincial governments and sanctioned by the engineers, to construct the causeway across the strait of Canso. Although promises have been made many times over the years, at least it is now on paper. In reading the newspapers I noticed that the premier of Nova Scotia, Hon. Angus L. Macdonald, delivered a lengthy press statement. He went back over the years to the first survey which was made about fifty years ago, and thanked everyone who had anything to do with the project. He thanked boards of trade, chambers of commerce and the public at large. I have had a little to do with this project myself in the last twelve years. I have thought a lot about it, and talked about it. No doubt through an oversight the premier of Nova Scotia neglected to mention the federal Minister of Transport (Mr. Chevrier). As one who has been closely associated with the minister in dealing with this particular project, I want to make up for that oversight by thanking the minister. With all due respect to boards of trade, chambers of commerce and everyone else, I do not think anyone was more interested or worked harder for that project than the minister. I have had on the record and off the record discussions with him. I know that he must have been quite pleased when he found the speech from the throne contained a definite undertaking that the project for which he had worked so hard would finally be brought to fruition.

In discussing the project about four years ago, while it was still a doubtful possibility in the minds of the engineers, I told the minister I was confident that at some time the project, either a bridge or a causeway, would be undertaken. The reason for my confidence at that time was the interest of the minister in that particular project. I suggested that when the bridge or causeway was finally completed, it should be called the Chevrier permanent crossing which links the mainland of Nova Scotia with the island of Cape Breton. I want to thank the minister, because I know he worked hard for the plan. I do not want to forget our own minister in the cabinet, the Minister of Resources and Development (Mr. Winters). Since he came into this house I know that he has been

working hard for the project. I can say that now because I had off the record discussions with him. He supported the plan and pushed it. I am pleased that one of the things about which I have felt keenly for a number of years has finally reached the paper stage, and has become a part of the program of public investment to be carried out in the near future.

This afternoon, Mr. Speaker, there was considerable discussion concerning the control of prices. The leader of the opposition (Mr. Drew) expressed his view, as did the Prime Minister (Mr. St. Laurent) and the leaders of the C.C.F. and Social Credit parties. I believe every member of the house should be thinking about the problem and expressing some opinion on it. We can all agree it is the one important problem that faces this country today. It is the one issue about which we have to do something. When I read about NATO conferences, economic aid overseas, the doings of the United Nations and the appropriations of money necessary to keep these organizations going —they are all necessary—I sometimes think we are missing the boat.

For some time I have thought that there is not much danger of an immediate war. Of course the more prepared we are for it the longer that day will be in coming. I do not think the communist party expects a war. They have another way of doing it. They can wreck our economy by inflation. In the period they have set for themselves—they have a timetable for all these things and do not guess—as the period of national revolution, they will not do any of the fighting. They are going to promote a breakdown of our democratic institutions, and soften up the country against the time when they move in. This was the plan followed in Europe, and the war helped it. Of course, I think Uncle Joe is sitting back. He is quite prepared to fight in China to the last Chinaman, so long as he can keep us involved in a war there. Spending a lot of money on defence is the most inflationary kind of spending. The weapons the communists are using are to create dissension and unrest among our own people, to have strikes and create lack of confidence in our institutions. This weapon of inflation which they are using at the present time, if we do not watch it, can undermine all the other activities in which we are engaged.

This matter of inflation is one of the devices about which we have to do something. I do not want to get involved in a discussion of the mechanics of the thing at the present time, because time is too short. I did not agree with the Prime Minister (Mr. St. Laurent) this afternoon, but that does not mean that I am right or that he is right. I do not agree with his comparison of Canada and the United Kingdom in discussing inflation. There is no similarity between the economies of the two countries. Britain is fighting her way out of the ruins of a war and the cost of rehabilitation. This is something we do not understand. It is a problem Britain has which we do not have.

Then there is the matter of price controls in Britain. I do not believe price controls will work in any country which has to import practically everything the people eat, wear or manufacture. I do not believe subsidies can be successfully applied to that kind of economy, because that country has not control of its price structure. The prices they have to pay for the goods they need are determined outside of the country. I feel that Canada and the United States are not only definitely influencing world prices, but are actually fixing world prices. The beating that Britain had to take in the devaluation of her currency, the large amount of imports she has to have which make it impossible for subsidies to work effectively in controlling her prices, completely change the picture from that existing in Canada or the United States.

On motion of Mr. Gillis the debate was adjourned.

At seven o'clock the house adjourned, without question put, pursuant to the order of the house passed on October 12, 1951.

HOUSE OF COMMONS

Tuesday, October 16, 1951

The house met at 1.30 p.m.

PRIVILEGE

ENFORCEMENT OF RULE AS TO READING OF SPEECHES

Mr. G. A. Cruickshank (Fraser Valley): On a question of privilege, the rules of the house have been changed to a certain extent, and frankly I do not agree with it, but I should like to know whether, with the exception of members of the government and the leaders of the various opposition parties, hon. members are to be permitted to read their speeches, which is contrary to the rules.

THE LATE LIAQUAT ALI KHAN

MESSAGE OF SYMPATHY IN DEATH OF PRIME MINISTER OF PAKISTAN

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, members of the house will have heard this morning of the death of the Hon. Liaquat Ali Khan, Prime Minister of Pakistan, who was shot while addressing a public meeting at Rawalpindi, Pakistan. I was shocked to learn, as I am sure all other hon. members were, of this terribly tragic event. I had met Mr. Liaquat Ali Khan on a number of occasions, and happily recall being host to him during his visit to Canada in the spring of 1950. Hon. members will recall the occasion when he spoke so eloquently to both houses of parliament in this chamber at the end of May, 1950, on the subject of Pakistan, the commonwealth and the future.

I have already expressed personal sympathy in a message to the Begum Liaquat Ali Khan, and I would beg leave to move, seconded by the leader of the opposition, that, as a token of our sympathy for the Begum and her family and for all the people of this sister state of the commonwealth we rise in this chamber and stand for a moment in respectful silence.

Accordingly the house rose and stood in silence.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, in seconding the motion and in joining with other members in this tribute to the memory of a very great citizen of his own country and of the commonwealth, I simply wish to join with the Prime Minister in expressing the deep regret that all of us must feel not only that a man charged with great responsibility at a time like this should have lost his life in this way but also that we in Canada should have lost a friend who declared that friendship in the most vigorous terms when he spoke to us in the House of Commons a little more than a year ago. I think to all of us it must have been one of the most heartening moments in the memory of those who have heard representatives of other governments express their opinions here, to hear the head of one of the new sister dominions assert in such unqualified terms his faith in the continuing greatness of the commonwealth of which Pakistan was proud to proclaim itself a part.

In regretting his untimely death, in joining with the Prime Minister in the expression of sympathy he has conveyed to the Begum, I think it would also be well for us to realize the strange and dangerous pattern that is emerging and not to ignore the likelihood that this is part of a great design which has as its ultimate purpose the destruction of our free world. I feel sure that if his death serves to emphasize to all of us the significant events that have been taking place in the east, marked by other assassinations as well, perhaps he himself would not have felt that death under such circumstances had been in vain.

Mr. M. J. Coldwell (Rosetown-Biggar): May I join with the Prime Minister and the Leader of the Opposition in associating our party with the sentiments that have been expressed. All I wish to say is that I think at this critical time in world affairs the world can ill afford to lose a statesman as constructive as the late Prime Minister of Pakistan.

Mr. Solon E. Low (Peace River): Mr. Speaker, we wish to associate ourselves with all that has been said. We express our very sincere and deep regret at this untimely demise.

Mr. Speaker: By standing in respectful silence as all members did, the motion is unanimously carried.

Motion agreed to.

MING SUNG INDUSTRIAL COMPANY

INQUIRY AS TO DEFAULT IN PAYMENT—USE OF CANADIAN FLAG

Hon. Douglas Abbott (Minister of Finance): Yesterday, Mr. Speaker, I answered in a preliminary way a question by the leader of

the opposition in connection with the government's guarantee of the loan by Canadian banks to the Ming Sung Industrial Company Limited. As I indicated, the company defaulted on the instalments of principal amounting to a total of $1,248,174.78 due to the banks on June 30, 1951, and on the quarterly interest payment due on September 20, 1951, amounting to a total of $86,769.87. The banks have called upon the Canadian government to implement its guarantee in respect of these defaulted payments and the government has done so.

As security against this loan to the Ming Sung company, the banks hold mortgages on the vessels concerned. As I mentioned yesterday, the banks have been requested to institute appropriate legal proceedings under these mortgages. I understand that these proceedings are under way in Hong Kong, the port from which these vessels operate.

The leader of the opposition also asked whether the company has taken action to avoid seizure of their ships. I am not aware that the company has taken such action, but I am informed that the crews on the ships are now refusing to make return sailings to Hong Kong.

The leader of the opposition has asked, as well, whether any steps have been taken to prevent the use of the Canadian flag on these vessels. The mortgages on the vessels now held by the banks, and under which the banks have been requested to take legal proceedings, were given by the company and registered after the vessels came under the Canadian flag. In fact, it was only under these circumstances that properly registered mortgages could be obtained. As the government has requested the banks to enforce their rights under the mortgages in Hong Kong, hon. members will appreciate the doubtful wisdom of causing a change in the status of these vessels as British vessels at the inception of the legal action before the whole matter, including the effect of such a change on the legal proceedings, has been fully considered.

The representative of the Ming Sung company has requested an interview with Canadian government representatives. When the whole situation has been discussed with the company I will report further to the house within a few days.

Mr. George A. Drew (Leader of the Opposition): May I ask a supplementary question? In view of the fact that the crews have now displayed their real loyalty by hiding in a communist port, at the moment conditions make it possible to secure the return of the ships will the government discontinue the use of the Canadian flag on these vessels?

[Mr. Abbott.]

Mr. Abbott: I have endeavoured to deal with this question in an objective way. I have nothing to add to the statement I have just made.

[*Later:*]

Mr. J. G. Diefenbaker (Lake Centre): Will the Minister of Finance inform us of the date that the government made good the default of the Ming Sung corporation to the banks, and when did the government instruct the banks to take proper legal action in order to recover on the securities?

Mr. Abbott: Speaking from memory, Mr. Speaker, the delay to which the Ming Sung company was entitled under the contract expired on October 8 or it may have been October 9. I am speaking subject to correction on that. The government gave immediate instructions to the banks to take the proper action when the delay to which the company was entitled had expired.

Mr. Drew: The Minister of Finance has spoken of delay. On what day was the government informed of the default in respect of which certain concessions were made?

Mr. Abbott: Speaking again from memory, the payment to which I refer fell due on June 30. Under the contract the company had ninety days within which to cure this default before legal action could be taken by the banks. Perhaps I might add that it was indicated prior to the expiry of that delay to which the company was entitled that the default might not be cured within that time. Proper consideration was given prior to the expiry of the date as to what action could be taken, so there was no delay in initiating such action.

Mr. Diefenbaker: One other question. Is the Minister in a position to say how many times, during that period of the ninety days after June 30, those ships were within Hong Kong jurisdiction?

Mr. Abbott: No, I am not.

Mr. Fleming: Will the minister state whether under the contract the default in principal and interest has the effect of accelerating the maturity of the entire indebtedness?

Mr. Abbott: I am afraid I shall have to look at the contract again to answer my friend's question. Speaking from memory, I think not.

ANGLO-EGYPTIAN TREATY

QUESTION AS TO POSITION OF CANADA REGARDING ABROGATION

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): May I direct a question to the Secretary of

State for External Affairs? What position is the Canadian government taking with regard to the abrogation by Egypt of the Anglo-Egyptian treaty, and the threats to the United Kingdom and the British commonwealth?

Hon. L. B. Pearson (Secretary of State for External Affairs): The situation in the area to which my hon. friend's question refers is a difficult one indeed at the moment, and highly inflammable. I do not think any statement from me at this time in answer to a question will be helpful. I shall take that question as notice, however, and if anything can usefully be said, I shall say it at the first opportunity.

SMALL LOANS

QUESTION AS TO COMPANIES CHARGING HIGH RATES OF INTEREST BEING PERMITTED TO EXPAND

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wish to ask a question based on a report in a recent issue of the *Monetary Times*, a clipping from which I have sent to the Minister of Finance. Is the government permitting small loan companies, such as those that charge interest rates which amount to 18 per cent per year, to expand their facilities and operations despite the government's policy of restricting credit generally?

Hon. Douglas Abbott (Minister of Finance): I thank my hon. friend for sending me notice of the question. No doubt owing to our experimental changes in the rules, I received it only a few moments ago. I have not been able to inform myself on the matter, but I shall try to give an answer tomorrow or as soon as possible.

BUSINESS OF THE HOUSE

INQUIRY AS TO OPPORTUNITY FOR DISCUSSION OF INTERNATIONAL RELATIONS

On the orders of the day:

Mr. Gordon Graydon (Peel): May I direct a question to the Secretary of State for External Affairs? In view of the many developments in international relations since the last sitting of parliament, will he state whether or not it is the government's intention to set aside an early date when these may be discussed?

Hon. L. B. Pearson (Secretary of State for External Affairs): I believe there will be an opportunity for discussing international matters during the present session at a not too distant date. I do not know myself when that date will be, but I hope it will be before too long.

Mr. Graydon: The minister may not feel like answering this question, and if he does not I shall understand. During this debate on the address in reply to the speech from the throne, is it his intention to give any detailed information with respect to international affairs?

Mr. Pearson: I have not made up my mind yet whether or not I shall speak in this debate. I would ask my hon. friend to curb his impatience for a few days.

SETTING UP OF DEFENCE EXPENDITURES COMMITTEE

On the orders of the day:

Mr. George A. Drew (Leader of the Opposition): In view of the levity of the minister for external affairs in regard to the last question, I should like to direct a question to the Prime Minister. In view of the fact that there is to be no budget, with a consequent lack of opportunity to discuss the affairs of the departments, will he agree to indicate to us within the next few days what statements we shall hear from the ministers of the crown in order to avoid unnecessary anticipation by any speaker in the debate of a discussion which will be taking place? I should like also to ask the Prime Minister something that arises out of the events of today which have occurred in Pakistan and also in Egypt. Will he answer the proposal which I put forward yesterday concerning his agreement to setting up a defence expenditures committee?

Right Hon. L. S. St. Laurent (Prime Minister): With respect to agreeing to set up a committee on defence expenditures, that will be agreed to in due course. I will not say it will be agreed to at this special session, because I do not think there would be time to get very far with that in view of the other matters that have to be dealt with. Hon. members have to realize that everything cannot be done at the same time. This session is a special session, as to the utility of which the hon. gentleman was not convinced yesterday when he spoke in the debate on the address. But it is not going to be possible to do at this special session everything that this country must deal with in the next year or two.

With respect to a committee on defence expenditures, it is the intention of the government, as was announced at the last session, to have the kind of committee that dealt with defence expenditures during the last war.

As to the other matters, I shall be glad to confer with the leader of the opposition (Mr. Drew) and with the leaders of the other groups and try to arrange with them for

opportunities to discuss matters which, if such opportunities were not arranged, might be considered as proper matters for discussion on a motion to adjourn the house. I shall be glad to confer at the earliest possible date with my hon. friend in that regard and with the leaders of the other parties to see if we cannot fix, with due notice in advance to hon. members of the time they would take place, such debates as will be felt to be necessitated by the circumstances of these times. If it will suit the hon. gentleman and the leaders of the other parties in that regard, I will see if we cannot arrange something that will enable us to bring before the house, after notice, such matters as the public would consider we should discuss at this time.

Mr. Drew: Mr. Speaker, I welcome the suggestion that we meet to plan the discussion of various important subjects which will obviously be in the minds of members as the ones which should be discussed at this time. I shall be happy, as I am sure will the others, to meet the Prime Minister at any time that he indicates; but I would point out that the committee to which the Prime Minister has referred and which was set up earlier—that is, set up either at the close of the last war or immediately afterwards—was a committee dealing with defence contracts. What we have been asking for is a committee on defence expenditures, which in the very nature of its inquiry would be able to discuss the general provisions that were being made for defence through those expenditures. I recognize that this is not a subject for debate at this point in the proceedings, nor is there any motion before us under which to discuss it. But I would repeat my urgent request to the Prime Minister and point out that world events at this moment suggest that now, above all other times, is the occasion to set up a committee in which members may meet to play their part in ascertaining what is actually being achieved by the defence expenditures in this country.

Mr. St. Laurent: Mr. Speaker, perhaps we can pursue this matter further when we get together to discuss the fixing of the time for appropriate debates in the house.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed, from Monday, October 15, consideration of the motion of Mr. Robert Cauchon for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto of Mr. Drew, and the amendment to the amendment of Mr. Coldwell.

[Mr. St. Laurent.]

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, last evening when the house adjourned, I made a few observations with regard to the throne speech. Before beginning what I have to say on the matter this afternoon, I should first like to say this. In view of the solemn note on which this house opened this afternoon, and having regard to the fact that what is happening in the rest of the world has a serious impact on this country, it is rather difficult to say to the government the things that one would like to say. Realizing the many complex problems confronting them that arise outside the country and over which they have little jurisdiction, one finds it rather difficult to kick the government around too hard on domestic issues. Perhaps I am going to be a little bit kind to them at this time.

As to the throne speech itself and the subject matter now before the house, the government recognizes that the matter of inflation is worthy of serious consideration. They have indicated that fact by placing it fairly well to the top of the throne speech. While recognizing that inflation is perhaps the number one issue in the country, I am just going to place on the record what they intend to do about it. According to the throne speech all they intend to do is this. They say:

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

As far as the government is concerned at the present time, and as far as the members of this house are concerned, there is from the government no proposition in the matter of controlling prices. They merely say that they have received a report and that at some time during this session legislation will be brought forward upon which the members of the house will base an opinion.

The leader of the opposition (Mr. Drew) also recognized that inflation is the number one issue in the country because he moved an amendment to the throne speech on that particular subject; and if he did not consider it the number one issue in the country, he would not have moved that amendment. The amendment is in these terms:

> We respectfully represent to Your Excellency that in the opinion of this house adequate steps should be taken to combat inflation and deal effectively with the high cost of living.

While the government are still in the process of making up their minds on the question, on the basis of the committee's report that they have received, the leader of the opposition is in pretty much the same

position as the government. He recognizes the problem but he merely recommends to the government that adequate steps should be taken. There is nothing definite there. There is nothing specific. He suggests to the government no mechanics by which the desired results might be brought about. The amendment of the leader of the opposition is all right, to the effect that adequate steps should be taken. The Prime Minister can vote for it.

Mr. Green: How about you?

Mr. Gillis: Yes, we can vote for it. It is merely a matter of determining what is adequate. That is just what I am afraid of, having regard to the attitude of the Prime Minister on the subject. As usual, this group have recommended something. The leader of the C.C.F. group or the chief spokesman of the group moved, to the amendment made by the leader of the opposition, a subamendment recommending:

> That the amendment be amended by adding thereto, immediately after the words "high cost of living," the following words:
>
> such as the making of provision for price controls and the payment of subsidies, where necessary, so as to equalize the sacrifices our people are called upon to make at this time.

The only specific thing before the house at the present time on the matter of inflation is that short amendment made by the chief spokesman for this group. He has at least had the courage to say that he thinks the device of controls of essential commodities in this country, plus the use of subsidies, will work and can do something about the present inflationary trends in this country. That is the only specific matter before the house. The Prime Minister (Mr. St. Laurent) says that it is still a matter of talk so far as the government is concerned. The leader of the opposition (Mr. Drew) merely says: Hear enough about it and determine what may be adequate, and when it comes in we will adopt it. The situation in the country today calls for something more than that. I have not any hope of the government bringing in adequate measures. That was pretty clearly indicated yesterday afternoon when the Prime Minister spoke. His whole attitude was that we are not any worse off than they are in any other country. He made a comparison between Canada, the United States and Great Britain. There may be some comparison between Canada and the United States.

Yesterday afternoon the Prime Minister based his whole opposition to price controls on what has taken place in Britain. As I said briefly last evening—and I want to repeat it now—there is no comparison between this country and Great Britain. Canada is an expanding country; it is a country that is exporting about one-third of its total production. On the other hand, Britain—and I repeat what I said yesterday—is still digging herself out of the rubble of the last war. In 1945 she was faced with the problem of reconverting her whole industrial set-up from war to peace. There were shortages of materials of all kinds. Britain is a country that has no control over internal prices, because the prices in that country are determined by the imports that she receives from other countries. Canada and the United States today are responsible for the upward trend of prices not only in Britain but pretty well throughout the world, because this country is price fixing on a world scale.

When you stop for a moment and consider that the mass production methods employed in the United States place that country in the position where she needs the world for a market—and the world is her market—you will see that world prices today are largely determined in the United States. Therefore I say that because price controls did not work a hundred per cent in Britain it does not follow that they would not work here. The situation in Britain is not analogous to our situation at all.

In my opinion the inflation in this country and in the United States on the large number of imports that Britain has to buy from both Canada and the United States was the main factor in wrecking the controls and subsidy arrangements that they had in that country.

I was disturbed last evening to see the Prime Minister take the very adamant attitude that price controls would not work in this country. The fact of the matter is that we have to try something; otherwise this weapon of inflation, aimed at this continent by the communists, is going to wreck its internal economy. Unless something is done, that will happen. It is not good enough to say that we are not going to do anything about it; but that appears to be the attitude at the present time.

Let me refer to another example that the Prime Minister gave last evening which I do not think was a good one, although he honestly placed it before us. He took the hourly wage rates in 1939 and in 1951, and went on to point out the price of bacon and eggs, bread and milk and so forth, and made the assertion that the hourly wage rates in 1939 and in 1951 were comparable; that you could buy almost the same amount today with the hourly wages that the worker receives as you could in 1939. I wonder why he went back to 1939, because I would remind the Prime Minister and the house that in 1939

there were not many hours worked, there was not very much wages paid for the hours the men did work.

The Prime Minister will recall that at that time we had in this country approximately one million people unemployed, which would cut down considerably the number of hours worked, and wage rates were very low.

If a comparison is to be made, based on the purchasing power of the wage and salaried workers in this country, one does not need to go back beyond 1948. That is when the trouble really got under way. The purchasing power of the Canadian dollar today as opposed to what it was in 1948 is down 33⅓ per cent. That means a reduction of that much in the wage and salaried workers' standard of living. That is what it is. Today it is 33⅓ per cent below what it was in 1948. That is when your spiral of inflation really got under way. That terrific loss of purchasing power in the Canadian dollar has set off the demands for increases in pensions and in wages which are disturbing industry right across the country.

Increased production is the best weapon against inflation; but with this retarding of production because of wage demands and that kind of thing, we are losing the main weapon that we have to fight inflation. Production is not on the up trend; it is not what it should be in this country today because of the unrest that has set in throughout the whole of industry. Therefore if we are to make our maximum effort in producing for defence purposes, the problem of inflation has to be tackled if we are to be in a position to supply NATO countries with arms and equipment. If we are to give them these arms and equipment at a price that they can pay, then we have to start pulling our prices down; otherwise 40 per cent of the money that we are going to spend on equipment for these countries will consist of inflated prices. If that takes place, then all we will do will be to cripple these countries when they purchase adequate supplies to do the job that that organization aims to do. Therefore the whole defence program is tied in with the question of high prices in Canada today.

That is not inflation any more; it is profiteering. This morning I picked up a letter in the Ottawa *Citizen* which was written by an interested citizen. If a man thinks enough about this problem to sit down and write a letter to the newspapers it shows that he is concerned about it. I think he is a good citizen when he makes a protest about it. This letter sets out the situation and shows what people who have something to sell will do in a given situation. This is a small matter, but it reflects the trend in practically everything. The letter is addressed to the editor of the Ottawa *Citizen* and reads:

> On October 10, following the departure of our charming Princess, a friend and I dropped into one of Ottawa's newest restaurants. Upon seating ourselves at a booth, we were presented with a menu and after looking at same noticed the prices thereon seemed to have doubled overnight. Fantastic as it sounds, the price of a cup of coffee or tea or a glass of milk was stated on the menu at 25 cents.
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> It would appear, at this absurd rate of profit, they could make approximately $15 on one pound of coffee, or $1.25 on one quart of milk which cost them 19 cents.

This is merely one example. You could follow that through in practically everything that the average person has to purchase in this country today. That is profiteering. These prices were charged in the city of Ottawa at a time when a large number of people would be out during the royal visit and would automatically go into a restaurant to get something to eat. This fellow thought it was a good idea to shove his prices up. There should be a law against that kind of thing. That is highway robbery, in my opinion; it is simply taking the public by the throat, and extracting from them more than the traffic will bear. Some legislation should be enacted to protect the general public from that kind of thing.

For many years in the house members of this group have stated that in demanding the removal of controls hon. members supporting the government and the official opposition followed an unwise procedure. It was their contention that by the removal of controls we would return to a system of free enterprise and initiative, and where the rules of supply and demand would regulate everything smoothly. We know that controls were taken off. The Progressive Conservative party hounded the Liberal party until it acquiesced. What happened?

It has been our contention over the years, and still is, that we have not had a removal of controls in Canada, but rather a condition where controls have been taken out of responsible hands. We do not have controls laid down by legislation and subject to scrutiny by hon. members who are responsible to their constituents. Controls have been placed in the hands of irresponsible people. These people have combined to manipulate prices and to hold a gun to the head of the small merchant in every town and city across the country. Those people fix the prices at which the small merchant must resell, at the risk of not getting further supplies. We relinquished controls and passed them into the hands of irresponsible persons behind the

scenes. Those persons now operate the controls by holding a gun at the head of everyone who is obliged to deal with manufacturers.

This contention is substantiated by what is contained in the MacQuarrie report tabled in the house a few days ago. According to press reports it is set out in the report that price-fixing has been rampant across this country, and that certain manufacturers can fix prices on certain commodities and state what those prices will be regardless of the wishes of anyone.

I think it is time hon. members in the House of Commons asked themselves whether they are big enough to represent the public who sent them here, and whether they are prepared to accept the responsibility of regulating the cost of living to a point within reason. Surely we should give our attention to essential commodities. Failing that, are we going to abrogate the institution of parliament and leave it in the hands of hijackers and gangsters across the country whose only interest is to make money for themselves, regardless of what may happen to the general public?

The skyrocketing of prices, the manipulating of prices and the profits shown by large manufacturers and industrialists across the country have left in the minds of our people the thought that many of the things we are doing by way of defence and the guarding of security are not worth while. There is an apathy creeping into the minds of the people; they have almost thrown up their hands. It is high time the House of Commons got down to business and demonstrated that in the house we are prepared to enact legislation which will protect the people from international gangsterism, monopolistic control of prices, or any other form of iniquity that has been perpetrated to the detriment of the best interests of the people. That in my opinion is the job we will have to do.

Let us consider now the spread between the amount received by the man who actually produces and that received by the one who finally makes a sale. I like to take simple examples, and with this in mind I will refer to the package of cigarettes which today sells at 42 cents, but which two months ago sold at 40 cents. Roughly speaking, 25 cents is government tax. I do not quarrel with this kind of tax. I do not have to smoke cigarettes. If taxes are necessary in order to secure the money for social services and for purposes of defence, then I am prepared to pay a tax on that kind of commodity.

My concern, however, is that the grower, the man who takes a chance on the weather, the man who plants the tobacco and who sees that it is harvested gets only three cents for that package of cigarettes. At the 42-cent price, after deducting the 25 cents tax there is 14 cents left. Where does it go? It is received by the people who merely distribute the product of someone else's toil. The fellow who merely shoves along this package of cigarettes gets 14 cents, and in my opinion he is not entitled to that much. He is living off the sweat of the fellow who produces the tobacco in the tobacco fields.

If the government is going to consider seriously this matter of prices, then I suggest an inquiry into a situation of this kind is absolutely necessary. It is time that the producers of commodities in Canada got an equal share in the products of their toil, or at least a share equal to that received by those who simply pass those products along to the market.

I would bet that the restaurant owner who, overnight, jacked up his prices by 200 or 300 per cent did not increase the wages of those who worked in his restaurant. I am sure those wages remained stationary. I have the feeling that if a committee of the house were appointed now, with power to call before it those who should be called—and there are not many of them—it would have a great influence in straightening out this sort of thing.

A moment ago I referred to the manner in which inflation works right back into the industrial production of the country. I have in mind the city of Windsor where at the moment there are about 3,000 unemployed automobile workers. Why are they unemployed? We must ask ourselves that question. To my mind the greatest difficulty in the Windsor situation is not the restrictive instalment buying regulations imposed by the government, as has been contended right along. If anyone were to follow through the situation in the automotive industry he would reach a point where he would have to consider the steel industry. It is my view that both in Canada and in the United States that industry requires overhauling.

It is my contention that the chief difficulty in the automobile industry is a shortage of steel. We have a steel controller, it is true, but apparently all he does is to decide where steel shall go. He is not exercising any control whatsoever. While it is true that the large portion of the steel used by the automobile industry in the last year may not have come from a black market, it has come from a rather grey one. Much of that steel has not been purchased through legitimate channels.

It is my belief that an inquiry into the steel industry from coast to coast in this country is necessary. The condition of inflation coupled with the shortage of steel, and with steel being manipulated as it is at the present time, is causing unrest at the point where a third of Canada's basic steel is turned out. I am sure the Minister of Labour (Mr. Gregg) knows that for the last three months there has been in the steel plant at Sydney, one of the main steel plants in Canada, an increasing demand for higher wages. Why is that demand being made? They are making it because inflated prices have compelled them to do so. To blame the condition on management or to blame it on a worker is not going to do much good, because the root cause of the difficulty is inflated prices. Until we do something about that root cause we will have the kind of condition I have described. And during this time of steel shortage the industry down there has been practically tied up for the last three months in an effort to adjust wages.

As I said before, until something is done about inflation in this country there will not be much use in adjusting wages because you will only have again the problem which occurred in 1948 as far as the war pensioners are concerned. At that time the government looked over the situation and decided that the pension dollar would not buy what it did in 1939 within 25 per cent, so a 25 per cent increase was granted in the basic pensions. When the veterans affairs committee met last year it was found that the pension dollar had shrunk by one-third and that there was a demand for an increased pension. That demand is caused by inflated prices. That is the root of the pensioners' difficulties. It is a real problem facing this country from coast to coast and I think every hon. member realizes that.

It is time that we got down to business in this house and tackled that problem. I do not believe anyone wants to be political about it. I do not believe the leader of the opposition was political about this matter, otherwise his amendment would have been much stronger. He left it open. If this matter is not worthy of consideration then someone should get up and prove that that is so on the record. Nevertheless this house has to get together on that problem because if something is not done the whole economy of this country will be wrecked.

I should like to say one or two words about the problems facing our veterans. I was disappointed that there was not something in the throne speech to indicate that something would be done about the recommendations made in the final report of the veterans committee which suggested that consideration should be given to increasing the basic pension for veterans. As there was no mention in the throne speech of this matter I assume that consideration is still being given to it and that nothing is going to be done this session.

I am disappointed that the Minister of Veterans Affairs (Mr. Lapointe) has not placed a resolution on the order paper to set up that veterans affairs committee so that we could be doing something about this problem, which is so real to the Legion at this time. During the time I was home I met the members of many Legion branches and the thing uppermost in their minds was to bring back the purchasing power of the pension dollar to what it was when the last 25 per cent increase was granted.

I notice that two government supporters have resolutions on the order paper suggesting that consideration should be given to increasing the basic pensions to veterans. During this debate in the early days of this session I should like them to tell us their opinions on this matter and what the government is prepared to do about it. Something should be done about it. The resolutions will never be reached, but they look good on paper to the man outside the house who does not understand our procedure. Far be it from me to impute motives to hon. members who have resolutions on the order paper, but that is the way I see it.

I should like to provoke the thoughts of the Minister of National Defence (Mr. Claxton) for a moment or two. He has indicated that we are going to give all possible support to the troops in Korea. I am glad to hear him say that, because the newspaper reports would indicate that they need it. But some attention should also be paid to those boys who have been lucky enough to receive wounds that were sufficient to send them back to Canada. A couple of boys who had just landed back from Korea came to see me last month. What I intend to say now refers only to military district No. 6 in Nova Scotia because I do not know what is happening in other parts of the country.

These boys told me that as far as they could see there was no administrative machinery in that military district to advise them as to what they were entitled to and what they might be able to do after their discharge. They told me that there had been no suggestion of what their pension rights might be. They had received no clothing

allowance; all they had was a standing-up uniform. They wanted to know if they were entitled to the rehabilitation benefits granted to the boys who returned from the last war. I told them they were and they replied that no one had told them anything about it.

The administration of that district is carried on by the reserve army and these boys had been given no idea of what they were entitled to. They said they had not been granted a month's leave given to the soldiers returning from the last war, and also had not been given a transportation warrant. One of these boys had only $9. He had to pay his transportation home after fourteen or fifteen months' service. He had to beat his way home because that amount of money would not permit him to travel on a ticket. All he had was the standing-up uniform he had worn in Korea. There was also the command ringing in his ears from the reserve army officers that he might have to pay for the rifle he had lost in Korea unless he could present sworn evidence as to how he had lost it. He would have to send to Korea to get that evidence.

This does not offer a very bright picture or much encouragement to other boys to go into the service. The Minister of National Defence stated quite clearly what we are getting into when he said that these defence preparations might last for ten years or for a generation and that there would be no relief in sight as far as taxes are concerned. I believe that that is true. I believe that this will be going on for a long time. It is most important that the morale of the young men of this country be such that they will be ready to volunteer their services. In my opinion one of the best ways to build up that morale is to show the boys at home that we are absolutely interested in those young men who have offered their lives in defence of their country, that we are willing to do everything possible to compensate them for the injuries they may receive overseas.

The Minister of National Defence should take a look at this military district in Halifax. I have written him about this matter and I must say that I have not got much satisfaction. If conditions are as I have described, if they are as described by these boys who recently returned from Korea, then a general overhauling is in order.

I realize that my time is up, but I should like to suggest to the hon. members of this house and to the government that they give serious consideration to the amendment moved by the hon. member for Rosetown-Biggar (Mr. Coldwell). The only thing before the house now and the most important matter in the country is a recommendation that we consider price controls and subsidies as a medium of bringing down the cost of living.

Hon. Robert H. Winters (Minister of Resources and Development): Mr. Speaker, I am glad to have this opportunity to congratulate, first of all, the mover of the address in reply to the speech from the throne (Mr. Cauchon) and to compliment him upon the outstanding way he carried on in both languages. I wish to associate myself with the Prime Minister (Mr. St. Laurent), who said that the outstanding role played by the hon. member in municipal affairs was being duplicated in the broader field here. I am sure he has made a considerable contribution to the national unity about which he expressed so much concern during his speech. I should like to say also how delighted I was with the speech of the seconder (Mr. Simmons) whose great constituency I have had the privilege of visiting. I have had the opportunity to experience with him some of the enthusiasm and the pioneering spirit that goes with that part of the country. The resources are being developed there to a very great extent, and I certainly share his optimism about the role Canada's great north has to play in the future of this country.

I wish to refer briefly to the speech of the hon. member for Cape Breton South (Mr. Gillis) and to say that I associate myself fully with him in the remarks he made about the proposed causeway across the strait of Canso. That is something that we in Nova Scotia have been anxious for many years to see accomplished. I think the citizens of Nova Scotia appreciated the obstacles there were, and they are greatly relieved now that these obstacles can be overcome and that assurance has been given that the causeway will be built. I simply want to say again that I share his gratification at the progress that has been made to date. I know that the premier of Nova Scotia is equally gratified. We all owe a great debt of gratitude to the Minister of Transport (Mr. Chevrier) who has worked so untiringly on behalf of this project.

Since housing is an important part of our economy, since it is an important problem today, and since a number of changes have been made with respect to housing since the last session, I thought I should take an early opportunity of placing the facts of the situation before parliament to give hon. members an opportunity of appraising the situation for themselves. Before dealing with present housing conditions, it might be well to review activities in Canada since

1945 in order to gain a proper perspective of the government's concern about and action with respect to the problem.

It will be recalled that when our armed services were being repatriated to Canada the government recognized that housing needs would become acute and policies were adopted to help meet the problem. Central Mortgage and Housing Corporation was formed to administer the National Housing Act and other related activities. Wartime Housing Limited, absorbed by Central Mortgage and Housing Corporation in 1947, embarked upon the construction of rental units for veterans. Before this program came to an end in 1949 about 31,000 units were built in communities across the country to meet the pressing needs of married veterans. This is roughly equivalent to the number of residential units in the city of Edmonton.

While this program was under way the government, through C.M.H.C., took extraordinary steps in co-operation with the municipalities to provide emergency shelter for veterans and their families. In co-operation with the universities temporary units were installed upon the campus of virtually every university in Canada to look after the housing needs of married veteran students. This emergency shelter program for veterans and veteran students for the most part took the form of conversion of existing buildings with the co-operation of the municipalities and the universities but financed for the most part by the federal government. More than 11,000 families were thus looked after until permanent accommodation could be found for them. During recent years these emergency shelter units have been closed, and the present number of veterans' families using this accommodation is but a fraction of what it was three years ago.

Completions of all types of houses for the four calendar years, 1947 to 1950, were 344,000 units, with a record high of approximately 91,000 units in 1950. Completions for the year 1951 should be in excess of 85,000 units. Events since January, 1950, have not been conducive to the continuation of an increasing number of housing completions, but even so hon. members will notice that residential construction has been high by any previous accomplishment.

In 1949 amendments to the National Housing Act were approved by this house. Among other things they enabled the federal government to join with provincial governments to provide housing of a variety of types including public housing. The legislation provides that, for housing projects considered mutually desirable by the provincial and federal governments, the senior government is prepared to join in the original financing as well as in the subsequent operating losses to the extent of 75 per cent.

At the same time parliament approved changes to the National Housing Act whereby more substantial financing terms became available under the act. This was done at a time when there was indication that the supply of housing might well outrun the effective demand, and it seemed desirable to take steps to stimulate demand. This legislation resulted in a record number of housing starts in 1950, and without the complications arising out of the Korean situation it is reasonable to suppose that starts would have maintained an annual rate of over 100,000 units.

When the need for a high volume of defence construction became clear, housing presented a very real difficulty to prospective home owners and to the government. During 1950 construction of all kinds amounted to $2,100 million of which residential construction accounted for $850 million. This load fully occupied the construction industry and strained available construction materials to the utmost. In fact there were already regional shortages of certain critical materials during 1950. The defence construction program, provided for in the 1951-52 budget, was in excess of $300 million. It immediately became impossible to contemplate adding this volume of construction to the volume already under way, and steps had to be taken to bring the over-all program within manageable proportions.

By the end of 1950 the carry-over of incomplete housing construction of over 60,000 units gave reason for the belief that if new starts continued at the 1950 rate of about 95,000 units a situation was virtually certain to be encountered where there would be insufficient materials for the completion of housing under construction. Such a condition would have inflationary results, and would create conditions of financial hardship for owners and builders. Moreover, instead of increasing the number of new houses it would likely decrease them, on the ground that two unfinished houses add nothing to our stock of houses whereas one completed house does.

It was foreseen from the outset that the defence production would be concentrated in a number of areas and that special steps would have to be taken to provide additional housing in these areas. Under the circumstances the government considered that it had three important obligations: (1) to give prospective home owners an opportunity to complete the 60,000 odd units already started;

(2) to direct special emphasis to housing for defence production areas; and (3) to protect prospective home owners against unduly high costs.

Even before the large defence preparedness construction program got under way, strong demands stimulated competition for materials and lengthened profits to builders. In view of this, Central Mortgage and Housing Corporation decided to relate its level of loans to costs prevailing at January 1, 1950. That this step was effective is evidenced by the fact that although the theoretical cost index for small houses rose approximately 25 per cent, the average sales price rose only by 15 per cent over the same period from January 1, 1950, to the present time.

However, as I said before, it was clear that starts at the 1950 level could not be completed; nor would this general high level of starts enable the government to give special emphasis to housing for defence areas without draining away materials required for the defence construction program or for houses for the civilian sector. Moreover, mortgage money available from lending institutions through the channels of the National Housing Act was becoming increasingly tight, largely because of the fact that more attractive investment opportunities were presenting themselves elsewhere to the lending institutions. With a limited amount of funds earmarked by the lending institutions for mortgages under the National Housing Act at the statutory rate of 5 per cent there was the danger too that, with the prevailing rate of applications, virtually all mortgage money budgeted for 1951 would have been allocated during the first half of the year with little available during the last half. All these factors added up to the prospect of a most disorderly situation.

Although the flow of mortgage money from lending institutions through the channels of the N.H.A. was dwindling there was an ample supply of money available generally for investment purposes. It was argued by some that the facilities of the N.H.A. were thus not necessary. Under the circumstances, if the government had wanted to use housing as an anti-inflationary weapon, it might have been logical to discontinue entirely joint operations under the N.H.A.

There seems to be a general impression that the volume of residential construction in Canada is solely dependent on financing made available under the N.H.A. This, of course, is far from the case. Notwithstanding its wide application, the N.H.A. has never financed as much as 50 per cent of new residential housing units, nor do I think that anyone would wish for a condition whereby all houses built were dependent upon financing under the act. At the same time, I believe it is generally held that the N.H.A. has played a valuable role. It has established standards of housing, building codes, and community planning; it has served to increase levels of loans, establish mortgage practices, and otherwise facilitate, regularize, and regulate the house-building industry. The government therefore was most reluctant to see the pertinent sections of this act suspended entirely. It did feel, however, that it had an obligation to Canadians, and especially prospective home owners, to warn them of the difficulties they were likely to encounter and, at the same time, to take some action which would serve to emphasize this warning. Accordingly, on February 5, 1951, I announced that the government had decided to suspend the additional one-sixth loan which you will recall was made available for those cases where the sales price was considered to be fair and reasonable. It will be remembered, however, that notwithstanding this change, starts continued at a higher level than last year until May, 1951, largely because of outstanding mortgage commitments. By May a shortage of funds from lending institutions developed because higher interest rates in other fields were diverting money from N.H.A. loans to other investments. It is to be noted that the suspension of the additional one-sixth loan had little or no effect upon the number of loans made because all available mortgage money was being taken up on the lower basis.

By mid-1951, the high interest rates prevailing elsewhere made the 5 per cent rate provided under the N.H.A. unattractive to lending institutions, with the result that the joint loan provision was virtually inoperative. The government's concern with the social and economic importance of housing was such that it decided to increase the interest rates under N.H.A. in order to keep joint operations under this act alive. Accordingly, in June the government introduced an amendment, which this house approved, increasing the interest rate under the joint loan section of the N.H.A. from 4½ per cent to 5 per cent, with the rate to the lending institutions being increased from 5 per cent to 5½ per cent.

Around mid-1951, the situation respecting building materials and construction capacity was still very tight but increasing production was easing the materials situation, with the result that in some areas there seemed to be minor surpluses. On a national basis, however, Canadians were still building houses up to the limit of capacity, materials, and mortgage money available and there were—as there still are—spotty shortages. But, having in mind the improved materials situation in

a number of localities, we encouraged an expansion of operations under section 35, the dominion-provincial section of the N.H.A., and Newfoundland, Nova Scotia, New Brunswick, Ontario, Saskatchewan, Alberta, and British Columbia showed increasing interest. You will recall that about this time Ontario announced an initial program of 5,000 units, to be expanded at a later date, and other provinces came forward with proposals indicating their intention to build low-rental projects. This operation would have imposed a charge against available materials, and this had to be taken into consideration because the small amounts of materials showing up as surpluses in some areas would not have been sufficient to cope with the number of units being discussed under this section.

By late September, long down payments, increased prices, together with a number of other factors, had caused a substantial reduction in starts. Among the factors that have a bearing on house-building are availability and cost of serviced land; availability of labour and materials and others. Only Newfoundland and New Brunswick had housing projects under way under section 35 and the defence construction program was not absorbing all the materials anticipated, chiefly because of shortages of a few vital materials. I should at this time interject a warning that the heavy defence construction program will in due course hit its peak and will exert a tremendously increased demand for materials. At any rate, it now seemed clear for the first time that there were building capacity and some materials that might be used for housing, especially for defence workers. Therefore, in accordance with the government's undertaking to parliament to keep the problem under constant review, with a view to giving Canadians the opportunity to build houses up to the limit of building capacity and materials available for the purpose, and to give special emphasis to houses for defence workers, I was able, on October 5, 1951, to announce improved loans which should encourage a higher level of starts.

Under this new arrangement, houses for certified defence workers in plants designated by the Minister of Defence Production will be financed so that the certified worker may build or purchase a house from a builder on the basis of a down payment of 10 per cent under the terms of the N.H.A., providing for amortization not in excess of 25 years. A certified defence worker means a person certified by his employer to be engaged in the production of defence supplies in a plant designated in whole or in part by the Department of Defence Production as a defence plant. Defence workers will have priority for such houses, but in the event that the builder does not find a defence purchaser, then the house may be sold to other than a defence worker, and the mortgage loan will be 80 per cent of the agreed sales price. In the event of a builder being unable to sell a house to a defence worker in the first two months, and to a person other than a defence worker in the following three months, central mortgage will be prepared to purchase the house from the builder at 95 per cent of the agreed maximum sales price. Those builders who wish to avail themselves of this guaranteed purchase price by Central Mortgage will pay a premium of one-third of one per cent on such purchase price. In addition, Central Mortgage will make loans under the rental insurance plan for housing to be rented to defence workers. Maximum rentals will be established and shall have effect for five years, during which period all leases and renewals shall be limited to certified defence workers. These rental units may be rented to others only if defence worker tenants are not available. Loans for such rental insurance projects will be on an 85 per cent basis.

To the extent that mortgage financing is not available from lending institutions for defence workers, Central Mortgage and Housing Corporation will be prepared to make direct loans. The Minister of Defence Production will from time to time designate defence plants to which these special housing arrangements are applicable. Plants of the type likely to be designated by the Minister of Defence Production are A. V. Roe, Malton; Dowty, Ajax; Light Alloys and Cockshutt Plow, Renfrew; Canadair, Cartierville; and Sorel Industries, Sorel.

To facilitate more housing units for those other than defence workers, N.H.A. loans will be 80 per cent of an agreed maximum sales price, and the rental insurance plan will be reinstated on an 80 per cent basis. An example of typical financing for a five-room bungalow is:

Agreed sales price	$9,000.00
Buy back at end of five months ..	$8,550.00
Premium for buy-back	$ 28.50
Loan on sale to defence worker ..	$8,100.00
Loan in event of sale to a non-defence worker	$7,200.00
Present basic loan on Jan. 1/50 lending value	$6,000.00

The agreed sale price provision is added in an attempt to control undue price increases as a measure of protection to the prospective home owner.

The increased rates of loan will not be available with respect to those houses already sold. For houses in the course of construction or completed but not yet sold, the additional

loan will be made available upon request by the lending institution concerned, and subject to agreement with respect to the sale price.

As I indicated before, section 35 was added to the National Housing Act in 1949 to give to all three levels of government the opportunity to do something about building houses where they are most urgently needed. This section was the result of consultations with all provincial governments and it contemplates houses for sale or for rent on an economic or subsidized basis. There are many problems, especially at the municipal level, and despite the efforts of the federal and some provincial governments, the results —except in the cases of the governments of Newfoundland and of New Brunswick—have, in the over-all, not been as great as might have been hoped. Nevertheless, there are two public housing projects now actually under way: 140 units in St. John's, Newfoundland, and 88 units in Saint John, New Brunswick. About twenty additional projects are still in the negotiation stage and eight land assembly projects have been undertaken to provide serviced lots in areas where housing is limited for this reason. I am glad to be able to report that activity with the provinces is increasing and although conditions today are not conducive to large volumes of subsidized public housing, I think a long-term pattern has been set, accompanied by an increasing number of examples of what can be done.

Pending development of circumstances which would enable the government to embark upon a general policy that would permit defence workers to obtain homes, special needs have been met in certain instances where Central Mortgage and Housing Corporation has acted at the request of the Department of Defence Production to start units at Haley's, Sorel, and Renfrew. Moreover, we are pressing ahead with married quarters for armed services personnel, and Central Mortgage and Housing Corporation expects this year to start approximately 4,000 units for the Department of National Defence.

Last year there was a record of over 91,000 housing units completed in Canada. Completions for 1951 will not fall very far short of that figure. Earlier I stated that, in so far as it was within the capacity of the government to influence the construction of houses, we would see to it (a) that people who had started houses would have an opportunity to complete them; (b) that special emphasis would be given to the building of houses where they are most urgently required for the development of the defence program; (c) that Canadians would have an opportunity to build houses up to the limit of building capacity and materials available for the purpose; and (d) that the government would take what reasonable steps it could to protect home owners against undue increases in the cost of houses.

It has taken a little time to bring the problem to this degree of manageable proportions. Throughout its course during this very difficult period, the government, by adjusting its policies to meet conditions, has lived up to its obligations, with the result that it has guarded against undue increases in the cost of houses, it has enabled people to complete houses they had started, and it has enabled Canadians to build houses up to the limit of building capacity and materials available for the purpose. And now it has taken additional steps to carry out its intention, announced earlier, to emphasize housing in defence production areas and to encourage housing generally.

The housing problem is a great one and it is an important one. Canada's population is growing. More houses are needed. No one today claims that as many houses are being built in Canada as are required, but I do wish to join with those who have seen house-building activities in cities from one coast to the other in saying that a great effort is being made.

The government is well aware of the continuing need and, as already stated, will continue to attach a high order of importance to housing and emphasize it to a degree second only to the direct defence program itself.

Mr. Fleming: Will the minister permit a question?

Some hon. Members: No.

Mr. Winters: I have just another few moments.

Flexibility has been the keynote to the government's approach to this important problem, and I reiterate what I have said on previous occasions—the problem is being kept under continuous review and every effort will continue to be made to see to it that Canadians are given an opportunity to build houses up to the limit of building capacity and materials available for the purpose.

Mr. Fleming: Will the minister permit a question now?

Mr. Winters: Yes.

Mr. Fleming: What is to be the government's policy with reference to granting priorities for building materials for house building?

Mr. Winters: With respect to houses for certified defence workers the government will undertake to see to it that adequate supplies

of materials are made available. At the present time, no system of allocations or priorities has been planned for other than defence workers' houses.

Mr. A. J. Brooks (Royal): Mr. Speaker, I am sure we were all pleased indeed to hear the statement of the minister with regard to housing. It is one of the great problems in Canada today and has been for a number of years. I understood him to say that the problem was not so great—or that is what I took from his remarks—in the province of New Brunswick and in the province of Newfoundland. That is quite understandable, I think, in our part of the country, considering the fact that a great number of our people are leaving New Brunswick and I know of a great many houses that are being vacated.

Mr. Winters: Mr. Speaker, I think I should correct the hon. member. I did not say that the problem was not great. I said that those two provinces, Newfoundland and New Brunswick, have gone further than the other provincial governments in doing something about housing under section 35 of the National Housing Act.

Mr. Brooks: The implication, of course, is that the problem is easier for them, I think.

Mr. Winters: No, not at all. That is not a fair deduction.

Mr. Brooks: As a matter of fact, it is easier, Mr. Speaker. I know that for a fact, because we have a great many vacant houses not only in my own town but throughout the whole province of New Brunswick, owing to the fact that people are leaving.

At this time, Mr. Speaker, I would compliment the mover and the seconder of the address in reply on their speeches. I did not have the good fortune to hear either of them, but I have read their remarks. While congratulating movers and seconders has become more or less a matter of form in this house, nevertheless the speech of the mover and of the seconder is usually his maiden speech. Knowing how difficult it is for one to speak, especially for the first time, in the House of Commons, I am sure these gentlemen deserve credit on that point alone if not on others.

The hon. member for Yukon-Mackenzie River (Mr. Simmons) spoke with great pride about his constituency in the northern part of Canada. We all realize, of course, that the northern section of this dominion is exceedingly important, not only to him but to every member in this house.

I was also pleased with the reception which Their Royal Highnesses have received in the various cities and towns in Canada they have visited so far. As yet they have not visited the maritime provinces, but I can assure them and this house that they will receive there as affectionate a welcome as they have received or will receive in any other part of the country.

The speech from the throne mentions old age pensions. This matter of course has had the approval of all members of the House of Commons. In my part of the country we are greatly concerned as to just how we are going to raise the money for the payment of old age pensions for pensioners between the ages of 65 and 69. We realize that this is not such a great problem in some of the other provinces, particularly Ontario, Quebec, Alberta and British Columbia; but it is a great problem for the poorer provinces, and it is going to mean a considerable hardship so far as raising the money is concerned.

I was also interested in the announcement in the speech from the throne that our Prime Minister (Mr. St. Laurent) had recently consulted with the President of the United States on the vital importance to the security and economies of both countries of proceeding as rapidly as possible with both the seaway and power phase of the St. Lawrence project. I am sure that this project will be of great benefit to the central parts of Canada, and no doubt it will be of much benefit to the western farmers who hope to ship their wheat at a cheaper rate through the development of the St. Lawrence waterway. Still it is something which I do not believe will accrue to the general benefit of all the people of this country.

It will be of great benefit to many parts of the United States. The state of New York will benefit greatly, as will also many of the other states; but there are states, as there are provinces in Canada, which will not benefit. Fortunately those states in the United States not benefiting have great influence and great power, and by their voices and votes were able to exercise influence in Washington sufficient to hold up the approval by congress of the St. Lawrence waterway. The provinces in Canada which will not be benefited have not the influence that these states in the United States have in that connection. I do feel that it is hard to believe that the Canadian government should embark on such an immense scheme as this without more adequate investigation. So far as the benefits and non-benefits of this project are concerned, I do not think that the government has considered every section of the dominion. I do not think that they have considered what effect it will have on the economic conditions of all sections of this

country. I suggest that a thorough investigation should be made, because while it may bring great benefit to the people of the central provinces it may mean just the opposite to the people of the maritime provinces and to some other parts of Canada. Before the government enters into this development of the St. Lawrence waterway it should make a thorough investigation into just what the result will be on the economy and the living conditions of the people in all parts of the country.

There are certain questions which I think the people of the outlying provinces have a right to ask. I took these questions from the Halifax *Chronicle* of a few weeks ago. They read as follows:

1. Why should the money of the whole dominion be used or its credit pledged to provide vast amounts of additional power for the province of Ontario and the state of New York?

That is one question which in fairness I think we have a right to ask. I continue:

2. What is going to happen to the industry of the country at large if this additional and tremendous centralizing force is brought into play?

We know what is happening now; we know what has happened in the past. In the central provinces hydroelectric power is much cheaper than it is in some of the outlying provinces, with the result that manufacturing has been centralized in these central provinces. Here the government is again promoting an enterprise which will mean still cheaper power for Ontario and Quebec and which I believe will work still greater disadvantages to some other provinces. I think the third question is a fair one in these times when we are told, as the minister who just took his seat told us, of the great scarcity of materials for building and so on.

3. Where are the materials to come from to carry out the project, the steel and cement, already in such short supply that necessary and modest projects must be abandoned for lack of them?

That is a question in which all the people from one end of Canada to the other are interested. Then there is a fourth question which I have added myself.

4. Will there be assistance given in developing water power in the maritime provinces?

I might mention such waterways or water developments as the Quoddy and others. I think that, in all fairness and justice to the people of the maritime provinces, if hundreds of millions of dollars are to be spent for the development of the St. Lawrence waterway, if it is to be developed, as it will be, to our disadvantage, we as a part of Canada should be given some consideration in the development of the waterways in our own provinces. The Passamaquoddy development has been approved by President Truman, as has the St. Lawrence waterway. Sometimes we feel it is because we are small that our voice does not amount to much in the House of Commons or in the country, and therefore we are neglected; but I do hope that the government, in considering these matters, will also consider some compensation for the money which we shall have to pay to assist in this development.

I might say, Mr. Speaker, that the attitude of the maritime provinces in this matter, as it has been in all matters in the past, is not one of hostility. We have always played our part in the development of this country, as we always shall. We have helped to build great railways from the Atlantic to the Pacific; we have helped to build the canals, and we have played our part in every way in helping to build up Canada, and we are still willing to do so; but we do feel that other parts of Canada should help in some way to build up the maritime provinces, or any other section of Canada which requires assistance. After all, we are one country and one people. I do not believe that any country can prosper unless every section of it is prosperous. My deskmate refers to the matter of defence. He and I and others have mentioned that many times. We have always borne our share of the defence of the country, and we always shall, and we have been very proud of it.

The speech from the throne does mention the building of the causeway and the bridge between Cape Breton island and the mainland of Nova Scotia. The hon. member for Cape Breton South (Mr. Gillis) also referred to it. I think he said it was 50 years since it was first mentioned. I know I have heard of it practically all my life. As a New Brunswicker I am pleased that Nova Scotia is getting this public work. It will not be of much benefit to us in New Brunswick. As a matter of fact I do not think it will be of any great benefit to us. It will benefit Nova Scotia, and because of that we are very pleased indeed.

There is one matter which is not mentioned in the speech from the throne, and I am very much surprised that it was not included. It was the hon. member for Fraser Valley (Mr. Cruickshank) who brought the matter before the house yesterday in a question he asked the Minister of Veterans Affairs (Mr. Lapointe). This was his question:

Will the government make a statement at an early date in connection with the increase of basic pensions for veterans?

To that question the minister replied:

I have received inquiries touching upon this matter from various members of the house.

I am satisfied that every member has been and is interested in the matter. The minister continued:

In answer to the hon. member for Fraser Valley, I wish to say that the government has been considering all veterans legislation and the advisability of appointing a committee, and an announcement will be made at an early date concerning the same.

As I said a moment ago, I am surprised that this matter was not included in the speech from the throne. It surprises me that the minister waited until the house was in session, and that the matter had to be brought to his attention before he made an announcement. Veterans all across Canada have been pressing for action for some time. All hon. members know that it came before the house at the last session.

I have always contended that matters connected with veterans affairs, and the estimates of that department, are among the most important to be considered at each session of parliament. To my mind they are so important, and have been of such importance for the past number of years, that I and many other members have requested time and again that a permanent committee be set up, so that each year we might consider questions connected with veterans affairs. I regret that the government has not seen fit to accede to this request.

We were pleased to learn at the last session of parliament that a special committee would be set up to discuss veterans problems, but we were greatly disappointed that two of the most important matters confronting veterans, matters which were giving them great concern, namely the increase in the basic rate of pension, and the war veterans allowance, were not to be considered by the committee on veterans affairs. It was obvious to us when the motion was placed before the house, and when the terms of reference to the committee were made known, that these two important matters would not be considered. At that time I moved in the house an amendment which would have included war veterans allowances. Hon. members will recall what happened: My amendment was voted down.

On more than one occasion during the sittings of the committee members of opposition parties requested that the terms of reference be referred back to the house, so that these matters might be given consideration. Our motions in committee were voted down. This was disappointing to us, but even more disappointing to the thousands of veterans across Canada. When they were told that there would be a veterans affairs committee in 1951 they had high hopes. There had been no such committee since 1948. In the meantime many problems had arisen affecting veterans, and they felt that, now that a committee on veterans affairs was being set up, those two important matters, matters which come to one's mind at once, namely the increase in the basic rate of pension, and the war veterans allowance, would be considered.

The Canadian Legion and other veterans organizations had previously submitted to the government briefs concerning these and other important problems. I think they emphasized that the two problems to which I have referred particularly were the most important, and that they should be considered. Certainly they expected they would be considered by our committee, and we expected that as a committee we would be given every opportunity to consider these veterans' recommendations.

The pressing problem confronting veterans, as it confronts most people in Canada, is the high cost of living. In the simplest terms, living costs have rendered utterly inadequate the existing financial provision for disabled veterans and their dependents in Canada. If we take the period 1935-39 as the norm, we see that in that time a married veteran received $100 per month for the maintenance of himself and his wife, and that at that time the cost of living index stood at 100. Today the pensioner receives $125 a month, but the cost of living index is around 190. This tremendous increase in the cost of living, without any increase in pensions or war veterans allowances, has caused an appalling drop in the living standards of this most deserving group of our Canadian citizens. Indeed the living standards of a good many people have gone up, while those of the pensioners have gone down.

It was also suggested by the veterans organizations which appeared before our committee that the wage index should be used as a barometer of living standards, and that it should be a factor which would receive consideration in connection with an analysis of pension legislation. It will be recalled that when the Pension Act was first put into force the two norms upon which pensions were based were, first, the cost of living and, secondly, the wages of ordinary labour. Members of the Legion and of other organizations appearing before us pointed out—indeed it was unnecessary to do so, because we knew it—that the cost of living index had risen from 100 to, at that time, 180, and, now, 190, and that the wage index upon which the original pension was based had gone up to something like 250 to 260.

When the pensioners asked for this increase in the basic rate of pensions and of war veterans allowance it was obvious to all of

them that they were making a fair and reasonable request—and a request of which I suggest the government should have taken cognizance and upon which it should have acted at the last session of parliament. The government may act upon it now; I hope it will, and I feel it should. A committee should be set up at this session and these questions should be considered. I feel that every member with a sense of justice will agree with me in this.

However, we have already lost five or six months. If it is due the pensioners today, as I say it is, then it was due them six months ago, and the committee set up at that time should have dealt with the matter. However, it did not, so that I hope we may deal with it now. What was the answer by the government for the solution of these problems I have just mentioned? It will be recalled that a supplementary grant was made to unemployable pensioners. This meant the introduction of a new principle into pension legislation, that of need instead of right. Instead of an amendment to the Pension Act and the War Veterans Allowance Act we were given item No. 650 in the supplementary estimates to consider which provided $2 million or more as assistance to unemployable veterans who were in receipt of pensions. It was to be given to single pensioners whose disability was 35 per cent or more, and to married pensioners with a disability of 45 per cent or more. All below that received nothing. We were told by the officials of the department that some 6,000 veterans would be benefited, 6,000 out of 162,000. The record shows that the opposition members voted against that while it was supported by government members with the exception, I think, of one.

Mr. Green: Nobody.

Mr. Brooks: I am informed that no one on the government side voted with us and I stand corrected. No one objects to this help being given to veterans who were unemployable, but what we did object to was the principle being established, that of need instead of right. This was an entirely new principle in veterans legislation and we felt it was humiliating to all the war pensioners of this country.

We pointed out that with an increase in the basic rate of pension and an amendment to the War Veterans Allowance Act the unemployable veterans would have been looked after and the unemployment supplement would have been unnecessary. Some pressure was brought to bear on members by its being said, "If you vote against this you are voting against assistance for men who need it most." As I say, we pointed out in the committee, as I point out here now, that if the basic rate of pension were increased and the War Veterans Allowance Act amended these unemployable pensioners would have been looked after.

I do not think it would be out of place for me to pay a well deserved tribute to the two great veterans organizations of this country. I have been a member of the veterans affairs committee for a great many years and I have seen these men as they came before the committee time and time again. I was able to compare them with the representatives of the veterans organizations which appeared before the United States congress. Pressure groups came before congress and demanded the last ounce from the legislators. Our veterans have never done that. They have always been fair and statesmanlike in making their representations. Naturally they have always given first consideration to their comrades, and that is what we would expect them to do, but they have never forgotten to be fair and reasonable with the Canadian public and the Canadian taxpayer.

Last year was no exception. These leaders of the Canadian veterans came before the committee and pointed out, as I stated a few moments ago, that the terms of reference were too narrow. They asked that the committee should first request the house to broaden these terms. In spite of the fact that this item 650 in the supplementary estimates would benefit some 6,000 of their comrades, these men decided that they would have nothing of it. They did not consider that that was a proper way to help these men. They were absolutely certain that it was not fair to the great majority of Canadian veterans and pensioners.

There were other matters dealt with by the committee and in all fairness I must say that they were dealt with in a way that was of benefit to the veterans. It was agreed that there should be an increase in allowances to widows and children and this was covered by an amendment to the Pension Act. There was an amendment with respect to the benefits paid to members of the Canadian forces in Korea which received unanimous support. Amendments to the Veterans Business and Professional Loans Act were agreed to, as were also the suggested amendments to the Veterans Insurance Act and the Returned Soldiers Insurance Act. All these matters were considered as being necessary for the benefit of the veterans and were approved unanimously by the committee as being good legislation.

I want to repeat that apart from those positive benefits which were received by the veterans, the work of the veterans affairs

committee at the last session of parliament was most disappointing to the opposition members and I believe to all veterans outside the house. We were disappointed that we did not have an opportunity to deal with fundamental matters such as I have already mentioned. The hon. member for Cape Breton South referred this afternoon to the increase in pensions made in 1948. I was on the committee which sat that year and I remember the representations that were made. The committee recommended an increase of 25 per cent which the government granted. There was no question of unemployability at that time. That increase was granted because there had been an increase in the cost of living and it was felt it was due to the veterans.

If I may be permitted to use the word, I remember that there was some chiselling in regard to this matter. The first recommendation we got from the government was for a 10 per cent increase. That was treated with scorn by every member of the committee. Then they came back with the recommended 16⅔ per cent increase. That was not adopted by the committee although it received favourable consideration by many of the government members. I moved that the increase be 33⅓ per cent. Events have since shown that such an increase would have been more than justified.

In any event we compromised on a 25 per cent increase, which was granted. The point I wish to make is that all through the meetings of the 1948 veterans affairs committee there was no mention at all of unemployability. The only basis upon which the increase was granted was that of right. The Minister of Veterans Affairs (Mr. Lapointe) has insisted that this unemployability supplement does not involve a means test. We argued that out in the committee as it has been argued out here in the house. I have always contended and still contend that he is entirely wrong. It definitely involves a means test, both economic and physical. Veterans with under 35 per cent pension for single men and 45 per cent for married men will not partake. Recipients of old age pensions or superannuation will not share in it. The pensioner must be unemployed and unemployable, his disability being a contributing factor.

I do not think it is necessary to labour this matter any further. We are now sitting in a fall session of parliament. We have the opportunity to correct a wrong which I consider was done at the last session of parliament, and I say it is the duty and obligation of the government to set up the veterans affairs committee and allow the members thereof to discuss these problems, something that is very necessary as far as veterans across Canada are concerned. There are many other matters in the speech from the throne which I should like to discuss, but I will have an opportunity to do so at a later date.

Mr. Bona Arsenault (Bonaventure): Mr. Speaker, the mover and the seconder of the address in reply to the speech from the throne, the hon. member for Beauharnois (Mr. Cauchon) and the hon. member for Yukon-Mackenzie River (Mr. Simmons), deserve very sincere congratulations for their excellent contribution to this debate. May I also compliment the Speaker of this house on his recent success in mastering the French language. Not only do we French-speaking Canadians find a new pleasure in conversing with His Honour in French since his attendance at Laval university summer school; we now stretch our enjoyment to the extent of attempting to find some traces of French accent whenever His Honour addresses the house in the English language.

I wish at this time to draw the attention of the house to a problem which is not only of vital interest to the population of the county of Bonaventure, which I represent in this chamber, but also to the whole of the Gaspe peninsula and the maritime provinces. I refer to the conservation of our Gaspe salmon fishery, the protection of the Atlantic salmon fishery of eastern Canada. On the shores of Bonaventure county and the whole of the south shore of the Gaspe peninsula many small farms provide but a bare living for their owners' families. Accordingly many farmers are obliged to look elsewhere for the money to clothe and educate their children. Many harvest pulpwood from their wood lots. Others find various jobs in the bush, but those living along the rugged seacoast or tucked away in tiny fishing villages take a hand in the fisheries.

Among these the Gaspe salmon fishery is of special interest because it is about equally divided between a purely commercial fishery and a sports industry. Atlantic salmon, as we all know, provide the world with one of its choicest delicacies, while at the same time it is undoubtedly one of the world's most celebrated fresh water sporting fish. For centuries, Mr. Speaker, famous men have angled for this fish all the way from the coast of Spain right around the north Atlantic to the northeast coast of Canada and the United States. For centuries also farmers of Bonaventure county, the Gaspe peninsula and the

gulf of St Lawrence have carried on the business of catering to angling enthusiasts while hundreds of professional fishermen in the same areas battle for their livelihood year after year by setting their own shore nets in order to forward to the markets their share of this delicious Atlantic salmon, better known the world over as Gaspe salmon.

In the most pleasant job of angling, as much a sport as a business, the cash crop is not the fish but the fisherman. The angler works hard and pays cheerfully for that privilege with his vacation dollars, for always in his heart is a love of the out of doors and the hope of catching the big one. In the fine art of angling all men, great or small, stand on equal terms with the wary salmon, and on the light tackle used a strong fish is given an even break, a sporting chance for liberty. Commercially, however, salmon are trapped in coastal waters in strong nets. Shore nets came to the Baie de Chaleur and the gulf of St. Lawrence with the earliest settlers, but offshore drift netting dates only from about 1920, after modern food packaging and mechanical refrigeration had given the demand for fresh salmon an international rather than a local character. At first the total commercial catch due to drift netting increased rapidly until around 1930, when it began to fall off again. It fell off to the extent that during the past ten years the combined take of shore nets and drifters has averaged about the same as that of shore nets alone before 1920.

I wish to point out to the house that this is a most serious problem which must be dealt with without the least delay, for it could mean the extinction of our Atlantic salmon fishery. Depletion of the salmon stock has brought a crisis to the sports industry. For years sportsmen have spared no expense to preserve their hobby. Through the fish and game protective association they have paid high rentals for angling privileges for a few weeks on the waters they protect. Furthermore, they assume full responsibility for additional heavy outlays to protect the homing salmon. This not only relieves taxpayers of the cost of stream protection but in addition creates many jobs. The salmon sports industry thus produces more total income than does the entire commercial fishery. Meanwhile the protection it affords benefits the commercial fishery, for a salmon river is the nursery of natural undersea food forms. Angling, therefore, is not a heavy drain upon the salmon stock for the Atlantic salmon fisheries but is, on the contrary, its best friend and protector. Yet today, Mr. Speaker, excessive drift netting is undoing the years of work of the sports industry. Recently, for example, drift netters have been making unusual hauls of the large salmon known to frequent only certain famous club waters, the best protected rivers along the Baie de Chaleur. At the same time anglers on these rivers and shore netters along the coast have suffered the most disappointing season in the memory of man.

The possible effect of this can be judged from recent figures. In 1950 the commercial fishery, mostly drift netters, killed seven times as many salmon as were caught by the sportsmen. The figures in pounds are as follows: commercial fisheries, 3,861,000; sport fisheries, 559,000. The sports industry produced more total income than did the commercial fishery. The figures in dollars are as follows: commercial fisheries, $1,617,000; sports industry, $1,913,000. In fact, the average commercial return per pound of salmon was but 43 cents, while that of the sports industry was $3.43, a ratio of eight to one.

This waste of a valuable natural resource is the result of the salmon's migratory habits. As most of us are aware, early in May of each year the salmon appear off Newfoundland. Here they promptly encounter the drift netters based at nearby Port aux Basques. The salmon which escape these drift netters seek out one of the four established routes followed by them in travelling to their home rivers. About two-thirds of the run heads west toward the mouth of the Miramichi river in New Brunswick. Here they mill around near the surface awaiting favourable water conditions before heading north along the coast to the Baie de Chaleur, and thence to the rivers of the south coast of the Gaspe peninsula.

At the mouth of the Miramichi approximately one hundred and fifty drift netters' boats are based during the fishing season. They fish at night with gill nets, each of which is three quarters of a mile long and twelve feet deep. Since this tackle is costly, the loss of a net in bad weather is serious. Because of the falling off of the salmon run in recent years, this fishery has produced little real profit. However, the failure of the salmon run is less critical here than in the sports fishery or in the shore netting industry, because of other fish such as cod, mackerel, haddock, lobster and so on which the drift netters find in abundance. Even the complete suspension of salmon drift netting could hardly create an immediate crisis. In fact in the long run it would pay dividends in increased catches. Those salmon which escape the Miramichi drift net fishery work their way along the coast to their home rivers. Here they encounter other obstructions such

as industrial pollution, logging dams, log jams and poachers. It is almost a miracle that, in the face of so many obstacles, some salmon reach the autumn spawning beds. Yet to maintain the stock in top condition every river must regularly receive all the spawners it can properly accommodate.

This fact can be utilized to restore the Atlantic salmon fishery to maximum production. What wise leadership can do to restore a completely ruined river is shown by the story of the Matane river in the province of Quebec. Here two paper companies went so far as to revise their logging methods, and to instal a new type of fishway around their dams to help the fish upstream. Meanwhile, young salmon were planted by the attendants of a provincial hatchery. In time mature salmon began returning to the river, until today it is open to the public for angling under local daily leases. This recovery was facilitated by the fact that Matane river salmon do not encounter the critical Miramichi drift net fishery. Upon arrival in the gulf of St. Lawrence, they proceed direct to the north Gaspe shore by a separate route. Yet however successful the Matane program has been, the problem of the Atlantic salmon fishery cannot be solved through local effort alone. The provinces of Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland all have a vital interest and the federal government should be deeply concerned.

In 1937 and 1938 the problem of reduced catches of salmon on the Skeena river in British Columbia was investigated by the fisheries research board of Canada. The biologists immediately found themselves confronted with many problems. Instructions were issued to find the answers if possible by the fall of 1948. By 1949, more then ten years afterwards, the first phase of the investigation was completed, and some definite conclusions were reached. One of the main conclusions is to be found in an article appearing in the *Canadian Geographical Journal* of August, 1949, written by A. L. Pritchard, now the director of conservation and development services of the federal Department of Fisheries. It reads:

> The decline in the case of the sockeye, in the opinion of the investigators, was mainly attributable to the commercial fisheries. The fishery was also considered to have been operative in reducing the spring and chum from their original abundance.

In the same article at page 66, I find that the most important recommendation suggested by the investigators was as follows:

> The provision of more spawners through the reduction of the commercial catches appeared to be one of the most important and quickly effective devices in any attempt to restore the run.

> This might include such things as shortening the fishing season, lengthening the weekly closed periods, and restricting the areas in which nets may be set.

To be fair, Mr. Speaker, I must state that the Miramichi and Port aux Basques drift netters are probably not the only ones to blame for the decrease in the catches of the Atlantic salmon in the rivers of southern Gaspe and Bonaventure counties, but they do share a heavy responsibility. Because of this fact the federal Department of Fisheries has for a number of years restricted the licenses for drift-net fishermen in the general Miramichi area, and has also carried out a policy of not expanding the number of licences for shore nets.

The federal Department of Fisheries recognizes that it is a very critical and difficult situation and one in which not only the federal department is involved but also the five eastern provinces of Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland. Owing to the seriousness of this situation a co-ordinating committee on Atlantic salmon was formed in 1949, composed of representatives from the federal Department of Fisheries and from the five eastern provinces above mentioned.

The first official meeting was held in Ottawa on November 3, 1949, when the name "co-ordinating committee on Atlantic salmon" was adopted. The terms of reference were finalized, whereby all proposed policies on research, regulation, statistics and development shall be submitted to the committee for review, and the provinces are encouraged to co-operate with the federal government in completing existing gaps in the knowledge of Atlantic salmon. Four subcommittees were formed to deal with the problems arising under each of the principal topics mentioned above. During 1950 further meetings were held on February 2 in Fredericton, New Brunswick; on June 21 in Lunenburg, Nova Scotia; and on October 31 in Quebec city.

While this committee is undoubtedly performing a very useful task and is doing excellent research work, what is urgently needed in order to restore our Atlantic salmon fishery is immediate action. It is no time to analyse the causes of the disaster when a building is on fire. What is needed is drastic action while the co-ordinating committee is performing its duties. And to prompt immediate action to conserve the Atlantic and the Gaspe salmon fisheries before it is too late, two decisive measures are necessary:

(1) The suspension of the Port aux Basques and Miramichi drift-net fisheries under federal control, until the breeding stock is restored.

(2) The setting up of a commission with wide executive powers, representative of the provinces concerned and of the federal government, to take immediate co-ordinated action in order to restore the Atlantic salmon fishery.

Those two measures cannot be expected from the co-ordinating committee on Atlantic salmon as it is now constituted. There should be a full-fledged commission instructed to recommend joint emergency action to be taken, pending the publication of the report of the co-ordinating committee which can only be made available many years from now, at a time when the Gaspe salmon might be a thing of the past. In the case of the Skeena river investigation, mentioned earlier in my address, it took from 1937 until 1949 for the investigators to reach some conclusions and make recommendations. In the critical situation of the Atlantic salmon fishery, as it stands today, we cannot afford to wait that long for conclusions, recommendations and action.

In certain instances where it may be found that anglers over-fish the rivers they have under lease, restrictions should also be imposed upon them by provincial authorities. But generally speaking and under normal conditions, angling and shore netting alone can never destroy our Atlantic salmon crop, while hit and run drift netters can and will destroy it unless something is done about it immediately.

Mr. Alistair Stewart (Winnipeg North): Mr. Speaker, I returned to Ottawa with a full and complete knowledge of what my constituents wanted and expected; and I am sure many other hon. members did likewise. In my own constituency of Winnipeg North there is still a serious and sincere desire to have in Canada a federal bill of rights which will protect the liberty of the individual citizen and will protect the minorities of this country from the use of arbitrary and oppressive power. There is amongst the people whom I represent a desire for national health insurance; for as we protect the individual in his civil liberties, we must also protect his physical liberties. In a democracy it must be understood that the individual has as much right to good health as he has to a good education.

The people of my constituency are worried about the housing situation in this country; and they received little, if indeed any, reassurance from the statement made this afternoon by the Minister of Resources and Development (Mr. Winters). Cabinet ministers now and again have a capacity to delude themselves which is unparalleled. When the Minister of Resources and Development told us that the government had lived up to its obligations with regard to housing, that was an utter travesty of truth. I remember 1945, when every Liberal member in this country was promising housing at a few dollars a month. What is the situation today? In my city if you want a small flat of three or four rooms you have to pay $70, $80, $90 or $100 for it, while no provision at all is being made for the average person in this country whose wage is about $45 or $46 a week. The minister stated that increased housing in 1951 would have inflationary results. I am not going to argue with that statement. Conceivably it could be true. But he estimates that 85,000 houses will be completed this year. Most of them will be of the wrong type, because the houses we need in Canada this year, and almost every year, are for those in the low income brackets. What we find today is that people who can pay $10,000 and $12,000 as a down payment on a house are able to get the accommodation they need; but as I say, people whose average wage is $45 or $46 a week are completely out of the picture. Those are the people whom we are here to represent. I would have been much more pleased had the government put a ceiling on the cost of housing construction, in this sense: that they would have forbidden the construction of houses costing more than $15,000. Then we could have built up to 85,000 or 90,000 units of housing under that amount in Canada. What we have to get is a still further relaxation in the restrictions which have been imposed. In view of the improvement in the materials situation, about which the minister talks, I think it is time that extra one-sixth loan should be re-instituted.

There are two other matters of perhaps even more pressing importance to my constituents. One is the international situation. In a debate such as this not to discuss it is something like seeing Hamlet without the prince. Nevertheless, in view of the statement which was made today that we shall have a full debate on the international situation shortly, I intend to say nothing about it at this moment. Rather will I concentrate on the other matter, namely, the cost of living.

The policy of this government seems to be deliberately calculated to destroy the incentive to save amongst the people of Canada, and also to destroy their savings. Not only are savings being destroyed, but there is a constantly lowering standard of living in this country. Yesterday the leader of my group, the hon. member for Rosetown-Biggar (Mr. Coldwell), told us that when he was in a bank he saw a girl enter and proceed to cash $200 worth of bonds, for which she got $198 or $196. But the facts of the situation are that when you translate those dollars

into purchasing power she really got only a little more than $100; yet she had paid over $200 for her bonds.

I noticed that yesterday in replying to the hon. member for Vancouver East (Mr. MacInnis), who asked why prices are going up, the Prime Minister (Mr. St. Laurent) said, as reported at page 41 of *Hansard*:

> Because there are people who have money they would rather not keep than get the thing they can obtain at a high price.

I mentioned this a year ago in a speech when I said that the fiscal policies of the government were such that people realized a dollar was better invested in goods than left in the bank to draw interest. When people see that the money value of the dollar is constantly declining they are going to buy goods, because goods will have some validity in a situation such as this. Therefore the government's policy is encouraging the inflation we see.

What were the suggestions which were given to us in the speech from the throne? There are two paragraphs, neither of them at all satisfactory. We are told:

> The anti-inflationary measures already in force have checked the upward trend of prices of goods and services affected by their operation.

That is an extraordinary statement. I hold in my hand the *Canadian Statistical Review* for the month of September, and it gives the cost of living index. We are told that the upward trend of prices has been checked. The June figure was 184·1; the July figure was 187·6; the August figure 188·9. Lest the members of the government take any refuge in the figures of the wholesale price index, may I say that they are no better, and are just as significant. For June the wholesale price figure was 242·7. The July figure, the last one I have, was 244·2, which makes utter nonsense of statements such as those in the speech from the throne. We are told:

> The concern of our people over the rising cost of living resulting from international and domestic inflationary pressures is fully shared by the government.

Well, by the amount of inaction which is apparent one would never know it. We are told:

> Every measure will be taken which my ministers believe will be effective in counteracting inflation without impairing our free institutions.

What are the actions which are being taken? Well, first of all thousands of dollars of money are being squandered on the radio and in newspapers urging people to be thrifty, when these people have nothing at all to be thrifty with. The Minister of Finance (Mr. Abbott) told the women of this country to cut down on the things they buy. They are compelled to cut down on the things they buy because they have no alternative. I hold in my hand the financial statement of Canada Packers Limited, which came to my desk recently. The Minister of Finance tells the women of Canada to cut down on the things they have to buy, yet when I look at the statistical table in this financial statement I find that the people of Canada bought less meat per capita in 1950 than they bought in any year since 1941. I find in the same report a statement by the president of the company, Mr. J. S. McLean, as follows:

> When purchasing power is high (as at present), North American housewives have a strong preference for beef, over other meats.

Why the president of the company made that statement in view of the tables which are appended to the report I do not know. He says that when purchasing power is high, as at present, the North American housewives prefer to purchase beef, but in 1950 the average per capita consumption of beef was 50.5 pounds. We have to go back to 1933, a depression year, to find a year when it was as low. Not only was less beef eaten last year than in any year since 1933, but last year the per capita consumption of mutton and lamb in this country was the lowest for the last generation, which again seems to make nonsense of Mr. McLean's statement.

I want to go back to the concrete measures which the government are suggesting. As a matter of fact in the speech from the throne there is only one measure. We are going to have some legislation to stop the fixing of resale prices. This may be done by an amendment to the Combines Investigation Act or by a separate bill. I presume the Minister of Justice (Mr. Garson) will introduce the bill. I imagine that every time that the Minister of Justice hears the word "combines" he shudders as though he were frightened. He has reason to be. When I remember the debate we had two years ago on the combines legislation and what the Minister of Justice did, I still think he was very lucky indeed to have spent Christmas in the bosom of his family rather than in the bowels of a penitentiary.

Now the government is going to stop resale fixed prices. They are not new. We have known about these prices for many years, but suddenly the combines investigation branch is going to get active. How wonderful! It acted with great speed, with great celerity this summer. In Winnipeg we had a situation where a bakery workers' union, finding that a store was cutting bread prices and fearing that as a result the living of its

members would be jeopardized, rightly or wrongly attempted to cut off supplies to that store. The citizenry of Winnipeg stopped them. But within a matter of days this combines investigation branch of ours was on its toes. It stepped into the picture and seized the union's books to find out if there was something illegal there. I suppose one must commend them for that; yet for years, as we have known in Winnipeg, as the Minister of Justice has known as a resident of Winnipeg, we have had price fixing all over the place, and it has been drawn to his attention.

In my hand I hold some extracts from the minutes of the Winnipeg city council. It is understood that the Combines Investigation Act provides that the commissioner, whenever he has reason to believe that a combine exists to fix prices, may make such inquiries as he deems advisable. I am going to take several price fixing examples over the years. In 1945 the city of Winnipeg asked for tenders for insulators. The Canadian Ohio Brass Company and the Canadian Porcelain Company tendered, and both offered precisely the same tender, namely $229.50, for whatever unit it was that was needed. Then, in October, 1946, further tenders were asked for high voltage insulators, and we find again that the Canadian Ohio Brass Company and the Canadian Porcelain Company made identical tenders. What had been interesting now became coincidence. In January, 1949, when tenders were asked for heavy electrical insulators, the Canadian Ohio Brass Company quoted $237.50 and the Canadian Porcelain Company $237.50 per hundred. What started out as a matter of interest and had become a coincidence was fast becoming a habit, the sort of habit which leads one to believe that here was a combine existing to fix prices. The combines investigation branch could apparently ignore that but when a small union attempted to do something the branch thought was illegal, it very rapidly seized the books.

Then there are other examples affecting other companies, and this has been known to the government for some years. In May of 1940, when a tender for 50-kilowatt transformers was asked, both Northern Electric and General Electric quoted a price of $434.85. Again in November of that year General Electric, Filer-Smith and Northern Electric quoted $346.12 for a 37½-kilowatt transformer, and in May of 1946, when street lighting equipment was required, the minute of council stated—

> For each class of equipment the companies quoted identical prices.

For 5,000-volt PILC cable Northern Electric, Canadian General Electric and Canada Wire and Cable all quoted identical prices. Surely that is proof positive that a combine existed to fix and maintain prices. However, no action was taken against those companies. Perhaps they were too big or too powerful; it was so much easier to proceed against someone who was weak. In May of 1947 the record of city council states that since the price of cable among Canadian manufacturers was identical, the contract was given to Canada Wire and Cable. On October 6 the minute of council states:

> Tenders dispensed with; all Canadian manufacturers sell their meters at the same price.

Apparently the combines investigation branch did not know these facts. In May of 1948 for power and control cable, Northern Electric, Canada Wire and Cable, Canadian General Electric and Automatic Electric quoted precisely the same price of $5,518.50. On November 1, 1948, for weatherproof cable, Canada Wire and Cable, Canadian General Electric and Northern Electric quoted the same unit price of $41.83. Finally, in July of 1951, for power cable, Automatic Electric, Canadian General Electric, Northern Electric, Canada Wire and Cable and Canadian Conduits and Fittings all quoted the same price of $14,340. Surely this is far beyond the point of coincidence. On that occasion one of the younger, and certainly one of the most competent of the city aldermen, Alderman Orlikow, introduced a motion asking that the combines branch be asked to investigate this whole matter. In this case it had to be brought officially to the attention of the branch. I am still waiting to find out what has happened. I hope the minister may be able to make a statement upon his return. He is absent on official business today, but upon his return he will understand that we people of Winnipeg want an explanation.

Now, we have the government at last making up its mind. It is going to proceed against this evil of price-fixing. It is an evil it has known about for many years: Why is it doing this today? Is it doing so because it is a matter of principle, or is it opposed to price-fixing? Well, it may be, but it has never shown that in the past. It is proceeding today, not as a matter of principle, but as a matter of expediency. After all, I find so often that Liberal principles are other people's expedients.

And so we are going to have this—the only piece of legislation before us—in an attempt to do something about the cost of living. It may conceivably affect five per cent of the goods which enter into the cost of living index but I doubt if it will do much more.

We ask the government what policy they have to reduce the cost of living, or at least

not to allow it to become higher. The answer is that they have no idea; they are sterile. In fact it has been said in many places that they have stuck their heads into the sand, and thus have shown the barrenness of their understanding. The unhappy fact is that the government has no policy. I believe the government has not the faintest idea of what it should do, or how the people of Canada are suffering; and many of them are suffering most acutely.

The group I wish to discuss particularly are the veterans of Canada, and I hope every member in the house speaks about them. A few weeks ago I had an invitation to speak to the General Sir Sam Steele branch of the Canadian Legion. There I was received with great courtesy and, indeed, I spent a very pleasant afternoon. Unfortunately, however, I had to disagree with the chairman of the meeting, who leaned over backwards in his attempt to be fair. He said it was not his intention to put me on the spot. I saw no reason why I, as an elected representative of the people, should not be put on the spot; and the more often members of parliament, members of legislatures and of city councils are put on the spot by the people, the better our democracy will be. We must always remember that those who are putting us on the spot are the ones who are paying our wages. The chairman also said that the problems they wanted to discuss were old problems. Well, in a sense they may be as old as history; but penury, want and poverty are found too frequently today. Wherever people suffer those afflictions, these problems must be regarded as current and as pressing. Unhappily many of our veterans find themselves in that condition.

Now, under what conditions do we give veterans pensions in this country? In the first place there is an assumption that the pension of a veteran shall have some relationship to the earnings of unskilled labour. There is no such relationship today, however. I would be the first to agree that our veterans' legislation a few years ago was excellent, and among the best of its kind. But due to the government's decision to allow the cost of living to rise, the pension has no relationship at all today to the earnings of unskilled labour.

There is another basis, however. It is that the pension is to be compensation for injury or hurt received while defending us in this country, and while defending freedom. So we can see right away that there is a different basis for pensioners than for any other group. Many Canadians joined the armed services. Some of them were fortunate; they expended five or six years of their lives in the defence of Canada. We can never give them back those years. Some were less fortunate. They lost limbs, or lost their vision, or lost their health in the defence of Canada. We can never make up that loss to them. Then there were those who lost everything and, I believe, died in the hope that a grateful country would at least look after their widows and orphans. The obligation we owe to the veterans of Canada is a moral obligation, and it is one we dare not shirk. We have a moral responsibility to them, in the sense that we can never hope to repay a man who risks his life to save our necks. We have a moral responsibility in respect to those who were injured in any way on our behalf and are now unable to work, in that they must not be allowed to suffer because of that sacrifice.

That being so, the duty we owe to the veterans of Canada is a duty of honour. But under present conditions the government is defaulting, due, I submit, to its own fiscal policy. Its policy, in effect, has been to cut down the value of the pensions which veterans are receiving. Yet the veterans of Canada have never asked for favoured treatment at the expense of any other group. True, they have asked for an increase in pensions, but an increase which would be fair, an increase which would be legitimate. If it was right and proper that a married veteran in 1939 should get $100 for complete disability, then it is equally right and proper that a married veteran today should have the equivalent of the purchasing power of the $100 of that year. But such is far from the case. All that has been given to the veteran in the last few years was that which was given in 1948, when there was an increase of 25 per cent in the pension. Consider what this increase of 25 per cent means to one who is wholly incapacitated and receiving $125 per month. With a cost of living at 125 that might be fair enough, but with a cost of living at 190 it is worth only $66 and is therefore iniquitous. On that basis his food dollar is worth fifty cents; his clothing dollar is worth sixty cents and if the poor devil wants to build a house, his building dollar is worth forty-five cents. That runs through the whole scale of pensions, not only to those completely disabled but to those who are partially disabled. The veterans ask for a 33⅓ per cent increase in their pension, and they have a right to do so. That is a right which cannot be controverted. It may be argued, although the veterans pointed out the fallacy of this, that in many cases this increase would mean only an additional $1.50 or $2 per month. If you are earning only a few dollars a week another $1.50 a month means that you can buy milk for one child for at least one week.

When we consider the situation we can only come to the conclusion that the veteran pensioners of this country are being cruelly treated. We are informed by the Toronto welfare council that today a single individual needs $93 a month on which to live, while a married man without children needs $153. What then is the position of the veteran who has lost everything and who is receiving only $125 per month for a 100 per cent disability pension? It is nothing less than shocking to contemplate.

When we take the figure entering into the government's cost of living index we find that out of his $125 he must pay $78 for food and $40 for rent, or a total of $118. That leaves him only $7 in a month to cover all other exigencies and expenses. How can he do that? How can he possibly live on that? He cannot do it; and the result is that he cuts down on food and living quarters in an attempt to live like a human being.

During the war years we said that we owed a debt of gratitude to these men. We were prepared to do anything for them so long as they would save our necks. Could there be anything more base than to allow that gratitude which was exhibited during the war to become wiped out by the passing of time? The obligation we owed to these men at the end of the war exists today. What I have said about pensions applies equally to war veterans allowances. Today the government is paying $40 to single men and $70 to married men, and the Legion is asking that the single rate be increased by $10 to $50 while the married rate be increased to $100. Even that sum will not permit them to live today.

Two or three years ago we began to hope that a better policy was being enunciated by the government when the then minister of veterans affairs (Mr. Gregg) said in May, 1948:

> Those who have suffered as a result of death or disability from war service should be adequately compensated.

If that was true then, it is equally true today. It is the duty of this government on behalf of the people of Canada to look after the welfare of our veterans. If these veterans find that they are still faced with a callous refusal to do anything to help them, the day will never come when they will forget; certainly they will never forgive such treatment.

Mr. G. S. White (Hastings-Peterborough): Mr. Speaker, I should like to join with those who have spoken before me in congratulating the mover (Mr. Cauchon) and the seconder (Mr. Simmons) of the address, and also to join with those who have expressed gratification at the splendid recovery being made by His Majesty the King. I should like also to join with the people of Canada in expressing appreciation of the visit of Their Royal Highnesses The Princess Elizabeth and the Duke of Edinburgh. It seems to me that the enthusiastic welcome extended to this couple throughout the country has been an ample demonstration to the world of the freedom and unity of the British commonwealth of nations which, in my opinion, is held together to a large degree by our loyalty to the common crown.

I should like to deal with veterans affairs for a few moments. I concur in the remarks of the previous speaker in so far as veterans affairs are concerned, and also those made earlier this afternoon by the hon. member for Royal (Mr. Brooks). Like many others in the house I was disappointed that no mention was made in the speech from the throne of an increase in the basic rate of pension or in the war veterans allowance. It is true that when this matter was brought to the attention of the minister yesterday he stated that veteran matters were being considered by the government, as well as the advisability of setting up the committee, and that an announcement would be made in a short time. Those of us who were here last session, and most of us were, will recall that a committee on veterans affairs was set up. If it is the intention of the minister to set up a committee on veterans affairs this year I suggest that he do not restrict the terms of reference as they were restricted for the previous committee. The hon. member for Royal has reviewed the debate which took place in the house on the restricted terms of reference and also what happened in the committee when an attempt was made to have the terms broadened.

Various briefs were presented to the committee by the Legion and other veterans' organizations, and they must have impressed upon the minister and the government the fact that the supplementary estimate introduced last year of $2 million was not acceptable to the Legion or the great majority of veterans and various other veterans' organizations. This supplementary estimate read:

> To provide financial assistance after the thirty-first of May, 1951, in accordance with regulations to be made by the governor in council, to unemployable veterans who are in receipt of pension under the Pension Act for a disability which is a major factor contributing to their unemployability.

The Legion has expressed the opinion that this supplementary item has introduced the means test into the administration of pensions. That has been denied by the Minister

of Veterans Affairs (Mr. Lapointe) and other members of the government, but in my opinion this new procedure does introduce the means test. During this session this house will pass legislation dealing with old age pensions under which the means test for persons over seventy years of age will be removed; yet in the spring session a means test was introduced for the first time as far as veterans are concerned. It is often said in this house that veterans' pensions are a matter of right. They are given by statute and they should not be made the subject of a means test. A pension is only a small payment for services that have been well rendered. Speaking yesterday about veterans affairs the leader of the opposition (Mr. Drew) pointed out that the needs of those receiving military pensions should be a first claim upon the government. In the committee last session, as the house well knows, we were not permitted under the terms of reference to deal with pensions and the War Veterans Allowance Act. It had always appeared to me most unfortunate that in 1948, when an amendment was made to the Pension Act whereby the basic rate of pension was increased only 25 per cent, the government did not see its way clear to accept the motion made by the hon. member for Royal (Mr. Brooks) under which the pension would have been increased 33⅓ per cent. After all, at that time the basic rate of pension was only $75 a month for a single man, and naturally the 25 per cent increase was figured on $75, not on $100.

That committee after many interviews, and after hearing many officials from various departments, especially those from the bureau of statistics, decided that the same basis would be used to set any increase that had been used at the end of the first war, namely, a figure from the cost of living index and some figure with respect to the amount paid labour in the common labour market. Certainly they were not putting veterans' services on a very high scale when they were to be paid on the basis of the amount of wages paid in the common labour market. At the time the basic rate was set the cost of living index was about 160, and some of the officials who appeared before the committee expressed the hope that the index would remain only temporarily at that level, that in all likelihood it would recede, and therefore it would be most unfair to use an index of 160 in arriving at what the basic rate of pension might be. They pointed out that once the rate was set it would never be decreased.

If we take the basic rate of pension at $75, as it existed in 1939 when the cost of living index was at 100, and then take the cost of living index as it stood at the time the basic rate was changed in 1948, which was 160, and bring it into line with the wages then paid to the common labourer as shown by the officials of the bureau, the pension would have been increased a great deal more than was being asked for, 33⅓ per cent. These veterans are not asking for anything of a charitable nature or anything in the nature of a handout. They are simply looking to their legally elected members of parliament who deal with these matters to see that their rate of pension is placed on a proper basis in accordance with the conditions that exist today.

It appears to me that many of the old practices that existed prior to the last war with respect to soldiers receiving pensions are creeping back again. I refer to veterans who today receive small pensions for 5, 10, 15 or 20 per cent disability. Many of them are being called in to the district offices. Many of the departmental doctors have become quite expert in finding that the disability has disappeared or has greatly improved, and the pension is reduced 5 or 10 per cent. It seems to me that in many cases the medical officials in the district offices pay little if any attention to the findings of the veteran's family doctor, nor do they pay much attention to what the veteran may say as to how his disability may effect his earning a living. It seems to me that too often, although the veteran is not altogether given a brush-off, the attention is not paid to him that should be paid in deciding whether or not his disability has increased or decreased. Of course if a case is taken up by the veteran's member of parliament then surprisingly enough in a number of cases there is quite a proper adjustment made. As I have often said before in the house, surely it should never be necessary for any veteran to have his member of parliament take up with the pension board any claim concerning a pension.

Every member of the house can recall cases in the past where the medical officers of the department have been entirely wrong, and some have been most shocking cases. In fact only this week I had occasion to write to the chairman of the pension board about a most distressing case in my own district where I am more than satisfied that the medical officers of the district office are entirely wrong. It seems to me that the medical officers are too much concerned with penny pinching. If there is to be any penny pinching why should it involve the veterans? I would say to the Minister of Veterans Affairs (Mr. Lapointe) that if all other departments of the government were as anxious to save pennies as they are in the pensions and war veterans allowances offices, many millions of dollars a year would be saved for the

taxpayers of Canada. When the minister speaks perhaps he will tell the house what is being done about the committee that he announced in the press would be set up to investigate certain charges made by the Canadian Legion with respect to Sunnybrook hospital. When the minister gives that information perhaps he will also tell the house what other branches or services, if any, of his department will be investigated by the committee.

Mr. Lapointe: Oh, oh.

Mr. White (Hastings-Peterborough): The minister can say "Oh, oh" if he wants to. If the minister wonders whether there is anything wrong all he needs to do is to attend a few meetings of the Legion.

Mr. Lapointe: I have.

Mr. White (Hastings-Peterborough): He will find out how much dissatisfaction there is with his department. He cannot laugh it off. He cannot brush it off. If he will go to the Legion meetings he will find out the great number of grievances there are so far as the pension department is concerned. I am speaking for my own district, and from what I hear from other members it is much the same in other districts.

The present high cost of living is hitting the veteran just as hard as it does anybody else. Whether the veteran has a small business of his own, is working on a salary or is purchasing his own home he is not especially concerned with the so-called cost of living index. He and his wife know only too well that it is impossible for them to make the payments on their house and buy the necessary food and clothing for their family, let alone have anything left for the so-called small luxuries of life or anything to save.

The government certainly did not help the veteran when the sales tax was increased by 25 per cent, or when an additional luxury tax was placed on many things which are not luxuries, such as electrical appliances and so on. Who today in Canada is going to say that an electric stove or refrigerator is a luxury? If these are necessities, why are they classed as luxuries and made subject to a tax?

In the speech from the throne there was a reference to certain legislation to be introduced. The reference is as follows:

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

I should like to ask the Minister of Justice (Mr. Garson) when he speaks in the house to tell us what investigations, if any, have been made or are being carried on under the Combines Act to ascertain whether or not a combine exists in the fixing of prices for such things as fuel oil, coal, gasoline, motorcars, electric stoves, refrigerators, washing machines and other electrical appliances. It seems, Mr. Speaker, that many people feel the prices of these commodities are entirely out of line with the cost of their production. It appears that someone is making huge profits. You can take an electrical appliance such as a stove or a refrigerator, which today retails for $300 or $400, and it certainly appears that the cost of the material, labour and so on does not nearly approach the retail price. I should like to know who gets the enormous difference between the two. The farmer, the white-collar worker, the Canadian on a fixed income, and the veteran are all looking to this parliament to do something about the high cost of living.

Yesterday my leader made this statement in the house, which appears at page 31 of *Hansard*:

> The situation is so serious that I am confident the government will receive support for any sound measures it may now put forward which show a real hope of tackling this problem effectively at this time.

I am sure every member will agree with that statement. I intend to support the amendment moved by my leader which reads as follows:

> We respectfully represent to Your Excellency that in the opinion of this house adequate steps should be taken to combat inflation and deal effectively with the high cost of living.

Mr. Henri A. Gosselin (Brome-Missisquoi): Mr. Speaker, it is a great honour for me to rise in this house and participate in this debate. My first remarks are in congratulation of the mover (Mr. Cauchon) and seconder (Mr. Simmons), who have performed their tasks so well in the name of the constituencies which they represent. I am sure that their constituents are proud of them.

I shall be brief in my remarks, Mr. Speaker, but I feel it is my duty to express my opinion, in the name of those whom I represent, upon certain subjects. Many measures which will come before us during this session are of the utmost importance to the future of our country. Each and every member of this house must give careful consideration to these matters, regardless of politics.

At the present time we have the honour of having in our country Her Royal Highness The Princess, who has been received with tremendous enthusiasm in each and every

district. We are also greatly pleased to hear that His Majesty's health has improved, and we ask the Lord that his recovery may be continued. I wish also to congratulate the Prime Minister (Mr. St. Laurent) who has so ably represented the people of Canada in foreign countries. According to reports he was received in European countries with dignity, and listened to with attention. His status as a statesman has been recognized, as well as his desire that liberty may be enjoyed by the people of all nations.

I shall not endeavour to go into detail concerning the meritorious deeds performed by our soldiers. We were extremely proud of them during the last two wars, and at the present time they are voluntarily showing the population of Canada and the world at large that we have a sincere desire for liberty amongst the nations. In saying this, Mr. Speaker, I want all members to realize that we must make sacrifices in order to help the United Nations carry out its purpose. Then our soldiers will realize that the Canadian people are behind them in the performance of their duties for the welfare of humanity. We are spending tremendous sums of money on national defence, but I am sure that every Canadian will discharge the obligation this government has placed upon him. It is the price we must pay to maintain the liberty for which we fought so valiantly in the last two wars.

Our veterans of the last two wars were highly honoured when Her Royal Highness The Princess visited this city a few days ago. I am sure the same honour will be accorded the veterans in other cities during this visit. I believe that each and every Canadian in this country is backing this House of Commons, which represents the Canadian people, in any effort it may make to maintain the high regard for Canada which exists throughout the world. This house will be asked to approve many important measures during this session, which I believe will prove to be one of the most important ever held. The world today is in a disturbed condition. Each and every country must act immediately, perhaps not with the success we desire but at least in an endeavour to carry on those principles for the future welfare of our people for which the United Nations stands. It is the younger element which we must protect for the future. This Canada of ours has a great future before it; and this future will be protected to the extent that the present government acts in all possible sincerity to maintain that for which we are fighting. Our younger element have their eyes on us; and it is their duty also to look to their representation in this house, to see that we prepare a future for them which will be prosperous and worth while.

Since the opening of this session we have heard certain remarks of reproach concerning the high cost of living. I am one of those who accept the high cost of living, having experience in the past as an administrator of the town of Farnham, Quebec, which I had the honour to represent as mayor for many years. I recall the hard times that existed in those days when there was an unemployment situation and when there existed no such buying power as exists today. We have heard complaints from various people and in newscasts, and it has become common talk in the street that it costs a great deal to live. I will accept the fact that the high cost of living perhaps exceeds the revenue in certain districts and territories. But we must remember that this government is preparing to face that over which no country has control, namely the future. The leader of the opposition (Mr. Drew) referred to the surplus which the Minister of Finance (Mr. Abbott) had at his disposal. I say to him that this has always been an important principle and I believe one that any businessman would adopt, namely to see that future contingencies in the way of expenses of which he is not at the moment aware are well taken care of. The Canadian people are accepting the principle of taxation on the same basis. When our bonds are put on sale to the public, they are bought immediately. Is that not sufficient proof that the Canadian people feel they have in the present government an administration which is looking to the future, when we may have hard times, as we have had in days gone by?

As to controls on various commodities, I immediately confess to you, Mr. Speaker, to this house and to the people at large in this country that I am not in favour of any control because I feel that the liberties for which we are fighting do not require control, which destroys the liberty we prize and for which we are fighting. Our Canadian people are honest. They require returns according to the administration of their business. There are different lines of control which might have been exercised; but at the present time, in the present circumstances, no one could have controlled or been aware of what would take place. It would be impossible today to impose controls on certain commodities which are necessary for life. We destroyed the black market through our principles of the day. We told our people that they could buy and have what was necessary without being exposed to black market conditions when we had controls. In our sister countries

we have the principle of control; and the example as shown under these principles should not be followed by the Canadian people. Therefore I believe the principles adopted by this government, with confidence in its people, are the ones we should follow, and that we should educate our people. And by the way, I must say they will be easily educated because the Canadian people have a conscience which cannot be destroyed by any organization or by any people in any other country. The people of Canada are well aware of what it costs a family to provide what is necessary for their table and I believe that they are acting in justice in selling their production so that each and every Canadian may be able to carry on that which is necessary in life. Is that not a principle of good administration? In my judgment the only just way to carry on is that which is being followed by the government under the leadership of our Prime Minister (Mr. St. Laurent).

We also have to look to the protection of our population. The present government instituted, in the last few sessions, social laws which should have been in existence long before. We have given to our younger element the family allowance which is administered throughout Canada, I believe, in the most efficient way possible. It provides for assistance to parents who are proud of their families. We have many social laws which we are carrying on and we should continue the principle, because it is an assurance that as it becomes impossible for one to continue in his way of living, he has a guarantee that there is something behind him which he paid for as a saving during the time when he was more prosperous. We have our unemployment insurance which prevented at a certain time not so long ago an excessive amount of hardship through unemployment. These small amounts the people have had were certainly of assistance in preventing hardship, especially in our larger families.

We are coming to what I believe to be one of the most important laws, and one which should have been brought before this house long before now. I refer to the old age pension legislation. The old age pension is a well deserved recompense for those who have built this country and who have increased its population, who have devoted themselves to each and every principle necessary to make Canada what it is today. As representatives of these people it is our duty to say to them: We recognize that it is time for us to give you that which you deserve, that which would make you feel proud and free of the hardships of the later days in life. It is not everyone who is so fortunate as to accumulate wealth or have the ability to save during the time in which he has been able to earn. That is something that cannot be controlled. I believe that every Canadian is sincere in the way he has carried on in life, in order to preserve that which he feels is necessary for his future. The present government, as was its duty, has established the principle of old age pensions without a means test so that at a certain age our old people would feel that they could live independently of charity, as the old age pension has been looked upon in the past. I have mentioned before in the house that to have the system of old age pensions regarded as charity was disastrous to the Canadian people. I am sure Canadians were not proud of that, and that our old people were not glad to apply for charity assistance. It was the duty of the government, which is administering the affairs of this country, to provide ways and means to grant our aged people a pension without a means test. It may be that they will ask us to subscribe a certain amount during prosperous times to build up the required amount. If we do that I am sure that the Canadian people will support this government, and they will be proud of our action. I believe every member of the house will look upon it in the same way, because that is the only way it can be done, so that those who are less fortunate than others may be able to feel that the amount collected will be pooled to establish the fund necessary to grant pensions to those who deserve them in the future. So far as the younger element is concerned I do not know what principle we will follow; yet I feel that there will have to be a contribution made to build up the necessary finances to obviate any financial trouble in the administration of the law.

We should also turn our eyes to the natural resources of this country. The natural resources of Canada are known and recognized throughout the world. It is recognized that we have immense, valuable property which Providence has given us. We should devise ways and means to develop our resources in the interests of the Canadian people. We should pass such laws as will ensure that this development takes place, so that an ever-increasing population may feel that in Canada they have a future. The immigration policy we have carried out in the last few years has been designed with that end in view. We have selected immigrants who we believe will be an asset to this country. We believe they will comply with Canadian laws, and that they will feel that on entering Canada they

are entering a family circle in which they may bring up their children in the fear of God.

Under these principles Canada should exploit the natural resources, which are its responsibility to develop, for the welfare of the Canadian people and for those who wish to come here as Canadian citizens. It is our duty to carry out these principles. I sincerely feel that the future prosperity of Canada has no limits. We are just starting to develop the natural resources which are at our door. We must take advantage of every possibility and if necessary ask our people to subscribe through taxation the amounts necessary to develop our resources. We have natural resources of oil, of gold, of copper and of minerals of all kinds which are lying dormant waiting for development. Who is to develop them? I do not think there is any organization other than the present government which can act and act immediately for the welfare of the Canadian people and the coming generation.

Canada stands high among the United Nations and throughout the world. The visitors who come among us speak of our high standing. They say that Canada is a paradise, and they openly speak of its hospitality. Visitors and tourists from different nations come and tell us that in Canada they find a country that in the future will be one of the greatest nations of the world. Providence has given us those natural resources, and I am sure that every hon. member desires to see them exploited. By so doing we will provide in Canada a home of comfort for each of us. At the same time there are hard times in certain sections. That is something which occurs after every disastrous war. I believe the present government will find ways and means to prevent hard times amongst the Canadian people. I am sure they will see that justice is done in the administration of the affairs of this country. At the present time we have a situation which is disturbing. We must find ways and means of preventing dissatisfaction amongst our people. I believe it has been the policy of all public men not to create disturbance, dissatisfaction and discouragement amongst the people. It is the duty of every Canadian to render justice to his neighbours and to carry out the principle of being a good citizen. We should so act that our people may feel that we have a country to be proud of. These principles are brought to our attention by visitors. We should be proud to distribute to those people who at certain times may come here any publicity which may be made available to us. We must seek to tell them what takes place in this country, as compared with what happens in other countries. We must point out to them the privileges we enjoy. We must act as a family, whether large or small, and work toward better understanding among all of us so that each member of the family will feel a sense of satisfaction and enjoyment with respect to the conditions under which it lives. The same principle should be followed in the House of Commons by hon. members from all the ridings. They must realize that it is their duty to tell of the advantages in Canada, to describe the satisfaction of living here and the preparations we make for the future.

I take great satisfaction from my association with the farming industry. Some may say that farmers are not prosperous. I will agree with an hon. member from western Canada who has said that differences may exist in returns of revenue, when those returns are compared with what we find in the east. However, I exercise my calling as a farmer, although I have had railroading experience. I look upon my activities on the farm with a great measure of pride, and as one who considers it an honour to till the soil. It is my view that the fundamental basis of prosperity in a country, as well as the guarantee of its financial stability, must be found on our farms. Today the farmer is part of a group in society which realizes its privileges and understands the advantages of experience gained on a farm.

May I congratulate the government upon its policy of farm development, with a view to bringing about an improvement in the condition of agriculture. I repeat that in my view farmers today are prosperous, in that they are receiving greater returns for the work they perform. It would be disastrous, however, if we failed to continue the assistance which has already been given to the farmers so they might have the necessary markets, thus making it possible to repay them for the labour they have expended. The Canadian population has seen fit to give reasonable protection to the farmer for the work he performs. I believe that protection must be carried forward, and that it may be done to an even greater extent by setting up refrigerating stations so that the product of the farms may be saved for a proper market, and thus bring about a better return for the welfare of our people. It is regrettable that in the past in some districts—and it still obtains in some places—at certain times of the year products of the farm had to be sold when the market was unfavourable. There was no way of conserving these products, and many times they were destroyed through exposure to the

weather. It is most necessary that the government look forward with the greatest of interest to seeing that things the farmers produce —and the production of which they would be prepared to increase—are protected for the market. Surely this would be one way of meeting the condition of inflation about which so much has been spoken.

I believe that additional production will have a most beneficial effect in bringing about a greater justice in prices. Let me say to the house, as on many occasions I have said to my constituents, that if the farmer can increase production while expending the same amount of work he can afford to sell at a cheaper price. At the same time he would receive a reasonable return for the work performed. On the other hand if he is expected to have his surplus production destroyed, due to lack of protection for his market or for his product, he is not encouraged to produce in future years. The farmer is looking to the government today to see that ways and means are provided whereby his product may be sold on the different markets of the world, and in those countries with which the government has had the advantage of negotiating treaties for the exchange of products.

Given a continuance of this condition I am sure there will be continued prosperity among our farmers. The products they make available to the working classes will receive greater protection, with the result that workers will feel satisfied in respect of the expenditure they must make for the maintenance of their families. The principle of helping agriculture could be developed also by giving further assistance to the farmers through the greater use of chemicals. This would bring about increased production and a greater return for the work they perform.

There are many subjects touched upon in the speech from the throne which could be discussed at length, and upon which hon. members could express opinions. I would speak in particular, however, of the suggestion that additional means of transportation be provided through the development of the St. Lawrence waterway system. If I were to give my support then, as a railroad man, I would be speaking against my own class of people. I feel sincerely, however, that in the development of a nation there are occasions when one should change his views so as to bring about speedy development and decrease the cost of transportation. It is well known that in Canada we have a first class system of railways, as well as a fine air transport system. Our waterways afford satisfactory means of transportation, and the oceans make it possible to take the produce of our country to other countries, as well as to import the products of those countries. Let us be proud of our railroad system because, as I have learned from literature on the subject, we have in Canada one of the most highly developed and most efficient transportation systems to be found anywhere in the world. Our two great railroad systems, the Canadian National and the Canadian Pacific, have worked side by side to provide efficient and comfortable transportation for a population of fourteen million. Other countries with three or four times this population are not able to enjoy such efficient and comfortable transportation. These railroad companies should be given the necessary support so they can continue to provide this type of service and be able to help in the development of those areas of our country which have considerable natural resources and which at present have no transportation facilities. I believe we should be proud of our railroad companies and other companies that provide other types of transportation.

Everything cannot be done in a day. There are many questions that come before this government. I think most hon. members will agree that we have jumped almost a century ahead with the developments brought about by the last two wars. It is on this basis that we must act, and act as soon as possible. However, the necessary time must be given to consideration of problems that affect the welfare of our people. I repeat that if we do not give our younger element the advantages to which they are entitled to prepare themselves for the future, our names will be remembered as we would not want them to be remembered. There is one matter that should be of great interest to all hon. members, the provision for those incapacitated by invalidity and sickness. Every man who possesses a heart filled with the principles which have been taught for generations past must realize that provision will have to be made for those who are so unfortunate as to suffer from infirmities which make them unable to earn their own living. I hope this government will consider ways and means to provide legislation at this session to take care of these people. I consider this one of the most important things before us today, even more important than old age pensions. These people feel that they are being left aside by the masses of the people. It is a dishonour to the country that their care should be left to charity.

Another question that should be considered is the education of our people. I repeat that Canada has a great future, but that future will be possible only if our population are educated. An educated population means a country with high standards. It is the duty of this country to provide ways and means

of educating the people so there will be sufficient technicians to carry on the development of our natural resources, so those natural resources will be developed in this country and not sent as raw material to other countries to be brought back in the finished state. We should not have to call upon the technicians of other countries to come here and take charge of our Canadian people.

Mr. Speaker: I must inform the hon. member that his time has expired.

Mr. Gosselin: I had intended to say a few words in French, but since my time has been exhausted I want to say to the French-Canadian people of the country whom I have the honour to represent that on another occasion I shall attempt to make known their needs in their own language. I hope that what I have said today will be taken as having been said in all sincerity. I believe Canada has a wonderful future, but that future will be preserved only so long as each and every Canadian is treated with equality.

Mr. George H. Hees (Broadview): Mr. Speaker, I want to associate myself with the speakers who have preceded me in this debate in congratulating the mover, Mr. Cauchon) and the seconder (Mr. Simmons) of the address in reply to the speech from the throne. I think they both did an excellent job, and the people in their ridings should be justly proud of their efforts.

Last summer, like most hon. members, I spent a great deal of time going around my riding and talking to the people whom I represent. I want to take advantage of this opportunity to tell the government what the people of Broadview think of how they are conducting the affairs of the country at the present time.

The people I represent are both worried and resentful. They are worried because ever-increasing prices make it impossible to make both ends meet. They are resentful because the government has refused to take adequate steps to control the ever-increasing rise in prices and keep the cost of living within reasonable bounds.

What my people cannot understand is how a government which, only a short time ago, was claiming that the price controls it had operated in wartime were a model of efficiency, and had saved the people of Canada $12 for every $1 expended in their operation, now stands idly by while prices climb higher every day. I talked to a great many housewives this summer, and I found that they resent bitterly being told by the Minister of Finance (Mr. Abbott) that they must reduce their standard of living when, at the same time, they read in the newspapers that business profits are at an all-time high. The minister suggests that working people should reduce their standard of living while corporations go on paying out larger and larger dividends to their shareholders.

I also talked to a great many workingmen, whose pay cheques are smaller now since the 20 per cent increase in the income tax has been in force, and the value of whose salaries has further been decreased by the 25 per cent increase in the sales tax. What these men cannot understand is why these taxes needed to be increased at all, because they have read in the newspapers that the expected revenue from both these tax increases is $283 million over a twelve-month period, while during the first five months of this fiscal year the government surplus has amounted to more than $500 million. If the government surplus continues to increase at this rate, it will amount to more than $1,200 million over a twelve-month period, or more than four times the amount that will be raised by the increases in the sales tax and the income tax added together. My people resent bitterly being overtaxed so that the Minister of Finance (Mr. Abbott) can produce a big surplus at the end of the year, and say "What a smart boy am I."

I also talked to many old age pensioners. I believe these people are in a really desperate plight, and how many of them manage to live at all is a mystery to me. The increase in the cost of living has reduced the value of their pension from $40 to $33 in the past two years, and its value is continuing to shrink every day. I think every fair-minded man or woman in this country believes that the old age pension should be increased to compensate for the rise in the cost of living.

Finally, I talked to war veterans, and I found that they were deeply shocked during the last session of parliament when the government refused to consider their appeal for an increase in their pension, while at the same time giving judges a substantial increase in both salary and pension. The excuse that was given for raising the salaries and pensions of the judges was that the increase in the cost of living made it impossible for them to live on what they were getting. A great many war veterans to whom I talked are wondering why salaries and pensions of appointees of the government must be kept level with the cost of living while they, who fought for their country and risked their lives, are told to tighten their belts.

Another thing which is very important to the people of my riding is the need for a universal contributory health insurance plan. I am very glad that the Minister of National Health and Welfare (Mr. Martin) is in the house at the present time, because now he

can hear what my people feel about this most important matter. What they want is to have a plan established so they can make regular contributions during their working years, and so avoid the crushing burdens which are now imposed by sickness and accident.

My people heard the Liberal party promise health insurance before the elections of 1945 and 1949, but when the elections were over these promises were conveniently forgotten. It seems to me that the government is now preparing to do the same thing for a third time. During the summer, on various occasions, the Minister of National Health and Welfare intimated that he was considering setting up a committee to examine the question of health insurance; not, mark you, at this session, but some time during the next year. The reason the setting up of the committee is being put off is obvious. It is so that the report which the committee would bring down, and on which the government would have to act, will not be produced until just before the next election. Then, once again, the promises of health insurance will come out in order to lure votes to Liberal candidates. If the Liberal party, by some great mischance, should happen to win the next election, the promises will once again be conveniently forgotten.

Now, why must this double-dealing with the people continue? The people of Canada want health insurance. In addition, the Canadian Medical Association is in favour of it, as evidenced by the statement of their president, Dr. Norman Gosse, while speaking in Toronto on May 25 last. On that occasion the Canadian Press carried the following report, referring to Dr. Gosse:

> He told the Ontario Medical Association that he favoured co-operation between citizens, doctors and government, in developing health plans. He said the Canadian Medical Association believes citizens should pay their own contributions, if able to do so, with governments bearing the cost for persons unable to contribute.

While speaking in this house during the last session, as reported at page 2297 of *Hansard*, I outlined why, in my opinion, the plan in operation in Great Britain today is unsatisfactory. I went on to outline a plan that has proved to be successful in Sweden and other European countries during the past 25 years. I believe that plan would do an excellent job for Canada.

The plan I suggested would not interfere with the present doctor-patient relationship, but would simply provide an easier method for people to pay their bills for the health services they received. It calls for the patient to pay 25 per cent of the doctor, dentist or hospital bill, with the remaining 75 per cent being paid out of a health insurance fund which is maintained by regular contributions from all the people who are able to contribute.

The 25 per cent paid by the patient removes the something-for-nothing aspect of the British plan, which has caused people who really do not need treatment to flock to the doctor's office. They have done so in such large numbers that the treatment they are able to receive is, of necessity, superficial. On the other hand the 25 per cent which the patient pays is not so much as to impose a severe financial burden on the individual or the family. It also ensures that the cost of the plan is kept to a minimum because only those who need treatment apply for it.

I believe one thing is abundantly plain, and that is that a health insurance plan is needed. The people say so; the Canadian Medical Association says so, and the Liberal government has said so before the last two elections. I believe the time has come to stop using health insurance as election bait, and then shelving it as soon as the election is over.

I have suggested a plan which has proven successful in other countries. If the minister finds objections to this plan, let him say what those objections are, and put forward a better plan. Six years have passed since the pre-election promises of 1945, and I believe it is about time the government began keeping faith with the people on this very important matter.

Mr. A. Earl Catherwood (Haldimand): Mr. Speaker, it is always a privilege to take part in this throne speech debate, a privilege which I have accepted on every occasion during the time I have been in the House of Commons. Different interpretations can, of course, be taken from the throne speech. I believe perhaps we can best interpret it by the lack of what it contains, rather than what is specifically mentioned in it.

We were particularly pleased to listen to the mover (Mr. Cauchon) and the seconder (Mr. Simmons) make some comments with which we could agree. The hon. member for Beauharnois (Mr. Cauchon) made a statement concerning the unity between the English and French-speaking races of this country. This is an important consideration, and I believe every member of this house is happy that it does exist. We were also greatly pleased to hear the hon. member for Yukon-Mackenzie River (Mr. Simmons) tell in glowing terms of the wonderful future that exists in the northern part of this country. Speaking as he did with the experience of many years in that part of the country, we can all agree that what he said will have great importance in the future development of Canada.

There are one or two matters now, Mr. Speaker, with which I should like to deal specifically. One of these is the cost of living, which has been mentioned already by so many speakers. We all listened with a great deal of interest when the Prime Minister (Mr. St. Laurent) spoke in this house yesterday. We all hoped he would have some concrete suggestions to make concerning this most important matter. We listened also with a great deal of expectation when he spoke over the radio on September 4, but we were somewhat disappointed because at that time he had no concrete suggestions to present to the people of Canada as to how to curtail the high cost of living. On that occasion he did, in a very excellent manner, pour oil on the troubled waters of inflation. At the same time we noted that the official cost of living index was announced, and it was 1·3 points higher. On that occasion the Prime Minister stated that the indirect controls and actions the government had taken were the only methods that could properly combat inflation. The experience of the months since that time has proven this plan to be most ineffective. It is true that the present policies of the government meet with a great deal of favour in the Department of National Revenue and the Department of Finance. It is very encouraging to report a healthy surplus in the cash account, but we must remember that this surplus was built up at the cost of hardship upon the people of Canada.

As was pointed out by my leader in his speech yesterday it was never intended that this budget, when presented to parliament, was to be used for the purpose which the Minister of Finance (Mr. Abbott) intimated just a few days ago when he said the surplus would be used to make payments on the national debt. This increased taxation was intended for defence against the menace of communist aggression, and for no other purpose. The Canadian people accepted these taxes with that understanding. One thing is crystal clear, Mr. Speaker, and that is that the sales tax which was designed to increase the revenue has built up this huge surplus. It works a hardship upon those people who are least able to pay. It has not been used for the purpose for which it was authorized by parliament. As a result it has been one of the main factors in the increased cost of living, and has contributed greatly to the inflationary spiral.

I do feel that the Prime Minister was quite correct when he said we must produce more and buy less; that is the fundamental principle upon which we base our economy today. I believe his statement is sound, but the government is not being consistent in its approach to this inflation problem when it allows a situation to exist which contributes to the very trouble they are so anxious to avoid. We have many indications of how this increased sales tax has added to the cost of living. For example, we could take motorcars. It has been mentioned already that in Canada we pay approximately 700 per cent more tax on a similar car than does a purchaser in the country to the south of us. We all know that an automobile is an essential part in our Canadian way of life. An automobile is needed on every farm and in every business. We do feel that this tax is exceptionally high.

I feel too, Mr. Speaker, that if this increase to 10 per cent sales tax were cut back by at least 50 per cent it would be a great step in relieving many thousands of people who are harassed by heavy taxes. I should like to refer to a statement made by the hon. member for Peace River (Mr. Low) when he spoke over the C.B.C. He said that it was right to leave an increase in Canada's industrial expansion for future generations, but that it was not desirable that that increase should be very great in so far as it was done at the uncompensated expense of the existing generation. I believe that is true.

I have also a comment made by the Winnipeg *Tribune* in which it says:

> Readers of the *Tribune* will recall that this paper has criticized the government continuously since last spring for the increase in the sales tax from 8 to 10 per cent at a time when this additional revenue was not required in order to balance the budget. We maintained then and still maintain that this unnecessary addition to the sales tax has been an important factor in adding to everyone's cost of living. It is our opinion that parliament should admit the error of its ways and wipe out the recent increase in the sales tax.
>
> Over a full year the boost of 2 per cent was calculated to yield an additional $125 million in revenue. Yet already, from all income sources, the government has a surplus of more than $500 million for the first five months of the fiscal year, better than $100 million a month. If Ottawa is really serious about checking the cost of living spiral, certainly here is a chance to demonstrate concern for the general consumer.

The sales tax structure in effect in Canada today gives every encouragement to inflation. When a dollar is worth approximately half what it was prior to the war, I feel it is the duty of the government to do something about it. I believe the course of the government in this matter is quite clear. Another serious situation that has risen as a result of government policies is the drastic reduction in tobacco sales, particularly cigarettes. As was stated at a meeting of the producers in southwestern Ontario, just one week ago today, even the bootleggers in that section are complaining that they have to reduce their price from $3.50 to $3.00 per carton.

That is a serious matter, when the bootleggers start to complain about the situation in regard to their bootleg sales. Those of us who represent constituencies in southwestern Ontario, particularly those that border on the United States, realize and can see with our own eyes what this importation, or least bootlegging, has meant—and what it will mean if it continues to exist—to the great tobacco industry that has been built up and which we must protect and maintain.

As was also pointed out by Mr. Lloyd Grant, who is a director of the flue-cured tobacco marketing association, one-half of the cigarettes that are smoked today in that area are of United States origin. A recent indication of the extent to which bootlegging is flourishing in another section of Canada was the seizure of a car outside of Montreal. The R.C.M.P. seized 288,000 cigarettes. It was estimated by the R.C.M.P. that the profit the bootlegger would get from that carload of cigarettes would be $1,500, and that he could still sell them for less than the cigarettes cost in Canada. We realize that once a set policy has been established, it is difficult for the government to change their regulations. But we also realize that it can be done. Recently, in fact at the beginning of this session, the Minister of Resources and Development (Mr. Winters) announced a broadened loan policy to bolster the faltering housing program. That policy has now been put into effect, and I see no earthly reason why the Department of Finance or the Department of National Revenue cannot make a change with regard to this tobacco question.

A delegation headed by the hon. member for Norfolk (Mr. Anderson)—and Norfolk is perhaps the centre of the tobacco industry in Canada; those people realized how serious the situation was—met the Minister of Finance in September of this year, when a firmly negative answer was given to them. They were told that nothing could possibly be done until the budget was brought down in 1952; and it was intimated later that even then no change might be made. This is a blow to the producers, at a time when the growers in southwestern Ontario are harvesting perhaps the largest crop of tobacco in the history of that section of our country. The government's decision in refusing to face the facts will have no other result than to strike a most serious blow at the tobacco industry of Canada. I cannot agree with the hon. member for Cape Breton South (Mr. Gillis) when he says he has no fault to find with these taxes. I think he will agree with me when he knows that the tobacco marketing board has indicated that the point of diminishing returns has already been reached on the basis of a 17 per cent drop in the sales of cigarettes in the month of June. It was shown that, on this basis, over the period of twelve months the loss of revenue to the government—instead of an increase—would be $8 million, with a corresponding decrease to the producer of approximately $4 million. It was intimated in the spring of this year that the sales would not drop, but evidence has proven to the contrary.

One of the worst features of the effect of this additional tax is the lower prices the growers will be pressed to accept in their negotiations with the tobacco interests and the tobacco companies, and these negotiations are under way at the present time. Before the budget of 1951 the federal tax was $10 per thousand. That tax was increased in the spring to $12.54 per thousand. In the United States the tax on cigarettes is $3.50 per thousand. We therefore have a difference or a spread in taxation of over $9 a thousand on cigarettes. At that time it was predicted that the United States government would raise the levy on cigarettes by three cents per package, but this action has not materialized. As has been pointed out by many of the leading papers in that section of Ontario, the action of the government in levying such an inordinate and discriminatory tax against the tobacco industry has resulted in a bitterness which is growing and which will become more apparent as the seriousness of the situation is realized.

There is just one other matter with which I should like to deal, and it has been mentioned by many other members of this house. I do not think we can stress it too strongly. I refer to the basic pension for our veterans. It was referred to by my leader yesterday, and by the hon. member for Fraser Valley (Mr. Cruickshank) and others when he introduced his notice of motion. I feel that hon. members should really take part and insist strongly that action be taken immediately in this regard. We feel that this is a matter of such great importance to the peace of mind and security of tens of thousands of our burnt-out pensioners across this country that the time has come when this government and this parliament must realize that we have a responsibility not only to the widows and the orphans of those Canadians who sleep in far-away lands, but to so many of the 165,000 disabled who are facing the future without sufficient income to provide their homes with the meagre necessities of life in this inflation era. Let it never be said of this parliament that we

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have failed in our duty to these our gallant veterans who gave so much that we as a nation might remain free.

I have discussed this matter with members of the Legion in my own home and at Legion meetings and I find, as I know all other hon. members have found, that these men are reasonable in their requests. They realize that the government has the responsibility of raising the money to meet its obligations. They understand that perfectly well, but they also realize that in this era of high costs the low basic income authorized under the Pension Act is totally inadequate; and while they are not asking for a large increase in the basic rate, they do insist that a fair and just amount, commensurate with present day costs, be immediately put into effect.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, it will be a source of some slight satisfaction to the people of Canada that just about every hon. member taking part in the opening debate at this session is dealing in some way with the problem of the high cost of living. I fear, however, that even that slight satisfaction will be nullified, so far as the Canadian people are concerned, by the stand taken by the government in refusing, as it has done, to inaugurate a program of price controls and subsidies.

Hon. members from the opposition side of the house have done their best to lay before the government the seriousness of this problem as it affects the ordinary people of Canada. From the government side of the house we have had an attempt to dissolve the problem by making comparisons with other countries; but after all, that does not take away from the Canadian housewife the difficulty she faces every day and every week. In addition to that, we have had some high-sounding phrases and statements from the government side of the house, particularly on the part of those who say that they do not want controls because controls interfere with our way of life. I suggest, Mr. Speaker, that the issue cannot be sidestepped in that way. The plain fact of the matter is that high prices and economic tyranny are interfering now with the way of life, the morale and the sense of security of the Canadian people. The whole question that faces us in this parliament is this: Are we to allow the people of this country to be the victims of blind economic forces, or are we to apply the principles of democracy to our economy and insist that it be run in the name of the people and for their well-being? It is, as I have already said, a problem that is very real to every sector of the Canadian people; and in my view it ill behooves representatives of the people in the parliament of Canada to stand here and suggest that there is nothing we can do to control otherwise blind economic forces.

I know there have been some suggestions from the government, but they are really of no value. References have been made to the anti-inflationary fiscal policies of the government, but their effect on the problem has been next to nothing. And when the Prime Minister (Mr. St. Laurent) referred to the one proposal that is to be laid before us this session, namely, the implementation of a part of the MacQuarrie report with respect to retail prices, even he admitted that it is not likely to make a very great dent in the high cost of living. Well, Mr. Speaker, I submit that is a position that should not be taken in a democratic parliament where we believe it is our duty and responsibility to concern ourselves with the things that affect the people whom we represent, and to do something about their problems

In fact, Mr. Speaker, I have that same sense of disappointment with respect to the amendment moved by the leader of the opposition (Mr. Drew). As my colleague the hon. member for Cape Breton South (Mr. Gillis) said, anybody could vote for it, even the Prime Minister. It is just an amendment that suggests that adequate measures should be taken, but the leader of the opposition failed to state any specific measures to deal with this problem. It is not as if the situation had never occurred before in the experience of the leader of the opposition. I know of at least two previous occasions when he has moved amendments in this house calling for something to be done about the high cost of living without suggesting any specific proposal. On each of those two occasions this group moved a subamendment to his amendment spelling out the specific proposals of price controls and subsidies. On both of these previous occasions the leader of the opposition subsequently took part in the debate and said that of course that was included in what he had in mind when he moved his amendment. Having said that on those two previous occasions, I for one thought that when he moved his amendment at this session, dealing with the high cost of living, he would this time come forward with a specific proposal. But, like the Prime Minister, he just thinks that something should be done about it and fails to measure up to the responsibility which rests upon people who claim to represent the electors of Canada to suggest positive measures.

It is in that spirit; it is because of our feeling of responsibility to the people whom we represent, and because of the way in which the people of Canada express their

views through Gallup polls and in other ways, that we have laid before parliament not just pious utterances but the specific proposal that there should be launched a program of price controls and subsidies so as to equalize the burdens that our Canadian people are being called upon to bear at this time.

The other day when my leader was dealing with this matter, and had occasion to refer to statements made about the price control program in former years by the Right Hon. J. L. Ilsley and others, one member from the government side interjected a question to this effect: What did Mr. Ilsley say two or three years later? I want to deal with this for just a moment, Mr. Speaker, because there does seem to be a tendency just now to spread around in an academic fashion the notion that the situation is different; that somehow the very people who administered the price control program during world war II, and praised it to the skies, now have a different view. Well, I for one do not think that either Mr. Ilsley or Mr. Gordon was talking with his tongue in his cheek when he said what he did back in 1947, let alone when these gentlemen said what they did during the course of the war years. I think they meant what they said as to the effectiveness of that program in dealing with the emergency situation at that time.

We are faced with just as great an emergency now. We are in a period when our people are being called upon to bear great sacrifices, and the tragedy of this present time is that these sacrifices are impinging upon our people with a great degree of inequality. One of the main reasons that we ask now for a program of price controls and subsidies is to equalize the sacrifices our people are called upon to bear.

Practically every hon. member who has spoken in this debate and has dealt with the question of the cost of living has presented to parliament and to the government the plight of particular groups. I think it is well that we do this, both for the sake of the groups on whose behalf we speak and as a means of indicating to the government how widespread is the problem. There is one group I want to speak about in addition to the references I shall make to other groups that every hon. member has referred to. In this instance I refer to the railway workers of this country.

Hon. members will recall that slightly more than a year ago we were meeting here in a fall session to deal with a situation created by the railway strike of August, 1950. As a result of the bill that the government presented to parliament on that occasion the railway workers were ordered back to work and their dispute with the companies was to be settled, if they did not settle it themselves within a certain period, by an arbitrator. Subsequently Mr. Justice Kellock of the Supreme Court of Canada was appointed as arbitrator and he settled the dispute with an award, a copy of which I have in my hand. I have had occasion previously to refer to some of the features of this award. Just now I shall refer to only one aspect of it.

When Mr. Justice Kellock awarded 7 cents an hour to the railway workers as of September 1, 1950, he pointed out that one of the reasons he chose that figure, or shall I say the reason he stopped at that figure, was that it was the maximum permitted by Bill No. 1 of the session of the fall of 1950. But Mr. Justice Kellock pointed out that on the basis of the relationship between the cost of living and the wages paid railway workers he should have been awarding them not 7 cents an hour, as at September 1, 1950, but 10·2 cents an hour. Now, Mr. Justice Kellock arrived at that figure because he did what my colleague from Cape Breton South referred to earlier in this debate. He accepted the 1948 wage and cost of living relationship on the part of railway workers as something of a norm, a standard that should be maintained. Both sides in the dispute had argued about that at the hearing. But the arbitrator accepted the contention of the railway workers that that 1948 relationship should be maintained, and therefore he pointed out that since the cost of living index on June 1, 1948, stood at 154·3, and had risen by September 1, 1950, to 169·8, or an increase of 10 per cent—I am talking now in percentages rather than in points—the railway workers required an increase of 10·2 cents an hour to maintain the same relationship they had in 1948; so when he gave them the 7 cents—and he says it in his report at page 42 of the mimeographed copy—he was giving them an amount which was already 3·2 cents an hour short of what they should have had to maintain their 1948 standard of living.

Well, what has happened since September 1, 1950, the date on the basis of which Mr. Justice Kellock made his award. The cost of living index at that time stood at 169·8. The latest figure we have, that issued on October 1, for September 1, 1951, is 189·8. I ask hon. members to note that that 189·8 is an increase of 35·5 points, which amounts to an increase of 23 per cent over the index figure in 1948, which Mr. Justice Kellock chose to treat as a normal year. On that basis it takes only a little bit of simple arithmetic to arrive at the fact that if, as Mr. Justice Kellock says, an increase of 10 per cent in the cost of living from June 1, 1948, to September 1, 1950, meant that the

workers at that time should have had an increase of 10·2 cents an hour, then as of September 1, 1951—and not for any improvement in their position, but simply to hold that position—their total increase should have been 23·9 cents an hour.

They got 7 cents an hour out of last fall's Bill No. 1 and the subsequent award by Mr. Justice Kellock. Therefore not on the basis of any representations from trade unions or of something that a member of this party may say, but rather on the basis of an analysis of the situation by Mr. Justice Kellock of the Supreme Court of Canada, the railway workers of Canada are now short to the extent of 16·9 cents an hour, as compared with what they should have if they are only to maintain their cost of living and wage relationship at that which obtained in 1948.

It is often said by some of those who wish to find fault with price controls that you cannot have price controls without wage control. So far as this group of workers is concerned, they already have wage control. They already have wage freezing, but without compensating price controls. Their wages were frozen for a period of two years, by act of this parliament. Yet we refuse to exercise our democratic right to control prices so as to protect what little improvement we gave to the railway workers by Bill No. 1 in the fall session of 1950.

On the basis of that, railway unions across Canada are at the present time passing resolutions and sending them to Ottawa. I believe they are sending them to all members of parliament. Those resolutions call upon the government to bring about a cost of living bonus for these railway workers, to bring them up to the position accepted by Mr. Justice Kellock as the norm or standard. I urge the government to take steps to meet this urgent request.

Oh, I know the Minister of Finance (Mr. Abbott) and others who profess to be trying to fight inflation do not like these appeals from the railway workers, from civil servants and others, for increased wages. But if the government refuses to do anything to control the cost of living there is no alternative for the workers but to ask for an improvement in their wage scale in order to meet the rising cost of living.

What I have outlined in pretty specific terms so far as the railway workers are concerned applies to organized workers, and to an even greater extent to unorganized workers right across this country. The value of the money they are getting is being confiscated by the rising cost of living. There is hardly a day in which I, for one, do not get a letter from some worker back home saying frankly that he would rather have the wages he had two or three years ago, with the prices at that time, than to have the higher wages of today with the lesser purchasing value that goes with those wages.

Yesterday the Prime Minister (Mr. St. Laurent) went to some length to show that workers can earn by an hour of labour so much more of various items of food than was the case in certain earlier periods. I asked him if he could let me have the United States table that had inspired this research, which had come to his office. He was good enough to send it to me. It happens, however, to be a comparison of different years, so that one could hardly compare the two tables. I should like to point out that in his remarks yesterday the Prime Minister talked in terms of what industrial workers can purchase by way of food in terms of the hours they work. Well, the same thing could be said on the other side of the picture. The fact is that, due to technological improvements and all the rest of it, farmers and other groups in the community can get a little bit more for the hours they work than was the case some years ago, certainly more than was the case with our grandparents.

All that tables and statistics of that sort do is to prove that the workers and farmers of this country get some little advantage from the technological improvements that take place across the years. Our contention is that the whole of that advantage should go not to the privileged few but rather to the people of the country as a whole. Certainly there should be an improvement in the standard of living. That is one reason for our seeking shorter hours than used to be the case. But after you have made an analysis of these figures, and after you spread them on the record as the Prime Minister did, you get back to the simple fact that, as has been the experience of the people of this country, the money they have today, at today's prices, simply will not go around. We all know that thousands of families in this country have to deny themselves some of the foods they need, protective foods in particular. We know there are many other things our people have to go without because of the economic anarchy with which this government seems to be satisfied.

I say again that if we believe in democracy, if we believe in control by the people of those things that affect the people, then we should be seeking to control the economic affairs of this country and not let them control us.

As I pointed out, various hon. members have dealt with the impact of rising living costs as applied to different groups. I, too, wish to say a word about its effect upon another group, namely the old age pensioners.

As hon. members know, across the years I have been extremely interested in getting improvements in our old age pensions legislation and, in particular, getting rid of the means test as applied to old age pensions. On that basis it is a real thrill to know that in this session of parliament we are to be given the privilege of passing legislation which will take the means test away from old age pensions, at least so far as those of seventy years and over are concerned. But that thrill is certainly diminished by the realization that the amount of the pension we are going to give on a universal basis to Canadians of seventy years and over is now so greatly reduced in value. The hon. member for Broadview (Mr. Hees) indicated a few moments ago the extent to which it has gone down in the past few years. In terms of the 1935-39 cost of living index $40 today is worth only $21.07. Furthermore if one wishes to take even a very brief period and look at the cost of living index as it stood in June 1950, when the parliamentary committee made its report, and consider the rise since then, he will see that it would take a little more than $46 today to equal what $40 would buy in June of 1950. And with the acceleration still going on I suggest that the amount paid should be not less than $50 a month. Or, as I said in June when the other pension measure was under consideration, in view of the rise that has taken place over the last two or three years I feel the amount of the pension should now be $60 a month; and I say that in asking for that we are simply asking for our older citizens a reasonably fair share of the wealth this country is now able to produce. We would still be giving them a percentage of the national wealth which is less than the percentage they represent of the total population. They are the ones who helped to build up the country to what it is, and I feel most strongly that this is not the time for the government or parliament to boast of what is being done. It is fine as far as it goes, getting rid of the means test in particular, at least for those seventy and over. It is a historical event and of great significance; but we should also be increasing the amount of the pension.

I emphasize the fact that whereas a couple of years ago those who were receiving the full $40 per month might not have complained that there was no increase in their income through the removal of the means test, the fact is that the cost of living being what it is today, even though there are many older Canadians who will benefit from this improved measure, some 28 per cent of those seventy years of age and over, namely those who are now getting the full $40 per month, will not receive any increase whatsoever. For their sakes in particular I feel that consideration should be given to increasing the amount of that pension.

Those who would have us believe that they are concerned about fighting inflation in every possible way will say that these appeals simply add to the problem. However, I suggest that if the government is not prepared to use its democratic right to control these economic forces in order to keep prices down, then the people have no alternative but to insist that there be an improvement in their income to enable them to meet these higher prices.

Since it also comes under the Department of National Health and Welfare I should like to say a word about health insurance. Like the hon. member for Broadview (Mr. Hees), I am sorry the Minister of National Health and Welfare (Mr. Martin) suggested that the committee to deal with this matter would be set up next year rather than at this fall session. I think it would have been a good idea for that committee to be meeting now so that we might get things rolling and so that it would not be too long before we have a health insurance act on the statute books of this country.

Since that is the position taken by the minister, that the committee will not be set up until the session of 1952, I urge him again to see that not only is it set up in 1952 but that it is set up early in that session so that we can get to work on this important problem in time to make a worth-while report, as I am sure the committee will to this parliament. I confess that there were times in the past when I criticized the government rather strongly for setting up committees because so often they had proved simply to be ways of shelving a problem. But in view of the fact that the parliamentary committee on old age pensions broke that tradition and presented a report on which action is being taken I would hope that things have turned around a bit and that the committee on health insurance will result in action. As other hon. members have pointed out, this is an extremely important problem in the lives of our people and I urge that there be no delay in dealing with it.

Another group that is feeling the effects of the rising cost of living very seriously is a group to which almost every hon. member who has spoken in this debate has referred, namely, our veterans. In this connection there are two groups with which we are concerned, those receiving disability pensions and those receiving veterans allowances. Like other hon. members I feel that it was most unfair—government spokesmen have tried to claim that it is not a means

test, but it certainly is just that—to introduce the means test into disability pensions. I feel that instead there should be an increase in the basic rates right across the board. I earnestly hope that the statement which the Minister of Veterans Affairs (Mr. Lapointe) said yesterday would be made shortly will be made before too long, and that it will be to the effect that something will be done about the request of the Legion to increase these pensions by not less than 33⅓ per cent. I support that request wholeheartedly, on my own behalf and on behalf of the many branches of the Legion in Winnipeg which I met this fall. Even that increase will not result in any improvement in the position of the veterans as compared with what it was in 1948; it merely keeps their position in line with the higher cost of living we are facing today.

In addition I feel that the Legion and other veteran organizations in this country have been extremely moderate in their request that the war veterans allowance be increased to $50 for single veterans and $100 for married veterans. With the present-day cost of living what it is they might have asked for more, but in view of the sense of responsibility they have shown in asking for increases of such small magnitude I hope we will not be told that this matter will have to wait until 1952 for consideration. The time to deal with this problem is now, when it is impinging so greatly upon these people.

I indicated earlier this year to the Minister of Veterans Affairs that I hoped something would be done about the means test in connection with war veterans allowances, particularly as it affects veterans of seventy years of age and over. It is clear that those veterans will have the right to apply for old age pensions under the old age security legislation because there is to be no means test in that act, but under the War Veterans Allowance Act as it now stands, with the means test in it, once those veterans draw old age pensions their war veterans allowances will be cut down, in some cases by an amount equal to the old age pension that they draw. When one considers the large number of Canadians who will get a real increase in the amount of money they receive, who will see a real improvement in their economic position because of the old age security legislation, it really is a tragedy to realize that the one large group who will not get any improvement at all is of all people those war veterans in receipt of the burnt-out pension. Whatever else is done it does seem to me that the means test should come off the burnt-out pension, certainly for those seventy years of age and over.

[Mr. Knowles.]

Consideration should also be given to the widows receiving this allowance, which at the present time is only $40.41 per month. They too have been most moderate in their requests for an increase, as well as in the other requests they have made. I hope the government will not try to use the excuse that as this session was called to deal with other matters there will not be time to deal with these problems. This is a session of the parliament of Canada. We are meeting at a time when serious problems are facing our people, and such problems as impinge upon their lives should be dealt with now.

I might have said when I got to my feet that it was not my intention to say anything new. Obviously I have carried out that thought. But the fact is that we have no alternative but to keep hammering away at those points which are so burdensome to our people. I have talked of railroad workers, old age pensioners, veterans and members of other groups. All of their problems tie in to the one great problem of the cost of living. As I see it, behind it all there is this fundamental question: Are we going to claim that we are a democratic country; are we going to claim that we are in control of the affairs of this country, but let the government sit here and do nothing; or is it not our responsibility to call upon this government in the name of democracy to do something to control economic forces so that our people will not live under economic tyranny and in fear and uncertainty, but may enjoy something of that security, something of that standard of living which it is their right to enjoy because of the wealth they produce?

Mr. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, on rising to speak in this chamber for the first time I am conscious of the great privilege members of this house have in the opportunity to play some part in discussing the public affairs of our country in an attempt, if not to mould the destiny of our people, at least to direct the attention of the government of the day to some of the pressing problems that affect Canadian citizens. No one coming here for the first time can fail to be impressed by the architectural beauty of this chamber and the majestic dignity of the parliament building. No one can fail to be impressed by the history behind it all. Here is the centre of the political life of our country. Here is the repository of our great traditions. In this chamber and in the one which was destroyed by fire more than thirty years ago have been evolved the policies that have determined the course of the Canadian nation since confederation. Here great leaders of the past have fought their wordy battles. Here have been decided the great issues of war and peace.

Now by a happy chance and by the decision of the electors of Winnipeg South Centre, to whom I am very grateful, it is my privilege to participate in the deliberations of this august assembly. I have listened with interest and close attention to the proceedings thus far. I have read with care the speech from the throne. I feel, as has been expressed by other hon. members in this house, that there are some grave omissions in that speech. In particular I regret that no intimation has been given of any special attention to the request of the Canadian Legion and other veterans' organizations for an increase in the basic rate of pension. How important that issue is to the veterans of this country should be obvious to all. Before coming here a week ago I attended several meetings in the city of Winnipeg with members of the Legion. The Valour Road branch gave the entire evening to the discussion of this particular problem. The executive of Winnipeg branch No. 1 gave its attention to it. So did the executive of the imperial veterans, the executive of the branch adjoining Winnipeg branch No. 1, Weston and Brooklands, and also a large meeting of the St. James branch of the Legion. In addition, I have received letters from other branches. This is a grave issue with the veterans of this country. They are aroused over the matter, and they are continuing to send their representations to us in this house.

I was impressed when I read the accounts of the representations made by the dominion command of the Canadian Legion to the committee of the house that investigated some portion of veterans affairs during the last session. I think great credit is due the representatives of the Legion for the magnificent presentation they made. Public opinion, as expressed by editorials in the press of the country, has been solidly behind the Legion representations. That support from the public would not have been forthcoming if it had not been for the fact that the Legion's past record has been excellent. Its requests have been moderate. Its representations have been made in a courteous manner and on a high level. The previous good reputation of the Legion has been maintained and enhanced by the action of its representatives during the recent meetings with the committee of the house.

We must not forget that many long years of struggle were undertaken by veterans' organizations in this country before the claims of the pensioners were fully established. A commission was set up to investigate the problem. A great number of meetings of veterans' representatives have been held with various veterans' committees of this house, and over the course of the years a long struggle was undertaken before veterans' pensions were established on a proper level. It is distressing to members of the Canadian Legion at the present time to find that some of that work over the years is now suffering because of the present situation.

It appeared to me, as I read the record of last spring's representations to the committee here, that the Legion was fighting a rearguard action. A plan had already been drawn up, a policy determined in advance, and I failed to discover in the reports I read that any modification of the prearranged plan was likely to take place. In fact to many of the veterans themselves the $2 million grant was considered to be put forward as the type of suggestion that could not be refused. All honour then to those pensioners across Canada who, although likely to benefit from the proposed plan, have publicly denounced it as unsound.

My own attitude toward the question of veterans pensions can be briefly given. I have given it to the veterans whom I have met, and will continue to do so on any occasion when I meet with them. I subscribe completely to the Legion's stand on these matters. I think pensions should be given as of right. I consider the present arrangement to be a means test which should be resisted and rejected because it alters fundamentally the whole basis on which pensions have hitherto stood. I reject the assumption that I read in the press and in these committee reports that 90 per cent of the disability pensioners are fully employed. That is merely an estimate based on a very small sampling of about 2,000 individuals or about 2 per cent of the total, a small Gallup poll. I believe disability pensions should be restored to the position they were in twelve years ago. As the dollar depreciates, pensions should be raised so that their real value remains the same. Their real value was set as low as was consistent with decency, and if that real value is not restored the Canadian nation will have broken faith with its veterans.

I grant, Mr. Speaker, that the whole issue is charged with emotion when one considers the plight of many veterans. I suppose everyone here knows someone who suffered during the war and for whose suffering no adequate recompense can ever be made. For every pensioner who, in the opinion of some persons, may be drawing a pension for an apparently minor affliction we can name hundreds who know nothing but daily pain as a result of war wounds; yet despite their troubles they are courageously and doggedly making their way through life, working at

their jobs when they have them, supporting their families and maintaining their independence.

My impression of the veterans throughout this country is that he wants to maintain his independence, and that is why the request has gone forward for an increase in the basic pension rate. Granting that many of these men are employed—and more power and honour to them—the pension makes a distinct difference in their standard of living. It is the pension on which they rely for some of those essentials which otherwise might not be provided for. In some instances that pension, small though it may be, is used for insurance purposes, and in other instances it is set aside for some of those hazards of life that strike every family. When the pension is reduced in its buying power as it is now, the security of the pensioner is partially destroyed.

As I said, the whole issue is charged with emotion, but let us look at it in another way. Is the burden of disability pensions too much for our country? How many pensioners are there? In the first war some 600,000 of our men were under arms. About 60,000 were killed and 180,000 were wounded. In the second war over a million men were in uniform. Of those, 42,000 were killed and about 126,000 were wounded. If the same proportion of casualties had occurred in the second war as in the first, if all the first war wounded were still living, we would have a pension roll of about 400,000. We have only 161,000 or 162,000 pensioners from both wars. Regrettably the pension list is now being added to by casualties coming from Korea.

You will recall that the Canadian forces of the second war were not engaged against the enemy in as great numbers or for the same period as in the first war. The result is that the combined pensioners of the two wars now amount to that figure of 162,000. This amounts to about one and one-sixth per cent of our population. So far as first war veterans are concerned, the burden on the country is decreasing. In the last ten years the pensioners have been fading away at the rate of one thousand a year. This decrease will continue rapidly in the two succeeding decades, for very few of the first war veterans are now under 50 years of age. The peak of the second war pensioners has perhaps not yet been reached, for some veterans are still pressing their claims. Any increase in their number, however, will be balanced by the deaths of the first war pensioners.

In actual money, how burdensome on our country is the cost of disability pensions? I am restricting my remarks to disability pensions. I have similar regard for those on war veterans allowance, but I wish to concentrate my attention at this moment on disability pensioners. The total cost is about $68 million in round figures. The average payment would work out at about $35 per pensioner per month. Many of them get less. When you contrast $68 million with the gross national product of our country or with the total revenue of the federal government, it is almost an insignificant sum. When you contrast $68 million with the surplus that occurred in government finances last spring, it is not a very large figure. If you consider the cost of veterans pensions on a per capita basis they work out at about $5 per year for every man, woman and child in this country, or about one and one-third cents per day. Again this is an insignificant sum in return for the sacrifice made by the pensioner.

As a nation we cannot expect our young men to volunteer for dangerous duty at this time if we show by our treatment of the pensioners that neglect and economic distress will be their future if they survive the perils abroad. Surely we should assure every serviceman that in return for his sacrifice we will guarantee him security in the future, that we will watch over and care for his dependents if his life is forfeited. As a nation, are we giving him that assurance now? I think we are not. I believe one of our troubles with regard to the enlistment of young men in our services now can be traced back to our treatment of the veterans, certainly of the first world war and now of the second world war. You cannot, over a period of thirty odd years, treat lightly the sacrifices made by men on the battlefield and expect their sons and relatives to come forward with the same zeal and initiative that was shown in August, 1914. Surely from the national interest, if for no other reason, we should see that our pensioners are looked after. In my opinion no man can render a greater service to his country than service in the face of the enemy. I do not wish to minimize the service performed elsewhere, and I know from experience there is a tremendous strain involved in other duties than those at the front, but there is a great gulf between national service without danger to life and national service under conditions where the next moment may be your last on earth. The veteran, and in particular the disability pensioner, is the man who has given that greater service. He deserves the best treatment the state can afford. The modern nation that is Canada is founded upon the rock of the veterans of two wars. Canadian national spirit has sprung not from the speeches and

writings of politicians but from the blood of Canadian fighting men who fought and fell. It is no wonder that the solid core of self-reliant Canadian citizens is to be found in the veteran population of this country. The factors that make for great citizenship are the very ones exemplified in the lives of our pensioners: courage, devotion to duty and sacrifice.

The reason I dwell upon this question of the pension for the disability pensioner is that I have been impressed by the feeling of the pensioners in the city of Winnipeg and elsewhere with regard to the importance of this problem. It is not something that can be lightly brushed aside. I think it is regrettable that the Canadian Legion and other veterans' bodies should be forced into a position where they almost have to beg for consideration, particularly with respect to the veterans of the first world war. Many of them are now reaching the age where their needs increase. If they have been employed, they are reaching the end of their years of employment.

On Sunday I made a pilgrimage to the peace tower. I had not seen it for sixteen or seventeen years. I went to that place which has rightly been termed the national shrine of Canada and spent an hour there looking at all the emblems carved in imperishable stone, at the Book of Remembrance resting on the altar, and in reading over again the story of Canada's great effort in the period from 1914 to 1918. The same great effort was put forward in the period from 1939 to 1945; and in time similar recognition of Canada's sacrifice and effort will be made with respect to those who suffered and died in the second great war. As I moved slowly around that chamber I came to the last two tablets on which were inscribed the statistical record of those who served; and as I compared the number who served with the number who suffered either death or wounds, I was struck with the percentage of those who became casualties out of the total number of those who served overseas. I was particularly struck with the burden that fell upon the infantryman. I hastily worked out the percentage. Of those who got to England and into France and the low countries, 68 per cent became casualties. That was the price paid by the men who went to war. As a nation we cannot afford to neglect that type of sacrifice.

On motion of Mr. Herridge the debate was adjourned.

At seven o'clock the house adjourned, without question put, pursuant to the order of the house passed on October 12, 1951.

HOUSE OF COMMONS

Wednesday, October 17, 1951

The house met at 1.30 p.m.

SMALL LOANS

QUESTION AS TO COMPANIES CHARGING HIGH RATES OF INTEREST BEING PERMITTED TO EXPAND

Hon. Douglas Abbott (Minister of Finance): Yesterday the hon. member for Winnipeg North Centre (Mr. Knowles) directed a question to me concerning the activities of small loan companies. Specifically, he asked whether the government was permitting these small loan companies to expand their facilities and operations despite the government's policy of restricting credit generally.

In answer to my hon. friend I may say that the small loan companies are subject to the same restrictions as everybody else under the consumer credit regulations and the voluntary program of bank credit restraint which the chartered banks have put into effect. To the extent, however, that, in order to expand their operations, such companies have raised additional capital by means of stock issues or the sale of debentures to the general public, thus drawing on the real savings of the public, they are not subject to any restrictions any more than other individual corporation or business enterprise is. It is the inflationary expansion of credit which government policies are designed to check.

LABOUR CONDITIONS

FIVE-DAY WEEK FOR BANK EMPLOYEES

On the orders of the day:

Mr. David A. Croll (Spadina): Mr. Speaker, I have a question for the Minister of Finance. Will he say what steps the government is taking at the present time to implement the five-day week for bank employees?

Hon. Douglas Abbott (Minister of Finance): I thank my hon. friend for giving me notice that he intended to ask me this question. In reply, may I say that some time ago the Canadian Bankers' Association made representations to me that the Bills of Exchange Act should be amended in order to enable the banks to operate a five-day week by closing on Saturday in cases where it would seem to them to be desirable to do so, and particularly in those areas where the five-day week had become fairly general for office employees. They represented that it was becoming exceedingly difficult for them to obtain efficient employees in competition with other employers who were offering employment on the basis I have indicated. The representations are being sympathetically considered by the government, and I expect that we shall be able to make an announcement as to the decision at an early date.

PUBLIC BUILDINGS

CHARLOTTETOWN—DISMANTLING OF OLD BUILDINGS ON DOMINION BUILDING SITE

On the orders of the day:

Mr. W. Chester S. McLure (Queens): Mr. Speaker, I desire to direct a question to the Minister of Public Works. Is it the intention of the government to begin immediately the dismantling of the old buildings on the dominion building site at Charlottetown?

Hon. Alphonse Fournier (Minister of Public Works): Mr. Speaker, I intended to consult the hon. gentleman before acting in Charlottetown. After this meeting, we will meet and discuss the whole situation.

Mr. McLure: Thank you.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed, from Tuesday, October 16, consideration of the motion of Mr. Robert Cauchon for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto of Mr. Drew, and the amendment to the amendment of Mr. Coldwell.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I rise to speak in support of the subamendment moved by our leader, the hon. member for Rosetown-Biggar (Mr. Coldwell), and to make a few other observations in connection with the speech from the throne. The subamendment as moved by the hon. member for Rosetown-Biggar reads as follows:

> That the amendment be amended by adding thereto, immediately after the words "high cost of living," the following words:
>
> such as the making of provision for price controls and the payment of subsidies, where necessary, so as to equalize the sacrifices our people are called upon to make at this time.

I think the subamendment gives some point to the amendment which, in our opinion, is moved in very general terms, and I

shall possibly have something more to say about that matter later. Without a doubt the speech from the throne mentions several matters of considerable importance to the great majority of the Canadian people. We in this group welcome the decision to deal with the old age pension legislation, but we shall have to leave our comments on that matter until we see what the government presents to the house. It is also interesting to note that after many years of discussion pro and con the government has now brought forward proposals with respect to the St. Lawrence seaway. I am a westerner and am not very well acquainted with all aspects of this question but I am sure that when those proposals are before the house they will engender some lengthy and most interesting debates because, on making inquiries from people from various parts of Canada, I find that there are a number of points of view on this important question.

The government's intention to proceed with the Canso causeway must be a great cause of satisfaction to the maritime members. I have listened with a great deal of interest throughout the years to the hon. member for Cape Breton South (Mr. Gillis) advocating the need for that causeway. I know that when the hon. member for Cape Breton South speaks, he does so because he knows what the people in the maritimes want. I wish to congratulate him on the success of his efforts throughout the years. I am also pleased to see that the government is taking some action in connection with the railroad problem in Canada by proposing a subsidy for the rail links between the east and the west. I think that is the first step, and a necessary one, but I also think it is a limited approach to the whole transportation problem in Canada. I shall not say anything further on that question at this time because there will no doubt be plenty of opportunity for us to express our opinions and the opinions of our constituents in that respect.

I am sure that the legislation proposed as a result of the Massey report will be welcomed by the great majority of Canadians and by many members of all parties in this house. I might say that my experience, from meeting a number of constituents during the recess, leads me to believe that this report is exceptional in one respect in particular, in that it is a government report that has been read by a wide section of the Canadian people. I have been surprised at the number of people who have been interested in reading this report; they range all the way from high school pupils to elderly people. I think this report has crystallized or, shall I say, focused the attention of Canadians on cultural matters that have been largely overlooked in the past.

I am sure that when that legislation comes before the house it will provoke interesting discussions. Before proceeding further, Mr. Speaker, I may say that I am highly pleased to see that I am honoured as usual by the rapt attention of the coalition member for Comox-Alberni (Mr. Gibson).

Mr. Knowles: Coalition or Tory?

Mr. Herridge: In that respect I might say that my leader, the other day, referred to the hon. member for Comox-Alberni as a Tory. That was quite correct because, you understand, in order to perform his function properly, he has to be a Tory one day, a Liberal on the next, and then in his more illuminated moments he is C.C.F. That is the reason why we call him the coalition member for Comox-Alberni.

Mr. Gibson: How abusive can you get here?

Mr. Herridge: Those, Mr. Speaker, are the more or less favourable comments that I have to make on the speech from the throne. It does appear to us, after reading the speech from the throne carefully, that the government does not intend to deal effectively with three matters of major importance and of great concern to a large number of Canadians. I refer particularly to the question of inflation and the rising cost of living; I refer to the demand of the veterans and many of their dependents across this country and many other Canadians for an increase in the basic rate of pension; and I refer to the great necessity for an increase in the war veterans allowance. I am sure that these omissions will be a source of great disappointment to a large number of Canadians in Canada at this time, and particularly to that section of our population that is suffering most severely from the high cost of living or that is suffering most severely from being in receipt of an inadequate pension or war veterans allowance.

I listened with a great deal of interest to the remarks of the Prime Minister (Mr. St. Laurent) the other day in reply to the Leader of the Opposition. I have great respect for the Prime Minister. I think the Prime Minister, from his point of view, honestly presented the situation as he sees it; and that was from the point of view of a Liberal who believes that, given time, circumstances will correct themselves without government interference or regulation. But so far as I could see, it was practically an admission from his point of view that parliament is helpless to deal effectively with inflation or with what I think the hon. member for Winnipeg North Centre (Mr. Knowles) termed the blind economic forces that are at play in the country today. I would say that it would be quite correct to say that the Prime Minister was on the defensive when he made that speech.

He was obviously not speaking with the usual fire and confidence that he has displayed on previous occasions. During his reply to the leader of the opposition he had reason to refer to a pamphlet published by the Labour party in Great Britain; and a very honest and objective pamphlet it was. The Labour party in Great Britain is facing great difficulties; it is facing much greater difficulties than is the government of Canada. That pamphlet was a frank presentation of those difficulties under present circumstances. But I do not think it was quite a sound support of argument to compare Canadian conditions with conditions in Great Britain. Price control has been of considerable success in Great Britain, and a great advantage to the working classes of that country throughout the years, and so have subsidies up till recent months. A country like Great Britain, where the great majority of the food is imported and the products they require to manufacture into finished goods are also imported, could no longer resist the external pressures of inflationary prices caused by policies pursued in other countries.

The Prime Minister also had occasion to refer to prices in the United States. I see the hon. member for Skeena (Mr. Applewhaite) laughing. He usually takes a more serious approach to this question. There are some members who do laugh at things, but he is much more serious. I am surprised to see him laughing at this time.

The Prime Minister had occasion to refer to prices in the United States. If I heard him correctly he was referring to prices in Washington, and from my information he was quoting one of the highest price centres in the United States. I think the figures he quoted were not figures that would indicate the price range on the average across the United States. My observations would lead me to believe that in some things the United States prices are much lower than ours, in some they are very close, and in some they are slightly higher. On the whole I think it is fair to say that the United States prices are on the average nearly equal to Canadian prices; but the point is that wages in the United States are much higher. Therefore, Mr. Speaker, I do not think it was a good argument to present the price range in the United States and compare it with the price range in Canada at the present time.

Mr. George: So is the productivity per man.

Mr. Herridge: The hon. member for Westmorland said: "So is the productivity per man". I cannot remember the publication, but one of the publications that support the Liberal party recently explained that in connection with some criticism of production in Canada by saying the reason for that is there is 25 per cent more power per industrial worker in the United States available than there is in Canada at the present time.

I should now like to refer to an editorial which appeared in today's Ottawa *Citizen* entitled: "Comparing prices doesn't mean much." This editorial put the position rather neatly and I should like to quote briefly from it. It mentions that the Prime Minister was comparing United States prices with Canadian prices, and so on. Then the editorial concludes as follows:

> The fact remains that, irrespective of what is happening in the United States, the burden of food prices and of many other things ranking as necessities or conveniences has become oppressive in the experience of a large segment of Canadians. Mr. St. Laurent prefers to swing the emphasis the other way. He says: "There is no doubt that certain sectors of our population are feeling some hardship, but not all sectors of our population."
>
> This is undoubtedly true. The top end of the income scale is not feeling the pinch, nor a large part of the intermediate groups. Some wage earners may be counted among the relatively well-to-do. But others certainly are not; nor are thousands of clerks and other office workers—including government employees—to whom a rise of a point in the cost-of-living index is a matter of increasing gravity.

With reference to the Prime Minister's comparison of United States prices with Canadian prices I want to quote in addition from *Time* magazine of July 16. Mr. Eric Johnston, United States economic stabilizer, was quoted as saying:

> "Under great inflationary pressures, you must have . . . direct controls. I'll give you one illustration of it, and that is Canada."

His point was that Ottawa's program of drastic fiscal controls was not going so well as the United States policy.

Before passing on may I say that we have given credit to the Prime Minister's sincerity as a supporter of undiluted free enterprise. Do not forget this: Free enterprise often takes credit to itself for the relatively high standard of living we have on the North American continent. I make the statement that the relatively high standard of living which is enjoyed by the people of the North American continent is enjoyed at the present time because of the vicious exploitation of the natural resources of the North American continent without any regard to the future. What can the free enterprise system do in Italy? What can it do in any country to raise the standard of living equal to ours without abundant natural resources? We are fortunate on this continent because we have great natural resources at the present time. Do not forget that our mineral resources are being depleted very rapidly, and there is no replacement of mineral resources. There is a

tremendous depletion of timber resources in this country, and a depletion of land resources by some improper farming practices and erosion. I shall have more to say on that point at some favourable opportunity. I must say that the subject of conservation is something of a phobia with me. I believe that this generation is not paying sufficient attention to the needs of the future generations in the development of our natural resources. The basis of our high standard of living is the opportunity to develop vast natural resources wastefully.

I want to bring another point to the attention of the house. I might say, Mr. Speaker, that this question of price control is a subject on which many in this house feel very keenly. It has been discussed many times, and therefore it is difficult to present the subject from any new angles or on a new basis; but it struck me the other day, when I was sitting in the house listening to the opening of the debate, what a strange thing has occurred when in the last two or three years you realize that the Liberals and Conservatives have practically changed positions with respect to the problem of price control. That is an interesting situation.

We all remember what the late prime minister, Mr. Mackenzie King, had to say. I shall not quote him as he was quoted recently by the hon. member for Winnipeg North Centre (Mr. Knowles). We all know what he had to say with respect to the value of price controls and necessary subsidies. We are all familiar with the statements of Donald Gordon and many others. In addition to that we have Mr. Ilsley at page 3185 of *Hansard* of July 5, 1946, saying:

> The war, and the experience of other countries, have indeed taught us the vital importance of keeping all inflationary pressures under firm control until supply and demand conditions are in a more normal relationship. The present Canadian program should strengthen our hands in that regard. We have removed uncertainties and simplified administration by preparing a specific list of goods and services whose prices are under control. We have reaffirmed the principles of price control, and of adjustments where necessity is proved, in respect of Canadian products.

Now, without a doubt during the war and after that period leading Liberal speakers, those in authority, and the government expressed their favourable opinions on price controls and necessary subsidies. On the other hand we find the Progressive Conservatives, who are the upholders of the free enterprise system, taking the opposite view at that time. I want to deal with that situation for a few minutes to indicate the oscillations in these policies and points of view within three years of this parliament, and as showing almost a complete reversal of their points of view.

On February 3, 1947, at page 47 of *Hansard* Mr. John Bracken had this to say:

> All the indications are that delay from now on in removing controls will cause constantly increasing difficulties. The moral of this is that the sooner these hindrances to production can be removed, the sooner we will get the advantage of free and full production.

Again on March 11, 1947, at page 1270 of *Hansard*, Mr. Jackman of Rosedale, a Progressive Conservative member, had this to say:

> Furthermore, I do not think that if controls were taken off lumber—not export control but price control—we would find that lumber would go up much in price.

What a hope! I continue:

> The people do have some respect for the purchasing power of the dollar; if they do not get good value they will refuse to invest, and it will be found that, instead of its being a seller's market, it will become a buyer's market.

The very opposite of that has been true. It has been for some years a seller's market, so far as lumber is concerned.

I happen to have something further in my notes, in error; but seeing that the hon. member for Lake Centre (Mr. Diefenbaker) is looking at me so intently, I take great delight in reading it. I refer now to *Hansard* for April 16, 1947, page 2099—and may I say that I think in this instance the hon. member for Lake Centre shows more statesmanship than some of his colleagues have shown. This is what I find:

> Mr. Knowles: Will the hon. member permit one question before he takes his seat? Does he favour or disapprove the principle of price control?
>
> Mr. Diefenbaker: I favour anything that will be good for this dominion, provided the rights of the individual are protected.

What a masterpiece of statesmanship.

Mr. Knowles: But what did it mean?

Mr. Herridge: Then, on April 18, 1947, as reported at page 2185, the hon. member for Kamloops (Mr. Fulton) had this to say:

> . . . in advocating the elimination of controls or now the lessening of controls, in spite of what was said about us as favouring big business—and that, of course, is not true—we are trying to do what we think will enable the small man, the man trying to get into business for himself now, better to do so . . . Indeed it seems to me that at the moment the trouble with the control policy of the government, or the stage at which it has arrived, is that it is only half a plan. It is half control and half decontrol and neither half is working. That is why we say the sooner you get rid of it, the better.

Then I find some shift of opinion in this respect in the Social Credit party. These are the words of the hon. member for Peace River (Mr. Low) as they are reported at page 1606 of *Hansard* for March 21, 1947:

> Similarly, Mr. Speaker, it seems to me foolish to continue a rigid control of prices which was an

emergency measure designed mainly to restrict certain kinds of production. Rather it seems to me that by removing every possible barrier to it, production should be increased to the utmost in order that, through competition to please consumers, the control of prices will be exercised by the people through the things they have to buy.

That certainly has not taken place.

Social Crediters are implacably opposed to planned controls which enhance the power of the state at the expense of the liberties of the individuals of Canada. We vigorously oppose all such controls as vested in hordes of insolent bureaucrats authority over every phase of the lives of the people. Rather do we urge that as rapidly as possible wartime bureaucratic controls be removed.

And then, Mr. Speaker, I do not find myself in agreement with gentlemen who expressed themselves as follows in a brief by the Canadian Chamber of Commerce to the royal commission on prices on December 16, 1948:

To interfere with the function of prices can only result in the loss of political, economic and social freedom.

And then the Canadian Manufacturers Association, as reported in the *Globe and Mail* in January of 1947:

The executive council of the Canadian Manufacturers Association meeting in Toronto on January 28, 1947, called for removal of price control as soon as possible.

We find in this connection that the Progressive Conservatives at that time were vigorously opposed to price controls. Indeed, as my leader said the other day, no doubt their propaganda, their urgings, and the newspaper space given to that propaganda had some effect in increasing the rate of decontrol carried on by the Liberal party.

Then, this is what was said by the hon. member for Greenwood (Mr. Macdonnell) as reported at page 3221 of *Hansard* for July 8, 1946:

Under our system the duty of government is to create conditions to increase the number of those who will provide employment. There must be more enterprises, more people to take risks. For that there must be freedom for profits, too—

And that is exactly what we have had in the last five years, namely almost complete freedom for profits. And he continues:

—because that is the way to distinguish between efficiency and inefficiency.

That is the difference between efficient and inefficient gouging of the public. Then he says:

That is the way and the only way to get the maximum production in a free country.

The point is that under present circumstances the government has returned to the basic principle of free enterprise. That is the policy the Prime Minister (Mr. St. Laurent) emphasized the other day—that these conditions will correct themselves without government regulation or interference, if given time.

But the Progressive Conservative party cannot take the same position and expect to have alternative programs to present to the people of Canada. That party is existing on the horns of a dilemma. Their economic theories are in direct conflict with public opinion on the question of inflation and price controls at the present time. So I presume that is why we have before us a Progressive Conservative amendment in general terms—although we do see the occasional Progressive Conservative advocating price controls in the country, as they have done in British Columbia and in other places. Generally they have been playing the question down to some extent and speaking in more general terms recently.

On one side we have the Progressive Conservative party, the Canadian Manufacturers Association and Canadian chambers of commerce in the past taking a definite stand against price controls and the continuation of necessary subsidies. I do not blame them. From their point of view, on the basis of their economic philosophy, that is a proper stand for them to take.

On the other hand I make the statement that we in this group are the only group in the House of Commons who have been consistent in the matter of price controls and subsidies, and their application to the needs of the Canadian people. I believe I am being quite fair when I make that statement. Our consistency is based upon an entirely different approach to economic questions.

At the present time the demands for price controls and for certain necessary subsidies is supported by the C.C.F. movement across Canada and, according to public opinion polls, by 70 to 80 per cent of the Canadian people, as well as by the Canadian Congress of Labour, the Trades and Labour Congress of Canada, the Catholic Confederation of Labour and the running trades—and I am referring of course to members of the railroad unions. In addition to these there are other groups, including veterans organizations, and some municipal councils.

Why do we see this vacillating policy of the Liberal and Conservative parties with respect to price controls and necessary subsidies, as opposed to our recognizedly consistent policy? All of us have a similar approach to parliamentary procedure, civil rights and matters of that kind. We are agreed pretty generally on those questions. The great difference of opinion in the house arises between those who hold that the basis of society should be the capitalist free enterprise basis and those of us, members of this group, and our supporters, who believe that we can do something consciously to

regulate the economic climate of this country, and that we in parliament can institute certain economic changes through the ownership of larger segments of the economy and through the control of other sections of it, by making certain that that private segment of the economy operates to the public advantage and good. We in the House of Commons, as the people's representatives, have the power and the right to do whatever is necessary at this time in taking the first step to bring order out of chaos in the economic sphere.

As I said before, the question of price controls and subsidies is not socialism. Do not forget that the days of free enterprise, as represented by the old parties, are past. That at any rate is my opinion. We will have either a regulated economy moving more and more to the right toward fascism, or we will have a regulated economy controlled by the people's representatives through our normal parliamentary and constitutional institutions that will be based upon ideas presented day after day by members of this group in the house, and in the country.

In my opinion at the present time the people of Canada are faced with a choice between those who have undiluted admiration for the free enterprise system, as represented by the Liberal party, and those who have seen the economic handwriting on the wall, as represented by the members of this group in this house.

We have this sharp difference because the C.C.F. is more than a political party or a political force in this country. We believe that the people should control, should have economic power through parliament. As I said before, this should be done through public ownership of a segment of the economy, through public control of a segment of the economy, and by ensuring that private enterprise serves the needs of Canada as a whole. In brief, we believe in economic planning and that this parliament has the power to lay down policies to give effect to that planning. We believe that human beings can consciously direct economic affairs to the general advantage of all. But, to do that, all people must participate. We believe that all the people of this country must be made partners in the methods and the functionings of democracy and that there should be real control by the people in the operating of our economy.

I think it is quite safe to say that at the present time the majority of the members of the Liberal and the Progressive Conservative parties believe that the law of supply and demand is functioning and that in the long run it will operate to the satisfaction of the populace of the country, that given time things will correct themselves in the normal way. I want to give just one illustration to indicate what in my opinion is the fallacy of that argument. I am going to give some figures concerning the marketing of hogs on the Winnipeg public livestock market during the summer months of this year. I suppose I am taking hogs as an example because I have always had a kindly feeling toward pigs. I usually have kept a number of pigs and have taken great delight in feeding them. I assume it is natural for me to look at the price of hogs to see what the producer is getting and what the consumer is paying.

I intend to quote from figures which cannot be challenged. The prices of hogs marketed on the Winnipeg public livestock market during 1951 show the relationship between the prices paid to the producer and the prices paid by the consumer. I quote:

Week ending	No. of Hogs Delivered	Average Price per cwt.
June 30, 1951	1,486	$36.10
July 28, 1951	1,278	37.60
August 25, 1951	1,452	35.60
Daily		
September 10, 1951	685	$35.60
September 11, 1951	75	35.60
September 17, 1951	640	32.10
September 18, 1951	95	29.10
September 19, 1951	270	29.10
September 20, 1951	30	28.10
September 21, 1951	40	28.10

It will be noted that when there was a decline in deliveries there was also a decline in the price paid to the producer. While the number of hogs going into the market was decreasing, the price to the producer was also going down. During the same period the price to the consumer was steadily rising. I should like to quote from a news item which appeared in the *Leader-Post* of September 20, 1951, and reading:

> There seems to be little apparent relationship between the volume of marketings and the prices received by the producer. Indeed, judging by the figures presented above, marketings at Winnipeg for the week ending July 28, 1951, when the average price received by the hog producer was $37.60 per cwt. actually exceeded the marketings in the week ending September 21, 1951, when the price dropped as low as $28.10 per cwt. The decline in prices has greatly exceeded the normal seasonal decline in price, and thus far, has been confined mainly to western Canada.
>
> Another apparent anomaly exists in the relationship between retail price in June and present day prices. According to the dominion bureau of statistics, the average retail price for pork chops in Regina during the month of June, 1951, was 66·5 cents per lb. However, as of September 20, 1951, pork chops were retailing in Regina at 84 cents per lb.

Just before the producer was ready to make large deliveries of hogs to the market the price dropped to $28.10 while at the same time the price to the consumer rose steadily. Do you mean to tell me that this or any other Canadian government could not take action in a situation like this? We believe this government should take action. I have given these figures as an illustration that the law of supply and demand is not in effect at the present time. What we have is the law of monopoly and the control of natural resources, of markets and the prices. That is what is governing the Canadian economy at this time.

I happened to be scanning some papers recently and I found a rather interesting article entitled "Look Reports from Washington". As hon. members know, difficulties are being experienced in marketing apples at the present time, and difficulties have been experienced elsewhere in marketing other agricultural products. Many of our producers in Canada face a most uncertain future, yet I read this:

> The Food and Agriculture Organization of the United Nations has released a communique about what its technical experts are doing. "Thailand and Indonesia," FAO reports, "are at present receiving expert advice in stabilization of internal market prices of farm products." There doesn't seem to be any reason to doubt that as soon as the Thailanders and Indonesians learn how to stabilize their farm prices they will come over here and help us with ours.

Just imagine, through the United Nations we are sending experts to these countries to teach them how to stabilize prices. I quote that simply to show the ridiculous position we are in at the present time. We in this group believe sincerely that this government will eventually be forced to take action with respect to controls. I realize that no one likes controls; but in fact civilization has advanced only as we have learned self-discipline and collective discipline. I repeat, we believe that this government will be forced to take some action in the near future as a result of rising prices and the demands of the Canadian people. We believe in the regulation of things rather than the regulation of people. We ask the government to grapple with the problem of inflation, to establish price controls where necessary on commodities essential to the average family, to establish subsidies where necessary and to institute an excess profits tax to provide for the payment of these subsidies.

We urge the government to accept the offer of organized labour as represented by the Canadian Congress of Labour, the Trades and Labour Congress of Canada, the Canadian and Catholic Confederation of Labour and other groups which have offered to work with the government and business to protect the standard of living of the Canadian people. The government should also consult with agriculture. An effort should be made to bring the representatives of labour, of agriculture, of industry and of business together with those of the government in an effort to solve some of the problems and get rid of many of the misunderstandings which exist today. I do not underestimate the difficulties created by the international situation and external affairs over which we have no control, but action such as this would give some hope to the Canadian people. Such a group could discuss these common problems and arrive at a mutual understanding. In doing that we would at least be taking some steps toward economic stability.

I want to deal with one or two matters that are of concern to the veterans of my constituency. I think one of the reporters for *Saturday Night* made a rather caustic comment in an article recently about members who deal with parochial issues. I want to say in reply that if the members of this parliament did not deal with parochial issues a good many of us would sit here year after year with very little understanding of conditions and circumstances throughout the whole country.

The veterans and their dependents and many others in the constituency which I have the honour to represent are seriously concerned about the government's failure to do something about an increase in the basic rate of disability pensions and about the increasing of war veterans allowances. During the recess I had the opportunity of addressing a good many veterans and Legion meetings throughout my constituency, and also meetings of the ladies auxiliaries. I am very fond of the ladies auxiliaries; they do an excellent work. At these meetings there were supporters of all parties in this house, and they expressed their views, regardless of their political beliefs, in no uncertain terms with respect to the need for an increase in the basic rate of pension and in war veterans allowances.

I want to support the stand of previous speakers in this connection, but in order to be brief, as I see my time is fast slipping away, I shall quote from the September issue of *The Legionary*. There are two paragraphs which express very clearly the attitude of the veterans towards these problems. With respect to the disability pension. *The Legionary* has this to say:

> A man who carries a handicap throughout his life —a handicap incurred in the voluntary defence of this country—should not be penalized if he has the

courage and determination to overcome that handicap and earn a living. Anything less than an adequate increase in the basic rate of pension penalizes pensioners in this category.

In my opinion that is quite correct. I was a member of the veterans affairs committee. I listened to the representations of the Legion and the national council of veterans, and as usual they were very sensible and responsible in presenting their proposals and supporting them with reasonable arguments relating to the cost of living, the increase in wages and the increase in prices. I hope that the government will take some action in that respect at this session. With respect to war veterans allowances for what are termed burnt-out veterans, *The Legionary* has this to say:

In all our considerations of this question we must not forget the extreme and urgent need of the "burnt-out" veteran. War veterans allowance has presented and continues to present a difficult problem due in large part to the complexities attendant on the introduction of universal old age pension. But the present rates of war veterans allowance bear no relation to the cost of living. If $40 single and $70 married were considered necessary by the government in 1948, then obviously the $50 single and $100 married that the Legion now requests is very moderate indeed. It is essential that we do not lose sight of this need in our very natural anxiety over the basic pension rate.

I heartily support the Legion in their urgent request for an increase in the basic rate of disability pensions and in the war veterans allowance. Veterans legislation generally is a credit to this parliament and to the government. We think this failure to increase the basic rate of pension is an unnecessary blot on that legislation and a desertion of a pension principle that has been recognized throughout the country, for years. The veterans of this country and their dependents and large numbers of people who support their point of view expect the government to take action soon.

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, first may I join with the hon. member who has just taken his seat in support of the request, and that of tens of thousands of Canadians everywhere, that favourable consideration be given at this session to the veterans' brief presented to the government by the Canadian Legion. I listened with more than a little interest to the hon. gentleman who preceded me. He dealt at great length with the benefits of socialism and the shortcomings of private enterprise. I did not intend to become involved in that discussion when I rose, even for a few passing words, but having regard to the fact that he brought me into the discussion in one of his quotations I may be allowed a few words in reply.

[Mr. Herridge.]

My hon. friend pointed out the inconsistencies of others. I should like to draw his attention to the fact that we have in Saskatchewan a socialist government able to carry out many of the promises and principles which he enunciated but which, strange to say, they have not carried out. He referred in his quotations to 1946 and 1947. My recollection of those years was that many believed we were coming into a prolonged period of peace, that the days of international emergency were passing. We who believe in the principle of private enterprise, and believe we owe our standard of living in North America to personal initiative, were of the opinion that war emergencies no longer justified the crippling effects of socialistic practices that prevailed during the war. When so much is made of 1946 and 1947, my mind goes back to the statute book of Saskatchewan in which province on April 1, 1946—

Mr. Sinnott: April Fool's day.

Mr. Diefenbaker: It was an appropriate date—legislation was passed by the legislature of Saskatchewan to control all prices and wages. It was to be proclaimed within one year. It was never proclaimed. It provided that everybody who broke the law would be subject to a fine, and in default of payment thereof imprisonment. I presume the reason that the legislation was not brought into force was that there would then have been only three classes in the community, those in jail waiting to get out, those in jail, and the rest of the people waiting to get in.

When my hon. friend speaks of the exploitation of natural resources and of the need of public development thereof, let me point out to him that the government of Saskatchewan has found that it cannot develop the natural resources of that province, the vast uranium and oil, by public enterprise. It has had to allow private enterprise to make the speculative expenditures necessary for development. It is so easy to say that socialist theories will work out, but the experience in my province has been that the promise of public development has been followed by the request of the government for private development within the province.

Then he also said: We believe in the regulation of things rather than people. What did he mean by that? There is a fisherman in northern Saskatchewan by the name of Ivanchuk. He had his equipment taken from him and impounded because of an alleged offence. For a month he was kept from carrying out his occupation. He asked to be charged, but he was not charged. The

government gave him back his equipment. This does not impress me as the regulation of things rather than people.

This session is one that will be known as the inflation session in which a supreme challenge to our way of life must receive the attention of parliament. Parliament must speak. Under our system of government, freedom can only live by means of continuous debate. The self-corrective in democracy is the power of parliament to exercise the power of fearless and effective debate, designed not to destroy political opponents but to arrive at conclusions necessary to the preservation of our way of life. I am impressed by the fact that in these serious hours and days the members of the Liberal party are not taking their part in the debate. Caucus cannot take the place of parliament. This is a matter that affects each and every one of us.

The Prime Minister (Mr. St. Laurent) has announced that all parliament is to do to meet inflation is to consider the passage of legislation regarding fair trade prices. The Minister of Justice (Mr. Garson), who is not present and for that reason I hesitate to mention it, last night gave his version of an anti-inflation policy. He said, in effect, "Please write me a letter and tell me what is wrong". That is hardly enough in days such as these. Parliament lives because of the opportunity it gives to members to debate the issues of the day, untrammelled and uncontrolled, and unfearful of an overwhelmingly powerful government. I have before me an editorial which appeared in the Saskatoon *Star-Phoenix* of June 13, 1951, entitled "Is Parliament free"? It says this:

> We do not suggest that the cabinet has enslaved this parliament but we think there are dangerous symptoms pointing in that direction. It is as much the duty of the government as of the members to see that the disease does not spread. The government members have a particular responsibility in this regard.

Then it points out that on occasion members in the house have seemed to place party unity ahead of the wishes of their constituents.

The two hon. members who opened the debate gave interesting speeches, and I congratulate them. The member for Beauharnois (Mr. Cauchon), with that capacity for language which he possesses, spoke effectively in both English and French. The member for Yukon-Mackenzie River (Mr. Simmons) gave us a picture of the north country which I am sure parliament will not soon forget. What seems to be lacking is any serious endeavour by the government to meet the problem of inflation, ballooning prices—one could call them "balloonatic" prices. Prices are mounting day by day and week by week. Over the years there have been the promises of cabinet ministers that we have hit the price limit. When the index level was about 145 or 148 they said prices were levelling out. From time to time government ministers would indicate that we were arriving at a time when at least a degree of hope would be restored to the men and women on small incomes, the pensioners, and to that great body of people within our country whose income is small.

The Prime Minister made a speech, obviously a difficult one for him to make. Here was a great counsel presenting an argument on behalf of the government, but the best one could say for it was that it was a milestone of defeatism in meeting the problem of inflation. He made a comparison of our prices with those in Washington. The Prime Minister said that there is no doubt that certain sectors of our population are feeling some hardship, but not all sectors. The fact is that the purchasing power of the Canadian dollar is dropping faster than it is in the United States. According to a Canadian press report in October, the Canadian dollar declined 6·4 cents in the year against a decline by the United States dollar of 3·8 cents.

The cost of living index is now about 190, and still going up. For the farmer the situation is even worse than for other people in the community. The index of things the farmer has to buy has gone to 217·4. Hardship is being wrought upon our people and parliament is here to meet the situation. What a variety of suggestions have been made by the government to meet it! One minister says taxes and more taxes. Another says purchase less and save. There has been a policy of wait and see, while true income shrinks. The government has contributed much to this increased cost of living. Last March and April when hon. members on this side of the house unsuccessfully asked government supporters to join them in opposing the increase in the sales tax from 8 per cent to 10 per cent, the ministers' answer was that it would not raise the cost of living appreciably. It has. Some ministers say in effect no price controls yet but possibly some time, thereby benefiting those who are "all set" as the Minister of Trade and Commerce (Mr. Howe) said.

Has government policy to meet inflation been of any use? If it has, the undiscriminating eye cannot see it. There have been increased interest rates, discouragement of bank loans, postponed depreciation allowance, higher taxes, and yet the inflation increases.

The *Free Press* in an editorial says it—

> —must come as a sharp and surprising disappointment to the government. It had expected that retail

prices, having levelled off, would remain fairly stable during the next few months at least.

This editorial appeared on July 9, 1951. It continues:

It must be remembered, however, that the deflation policy launched in February with increased interest rates, the discouragement of bank loans, postponed depreciation allowances and then higher taxes unavoidably must take some time to show its effects.

It had not been expected in Ottawa that the full results would be clear before midsummer. The retail price figures for June and July, therefore, will be awaited with interest.

Where June and July price levels were revealed further increases in price levels were shown. Surely if ever any government for a period of five long years has shown its ineptitude in prophecy as to prices, this government has done so. I have a great many quotations here but I am not going to burden the house with them, going back to 1946, 1947 and 1948. Here is one in January, 1948, when the Minister of Finance (Mr. Abbott), speaking in New York, said:

It is possible that there might be selective reimposition of price control but that will depend on what parliament decides and what may happen down here.

That was referring to the United States in 1948. The Prime Minister at about the same time made a speech at a Liberal luncheon in Quebec and he said:

A power chain exists in Canadian prices and the greed for higher prices and profits will have to be curbed.

And he said: "We know that and we are working on it." That at least was positive. Then the Minister of Finance, on February 14 in Brantford, is reported in the Toronto *Star* as having stated in an interview that there were indications that inflationary pressures might now have done their worst and that prices might be sagging down from their peak.

Mr. Abbott: They did, too.

Mr. Diefenbaker: Sagging, Mr. Speaker? The Liberal federation met in 1948 also; it had some suggestions and I read from the resolution of February 10:

The government should be prepared to take any steps necessary to prevent profiteering, to control unjustified prices and to keep the cost of living at the most reasonable level consistent with national welfare.

Next they said:

Monopolies and special privileges have no place in a democratic state in which the principles and policies of liberalism are applied.

Then you will recall, Mr. Speaker, that finally as a diversionary movement, a committee of parliament was set up in 1948. At that time the cost of living was around 150. The longer the committee sat the higher went prices. A royal commission was set up and the longer the royal commission sat, the higher went prices. The Prime Minister, the Minister of Finance, and the Minister of Justice have recently indulged in a trilogy of radio speeches in which they have set forth what should be done now. They produced a blueprint, a well-starched anti-inflationary program last November, and then another one in February; but still prices have continued to rise. The Minister of Finance still stands for the old principle: tax, and tax, and tax. The Minister of Justice, however, has his own policy as enunciated last night. This is to operate in co-operation with the policy of the Minister of Finance and that of the Prime Minister. He asks those affected by injustice to write to the combines commissioner. I venture the opinion that the Minister of Justice with that suggestion brought to the Post Office Department a source of income that will do away with the deficit.

Mr. Abbott: I hope the hon. member is right.

Mr. Diefenbaker: Finally it ends up in this way:

If, in this connection, you think I can be of any help, by all means write to me.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: Mr. Speaker, when I heard those tones going over the radio last night, I just wondered whether the letters that he would receive would be mislaid or even hidden, as was the communication that he got some two years ago from Mr. McGregor regarding the flour milling combine.

The Minister of Trade and Commerce also made a speech. He said in effect that the government do not want to do anything that will not be successful which would push people around. That was a new sentiment for him, Mr. Speaker! The Prime Minister has announced that the only thing to be done at this session regarding high prices is to bring in some legislation regarding the setting of resale prices by the wholesaler or the manufacturer to the retailer. I can conceive of no lighter foot than that one being put on the brake of inflation. They have had a similar suggestion before them for years.

In 1926 the Proprietary Articles Trade Association of Toronto was declared to be a combine because it did that very thing, in a report from the combines branch dated October 24, 1927. The Curtis royal commission in December, 1948, pointed out that "the growing practice of resale price maintenance" was a matter of serious concern.

If it was a matter of serious concern then, why was not something done about it since then? The United States supreme court this year ruled that price maintenance is not

enforceable as between non-signers, price maintenance being a policy by which an individual manufacturer of branded goods prescribes the price at which they are to be sold, both to the wholesaler and to the retailer.

Does any minister of the crown say that such a bit of legislation is facing up to the problem confronting the Canadian people? The Prime Minister does not do so. In effect he says: It is good as far as it goes, but I do not think it will go very far. What about the small and independent merchants? I suggest that such legislation—and I speak only for myself—if introduced, and price maintenance represents less than four per cent of retail sales in this dominion, can have an effect exceedingly detrimental to the independent, small businessmen in this country. The larger outlets, with lower unit overhead costs, may conceivably, under this legislation, secure a monopoly that will put out of business the small man dealing in nationally advertised goods. Surely the government has something more than a picayune promise of an alteration in the law under which even now, if price maintenance were in effect as between a group of manufacturers or wholesalers and individuals, it would be an offence against the combines act. I suggest that the anticipated legislation is simply a smoke screen to conceal the lack of an effective policy to meet inflation. Since 1946 the government has hoped that things would turn out all right, has procrastinated with promises of future action and has failed to act. Why has not the government investigated the spread between the price the consumer pays and what the farmer receives for so many commodities?

Much was said by the Prime Minister about the cost of foods. The hon. member for Calgary East (Mr. Harkness) dealt with one product in his speech, namely, meat. He showed that there was—and his figures have not been challenged, and therefore after this time can be accepted—too great a disparity between the price the consumer has to pay and the price paid to the farmer. Why has there been no investigation into price spreads and the blame placed on those responsible? Why is the Combines Investigation Act not going to be brought before the house at this session with a view to having it looked into and suggestions made by hon. members from all parties?

A commission—the MacQuarrie commission—was appointed on June 27, 1950, to review the act. The only report it has made is the report on fair price practices. The Minister of Justice asked for that report on September 10. Surely there is no one here who will contend that when any monopoly corporation operating a combine, however powerful it may be, or any group of individuals break the law—and I refer not to honest business, I refer to individuals however powerful, who break the law—they should be allowed to do so with impunity. The penalty under the combines legislation is a fine of $10,000, a fraction of what the illicit gains may be to those who by design evade the law and exploit the public. Ten thousand dollars! If you were to say to those engaged in robbery, we will take three or four per cent of what you make, we would not be discouraging robbery. After all, one judge of this country has found that that is what certain gains were—as the law against combines now stands—it is robbery. Potential profits great; potential penalty picayune.

Why should not the combines act be brought before a committee of parliament and changes made to make the breaking of the law less encouraging? The combines legislation is not being effectively enforced by this government. There have been a few prosecutions where the gains were tremendous, but a maximum fine of $10,000 is no deterrent. The Minister of Justice, who is charged with the responsibility of enforcing the act, called on the Canadian people last night to write to him, please. How many investigations have there been in the last year as the result of the minister asking the combines commissioner to investigate? Not one. No investigations were made as a result of ministerial direction or formal application during the past year. That is from the annual report of March, 1951. That does not indicate that the government is facing up to its responsibility.

I suggest first and foremost that if the act is not adequate for the job it be revamped so that Canadians who are being exploited unjustly will know that the law will protect them if enforced. The Saskatoon *Star-Phoenix* in an editorial entitled "Tighten up on Combines", says:

> There is no reason why the present legislation should not be used to its maximum extent. The consumer needs the protection of the combines act more now than at almost any other period of our history. Yet our government is caught with its legislation to restrain monopolies out of repair.

There has been a failure on the part of the government to put teeth in the penalty clauses so that the penalty for wrongdoing would be commensurate with the crime committed. I do ask the government to do something regarding inflation; to use the law now on the statute books, not as a feather duster, but as an instrument to strike fear into the hearts of those who unjustly take advantage of the people or, to use the words of the Minister of Trade and Commerce (Mr. Howe), who having been all set to take advantage are unlawfully profiteering.

Newspapers across this dominion have asked that government revamp the Combines Investigation Act. An editorial in the *Star-Phoenix* on October 4, 1951, reads:

> The amount of money involved is not large enough in relation to the potential profits to discourage fresh attempts to control competition in other ways.

Surely the act should be used in the fight against inflation. The failure to use the report against the flour milling industry having been concealed until prosecution could no longer take place makes Canadians wonder whether this government is doing so.

I want to make a short reference to the agricultural situation. The hon. member who preceded me said that hon. members must mention matters peculiar to their own part of the country. What I wish to deal with now is not parochial; it affects every farmer in western Canada. The situation is most serious. In the other place yesterday Senator Wood dealt with the matter at length. The harvest hopes of a few months ago have been diminished by continued rain and snow. Storage is at a premium; in fact, it is not available. As an encouragement to the western farmers to make the expenditures of building storage facilities I suggest that payments should be made for storage on the farms. The other day the Minister of Trade and Commerce said that it would come out of the farmer. Not at all. It would simply be an advance to him of moneys that he ultimately would receive when the final payment was made. When the farmer's wheat is stored by the elevator companies 1½ cents a month is paid for the storage which is an expense to the farmer.

My second point is that loans should be made available to farmers on wheat in farm storage. The United States has that system in effect. The Commonwealth Credit Corporation grants loans up to 80 per cent or 90 per cent of parity, and, in addition to that, makes loans up to 85 per cent of the construction costs so that the farmers can build their own storage structures.

There is need for something to be done to increase the prices and thereby avoid the terrific loss that the western farmer is sustaining under the international wheat agreement by reason of having to sell his wheat under that agreement at 50 cents a bushel less than at the world market price. I believe there is every justification for the western farmer to ask that the wheat sold for consumption in Canada should be on the basis of the world price rather than on the basis of the price in the international wheat agreement. The international wheat agreement has lost for the Canadian farmer, to date, well over $100 million. He has received no stability of prices—unless one is content to call prices far below world prices "stability". The one stability it provides for is that his loss is stabilized at around 50 cents a bushel.

I have before me a number of letters on the point, some of which were received today. These deal with the recent order of the wheat board allowing farmers anywhere to store their wheat at whatever elevator and whereever space is available. This is working an injustice against many of the small farmers whose elevator facilities in their local towns have been filled from farms in districts many miles distant. The result is that, owing to the lack of sufficient freight cars, the situation has been intensified locally for them.

The Saskatchewan retail merchants association has given support to the need for the provision of local farm storage, and of advances being made on the basis of that storage. It is all very well to be optimistic regarding the western farm and storage situation; but I say it is serious. We are going to have well over 100 million bushels of almost unsaleable wheat by reason of recent rains and climatic conditions. Surely provision should be made for the assured storage of that wheat which is of better grade.

Finally, in that connection, without exception farm organizations are asking for a reduction in the differential in price between numbers 2 and 3 wheat, and numbers 4 and 5 wheat. The differential is altogether too large and should be lessened.

The speech from the throne says that some further consideration is being given to the question of the Saskatchewan river power and dam project. A commission has been set up. The press in Saskatchewan, generally, is agreed, as are the people, that it is most unfair to have continuous stalling taking place in connection with the project. It has been found feasible and is necessary for defence purposes and for the development of the province.

The commission will review what officials operating under the Prairie Farm Rehabilitation Act have found, as well as what engineers appointed by the government have found. As is pointed out by the *Leader-Post*, this indicates needless duplication. Nothing would do more to restore a degree of hope in those areas which, while not this year affected by drought, have been seriously affected in other years, than to have the government take action now.

This project should not be made a political football. There is not a member from Saskatchewan who does not support it. The

Minister of Agriculture (Mr. Gardiner) has promised it. The leader of the opposition (Mr. Drew) has given his undivided support to this project. I do not want to have it held back until the next provincial election. The project is needed in Saskatchewan, and I am deeply disappointed that in place of performance the speech from the throne provides for a promise of re-examination by experts.

The project would pay dividends and nationally it would be self-liquidating. It would assure diversified industries for the province. It would preserve us from fear of recurrent droughts, in an area of some 500,000 acres.

This is an inflation session. If we do not act effectively at this session of parliament, and if the ascent of ballooning prices continues, I fear for the future of our country. Our defence projects cannot achieve success unless this problem is met. Surely the intelligence of the House of Commons can produce something more than the promised amendment to the Combines Investigation Act.

The great base upon which inflation flourishes will remain if all parliament does is to pass another law which I fear will join the limbo of forgotten things.

Mr. Robert Fair (Battle River): Mr. Speaker, before proceeding with the remarks I had intended to make this afternoon I wish to comment briefly upon some observations made by the hon. member for Kootenay West (Mr. Herridge), who preceded me earlier this afternoon. At that time he made reference to the stand taken by the Social Credit party on the question of price control.

I have sat in the House of Commons for almost sixteen years, and I cannot think of any group more subject to criticism for its change in stand than the C.C.F. party, to which the hon. member for Kootenay West has been recently readmitted. I feel that had he had the intelligence of ordinary people he would have had no difficulty at all in understanding our position with respect to controls.

Now and in the past we have refused consistently to accept controls just for the sake of controls, as he and his associates have advocated and continue to do. On Monday last my leader, the hon. member for Peace River (Mr. Low), had this to say, as reported at page 54—I hope the gentleman who was criticizing us will take the time to read this over once again:

> **We Social Crediters are convinced that a system of over-all direct price controls, with all the regimentation and restrictions it entails, is the very negation of the democratic way of life. That is the** first point. We further believe that as long as Canada continues to participate in the numerous international organizations to which she is now committed, such as NATO, Bretton Woods, the United Nations, the Colombo plan, and so on, the cream of Canadian production is likely to be given away externally, leaving in our country effective demand for which there is no balancing supply of consumer goods. In that situation pressures for price rises are inevitable, particularly if large corporations continue to pile up inventories so that those goods are not released to the Canadian public. It is our conviction too that as long as we continue to operate under the present financial and economic system this country cannot maintain a condition of full employment, even in peacetime, without some price control arrangements. Until proper financial and economic reforms are established in Canada to take care of the situation on a long-term basis, it may be necessary to adopt certain price controls, as has been advocated by both opposition speakers who have preceded me this afternoon. We would support such a temporary measure, and note that I say "temporary"; I am quite sure that the leader of the opposition at any rate, and I think perhaps even the hon. member for Rosetown-Biggar (Mr. Coldwell), would agree that it should be a temporary measure, to bring our people relief from the present terrific high cost of living, until we can get things balanced down to a decent level.

I think that should be quite clear to anyone who wishes to understand. I hope the hon. gentleman who has not been able to understand it up to the present time will read it once again. Before going further I should like to express appreciation on behalf of the Lloydminster united municipal hospital district to the Minister of National Health and Welfare (Mr. Martin) and the government upon the grant that has been made to assist in the extension of that hospital. I have paid taxes to support this hospital for a number of years and I believe it has rendered good service. Because of an increase in population the hospital was not large enough and for a number of years the matter of providing additional accommodation has been a headache for the hospital board.

Recently the hospital district provided a certain amount of money, as did the provincial governments of Alberta and Saskatchewan as well as the dominion government. The new hospital wing was opened officially by the Hon. Mr. Bentley who sat here to my right between 1945 and 1949. During the official opening he stated that it seemed rather strange but most encouraging that people on both sides of the meridian, those who supported a C.C.F. government in Saskatchewan and those who supported a Social Credit government in Alberta, as well as representatives of the dominion Liberal government, were able to work together to build that hospital wing. Again I want to express the appreciation of the Lloydminster municipal hospital board to the minister and the government.

Another matter that has created considerable discussion over the years is the provision of pensions for those over 70 years of age without a means test. While this legislation has not yet been introduced we hope that it will be introduced, as indicated in the speech from the throne. At the last session we passed legislation providing pensions for those between 65 and 70 years of age but with a means test. I hope that in the near future, as in the case of those over 70 years, that means test will be removed.

I am not satisfied with the amount of the pension because when compared with the value of the dollar in 1939 the $40 is now worth only $21.16. Anyone who has visited the stores lately will readily realize that $21.16 or even $40 is not sufficient today to maintain any reasonable standard of living. As a result of government policy in the past number of years—this government has been in office since 1935—the savings which many people had accumulated have now largely melted away, with the result that they must rely on their friends or obtain assistance through pensions or by other means. In my opinion that should not be allowed to continue in a country like Canada. In addition to the legislation to be brought in this session providing for a pension without a means test for those over 70 years of age, I hope that in the near future we will have other legislation increasing the rate of pension to a reasonable amount.

Another matter with which I should like to deal is the basic pension for war veterans and the war veterans allowance. I think that disabled veterans have a moral and legal right to a much larger pension than they are enjoying at the present time. Nearly a year ago the Canadian Legion presented a brief to the government and last session we had a special committee on veterans affairs. Up until that time this committee has always done a good job, but I cannot agree with those who voted last session against increasing the basic pension and the war veterans allowance. They had a responsibility to veterans which I do not feel they carried out. Of course they were only carrying out government policy.

A disabled veteran must live with his disability twenty-four hours a day, seven days a week and fifty-two weeks a year. In the past he offered his services to protect our freedom. Those of us who stayed at home enjoyed security and there were many Canadians who took advantage of the war profits that were available. I feel it is now up to us to do our duty towards the disabled veteran. There is no question about this country being able to afford the 33⅓ per cent increase for which the Legion asked.

In my opinion that request was most moderate and should have been granted without any bickering, either by the committee or by members of the house. In the past we have sent millions of dollars' worth of goods to other countries and at the present time we are spending billions of dollars on defence for a war that may or may not come. It is true that at the last session a supplementary estimate of $2 million was brought down to provide an allowance for single men with a disability of 35 per cent or better and for married men with a 45 per cent disability or better, but the records show that this allowance will better the financial position of only 6,000 out of the 165,000 who are affected.

That was not approved by the committee. At least there was no unanimous vote. I believe all opposition members and some of the government members, who recognized their responsibility and acted upon that recognition, voted against the proposal. I hope they will see to it this time that this is continued as time goes on.

When these pensioners go to the store to buy things they have to pay the full price, and to a very great extent the price is the responsibility of the government. I shall deal with that later on. Pensioners receiving old age pensions are not eligible to partake of the benefit arising from the $2 million supplement. They must be unemployed, must be unemployable, and in addition must furnish proof that their disability is a factor contributing to their unemployment. Those things bring about a vicious means test which is no part or parcel of disability pensions. That was ruled out many years ago and should continue to be ruled out, but because of government policy it has cropped up again. Apparently they want the money for some other purpose or perhaps they want to keep the veterans on a lower standard of living so that they will be easier to deal with. Such a practice should not be carried on.

More sympathetic treatment should also be accorded to these veterans when considering the question of old age pensions. The veterans affairs committee of last session recommended that this matter be brought forward again at this session. I understand that no committee is being set up but there is nothing whatever to hinder the government from introducing legislation, or regulations if they want to, to increase those pensions.

With respect to the war veterans allowance recipients, there was a demand last session that something be done about that also. At the present time single men are receiving $40 and married men $70. The request of the Legion was that these amounts be

increased to $50 and $100 respectively. If that had been done they would now be receiving the equivalent of $26.45 for a single man and $52.90 for a married man in terms of 1939 dollar value. I believe that this matter should be taken care of during the present session. Cold weather is already approaching and the suffering of these old veterans is continuing. It is our responsibility to see that something is done, and I wonder what the members of the house will do about it. Will they discharge that responsibility?

There is another group not already mentioned, the old soldier settlers. They bought land away back in 1919 and 1920, and since, and I believe there are nearly a thousand who are still struggling to pay off their debts. I understand the amount still owing is slightly over $1 million. A rough computation will indicate that if each citizen of Canada contributed 7 cents these debts could be wiped out entirely. We had a vote on this question last session and I was very sorry to see that some members voted against providing relief. However, if there is any hon. member of the house who will refuse to pay his 7 cents at this time I will dig into my limited savings and pay the 7 cents for him. I hope something may be done during this session.

One of the main questions facing the government at the present time is that of inflation, with which is very closely associated the high cost of living. The Prime Minister (Mr. St. Laurent) dealt with it the other day, and he made a speech which to many people was surprising. He dealt with the British Labour party's pamphlet entitled, "This Cost of Living Business". I am not going to deal with that now. It does not concern us particularly. We could make quite a lot of comment on it if we wished to but I am not going to take the time now. The Prime Minister dealt with the legislation that the government intends to introduce at the present time. At page 35 of *Hansard* he said, with respect to the fixing of resale prices:

> This problem has been carefully studied by a committee appointed to do that job, a committee composed of highly respected persons felt to be qualified to examine the problem objectively and to make a report upon it. They have done so, and that report is now before parliament, but I am sure that when any legislation based upon that report is being considered there will be arguments pro and con the probable effects of interfering with this so-called right of the producer of an article to determine the price at which it will be resold to the ultimate consumer.

Then he goes on to say:

> I am not sure myself that that is not already contrary to provisions of the Combines Investigation Act, because the act defines a combine as a conspiracy between two or more persons to fix the resale price of commodities.

I hope the Prime Minister will get together with the Minister of Justice (Mr. Garson) and settle the point as to whether such price fixing is really a combine. As has already been pointed out this afternoon, if legislation is brought down and passed I am not sure that it will be used, because we remember that only a couple of years ago the government had a report of an inquiry as to certain people who were supposed to be guilty, and the report was pigeonholed for many months before being brought out into the open. Let us hope this legislation will have some effect. I am not sure about it, but it would appear that there are some people who have a feeling of guilt because since the speech from the throne was made on the 9th of this month, a week ago yesterday, three stores in Hamilton have brought down prices and have openly announced through the press that they are breaking contracts with their suppliers. An article in the Ottawa *Journal* of October 13 states that a Montreal drug firm is seeking an injunction over price fixing. Another article in the Ottawa *Citizen* of the 16th of October states that Toronto stores are cutting the price on electrical appliances, and an article in the Ottawa *Journal* of October 15 is headed, "Hose Costs Run Down". Nylons of a certain grade are coming down in price.

Mr. Johnston: No garters.

Mr. Fair: One of my friends says, "no garters" but I do not think that is the whole explanation. Apparently certain people feel that there is a little guilt connected with the prices that have been in existence, and I hope that the government will not stop until they do something worth while with respect to this matter. The Prime Minister went on to give a list of articles and their prices at Washington and Ottawa. I was very glad to have the Prime Minister make that comparison because certain people in Canada, many of whom should know better, have been charging the primary producers of this country, the farmers, with being responsible for the increased cost of living. Many of them know very much better but in order to distract attention from their own businesses and themselves they try to place the blame on the farmers. At page 38 of *Hansard* for October 15 the Prime Minister went on to say:

> There is no doubt that prices are high.
>
> There is no doubt that certain sectors of our population are feeling some hardship, but not all sectors. In spite of high prices the average wage paid in our manufacturing industries will buy more today than it did before the war.
>
> The prices that our farmers are getting for their produce, in spite of the fact that they are paying higher prices for things they have to buy, is giving them a larger share of the national income at this time than ever before.

Now, that is a whopper of a misstatement, but I am not charging the Prime Minister with responsibility for it. Some of the experts, perhaps in his office or some of the departments, gave him that information which, in my opinion, is entirely incorrect. I shall deal with that when I have finished this quotation.

I am not saying that is not as it should be. I notice an hon. member shaking his head but let me say that he is not the only one who knows the farmers in this country. I know farmers in various parts of Canada and I know for a fact that at the present time they are getting a larger share of the national income than they ever got before. I am not saying that they should not. I am not saying that they are getting too much. I know that they work hard for what they get and I feel that the prices they are getting under present price levels are not too high and that it would not be fair to try to roll them back.

Had the Prime Minister insisted upon getting proof of those statements, he would have found that the dominion bureau of statistics records show that during the period 1915 to 1919 the farmers of Canada, comprising at that time 33 per cent of the population, received one-third of the national income. What did the farmers of Canada, who comprised about 25 per cent of the population, receive in 1950? Yesterday I called the proper official in the dominion bureau of statistics and what do you think his reply was? They received 9·95 per cent of the national income. The 25 per cent living on the farm received 9·95 per cent of the national income. If the Prime Minister had gone a little further, perhaps he would have found out that the other people in Canada are receiving more for their dollar today than they did back in 1939. The Prime Minister had this to say:

. . . I have here figures showing the estimate of food quantities which one hour's work of a manufacturing employee at average wages would buy in certain periods. While the first item is not disappointing, it does show that in October, 1939, an hour's work would purchase more sirloin beef than it does at the present time.

I am just going to use the figures for 1939 and June 1951. The figures are as follows:

	1939	June 1951
Sirloin beef .....lbs.	1·6	1·1
Bacon .....lbs.	1·3	1·7
Eggs .....dozen	1·2	1·6
Potatoes .....lbs.	22·8	39·1
Bread .....lbs.	7·3	9·9
Tea	·7	1·1
Coffee .....lbs.	1·1	1·1
Sugar, granulated .....lbs.	6·8	9·0
Butter .....lbs.	1·4	1·7

At the same time had the Prime Minister gone a little further with his research he could have found out that in both 1919 and 1920 an eight foot McCormick-Deering horse-drawn binder could have been purchased for $190. At that time the farmers were receiving for their wheat $2.63 per bushel which meant that it would take 72 bushels to purchase the binder. In 1951 when we were receiving approximately $1.90 for our wheat that same binder would cost us $640, so it would take 337 bushels of wheat to buy it. Those figures show that it takes four and one-half times as many bushels of wheat to buy a binder today as it did back in 1919 or 1920.

Then perhaps I should place on record a statement made by the president of the Canadian Federation of Agriculture which I am taking the liberty of quoting from the text of the Prime Minister's address. He had this to say:

Food prices are not high in relation to other prices or in relation to wage rates or to the profits being made by industry. Most food, in terms of the hours of work required to purchase it, is cheaper than it has ever been. When we compare average hourly earnings in manufacturing industries with average prices of staple food products, this fact is borne out.

There are many other things contained in this address with which I do not intend to deal. I believe the figures I have given, and the statement of the president of the Canadian Federation of Agriculture, should be sufficient. In spite of these things, we can look back over the crop years 1946 to 1949 and see the sort of deal the farmers got under the British wheat agreement. Again let me emphasize that this was a deal between the Canadian government and the British government. The wheat board must not be blamed for the making of that agreement. The farmers lost approximately $311 million in this deal, even though they got that much talked about $65 million from the government. Instead of only that amount being taken from the treasury, an additional $311 million should have been taken because under the agreement the wheat was a gift to the British people by the Canadian government on behalf of the Canadian people. Full payment to those who supplied the grain should have been made, the federal treasury supplying the difference between class II price and those prices obtained under the agreement.

Many so-called experts have dealt with this matter. In the issue of *Maclean's* magazine for May 1 there is such an article, and in the Edmonton *Journal* I have noticed an article recently by R. J. Deachman. He has put out his shingle as an economist and has been raising a little cain about this $65 million payment. From the tenor of these articles I think we might say of the authors, as we can of many others, that a little learning is a dangerous thing; drink deep, or taste not the Pierian spring. They are, deliberately

or otherwise, trying to fool the Canadian people. In addition we find there has been quite a drop in hog prices recently, and had I sufficient time I should like to deal with that. It has been shown that, from the middle of September until about October 6, Ontario hog producers have lost nearly a million dollars as the result of a price slump. There are many other things with which I might deal, but time will not permit. We fully expect that there will be another session next spring, at which time we shall be able to deal with some of these matters.

The government has undertaken to prevent inflation. Almost a year ago they decided they would curtail bank loans. Then they were going to restrict credit. That means that the purchase of many necessary items has been restricted. Many people who wanted to buy cars, refrigerators, washing machines and many other things have not been able to purchase them because of that restriction of credit. Then they said that another way to get the money out of the people's hands would be to increase taxes. They increased the sales tax from 8 per cent to 10 per cent, a 25 per cent increase; and the excise tax was boosted from 15 per cent to 25 per cent on many items. The result has been extremely hard on the Canadian people. Many of us complain bitterly about the price of our cars and other things we have to buy. The result of the sales tax and the excise tax on the poor man's car—which is the kind I drive; it is a little Chevrolet—amounts to about $700. In addition we have many other taxes that are levied on parts coming in from the United States.

The government are passing measures to bring about a reduction in the cost of living and the prevention of inflation, and in my opinion they themselves are the big offenders. It is about time that change in their program was made effective. Then they have increased interest rates. After doing all of these things —most of which are detrimental, in my opinion—they ask the people to work harder and to produce more. Increased production, provided that other suitable measures were also applied, would be a good way of preventing inflation and bringing down the cost of living, but with the methods applied by the government up to the present time I do not think they can expect particularly effective results.

While dealing with wheat I had intended to suggest that even though we have the wheat growers, the farmers, in general being treated as they have in the past—and the government has been made aware of that condition time after time—we still find that the international wheat agreement means a loss to the Canadian wheat grower of an average of, I would say, 40 cents per bushel. In my opinion that is not good business. I am not for a moment, however, suggesting that an international wheat agreement is not a good thing. I voted for it, as did other members of this group. But an international wheat agreement or any other agreement is not good enough unless you make provision in the price program for changes that may occur in the price of the things the farmer has to buy. While the hon. member for Acadia (Mr. Quelch) tried, when the international wheat agreement was before the house, to have the government provide for a fluctuating price that could be brought about by tying the price of wheat sold to other countries to the price of goods in those countries, he was not successful. Indeed, the government never even took the trouble, as far as I know, to investigate that proposal. But had that been done it would not make any difference whether the price of wheat was high or low, for it would bring back to our country the same quantity of goods from other countries.

In connection with the price of wheat that is turned over by the wheat board, on government instructions, as government policy—the wheat turned over to millers for milling into flour for Canadian consumption—that price again is set at a figure the same as that for the wheat sold under the international wheat agreement. In my opinion, it is adding insult to injury to have that amount stolen from the farmer; because that is exactly what is taking place. On every bushel of wheat turned over to the millers by the Canadian wheat board for Canadian consumption the farmers are losing 40 cents on an average. While I have on many occasions asked the Minister of Trade and Commerce (Mr. Howe) what those wheat growers are getting in return, he has never—nor has any other member of the government—even made an attempt to give me a satisfactory answer to that question. I feel that until some of those injustices are remedied, things will not be very good.

I had intended to deal with the question of income tax, particularly as it relates to farmers, and its administration in the prairie provinces, but I see that time will not permit me to do so. However, there may be another opportunity when I shall be able to deal with that matter.

In dealing with some of the things that might be done at the present time I am going to quote six points which have been placed on the record by my leader, the hon. member for Peace River (Mr. Low). They can be found at pages 54 and 55 of *Hansard* of Monday last. Before doing that, however, I should point out that the Prime Minister is finally realizing that certain things can be

done; and those are things we have advocated for the past sixteen years. As reported at page 41 of *Hansard* he had this to say:

The price level cannot be held fixed in a free economy, although it is disturbing to have it move far in either direction. Deflation, when it comes about, is almost as painful as inflation.

Then he makes this admission:

The ideal state would be a proper balance between purchasing power and supplies;—

I am glad the Prime Minister has got along even that far in recognizing the way the economy of our country should operate. He continues:

—but none of us—except perhaps the hon. member for Lethbridge (Mr. Blackmore)—has the formula by which to maintain that proper balance at all times.

The hon. member for Peace River made those six points to which I have made reference, and I am just going to give a short quotation from them:

1. Overhaul of the taxation structure.

I have perhaps dealt sufficiently with that point, and I see that my time has almost expired.

2. We advocate holding out every possible inducement to all sections of Canadian society to increase their productive efforts. We believe that the greatest single factor in bringing down the general price level is a plenteous supply of consumer goods for home consumption. Let me make that clear; a plenteous supply of consumer goods for home consumption, not piled up in somebody's inventory, not produced to send to some other place, but a plenteous supply of consumer goods for home consumption.

3. We believe we should couple with a wise taxation policy a system of consumer price discounts or subsidies on selected items which enter into the daily needs of the majority of Canadian people.

I am not going to deal further with that matter at this time. It has been enlarged upon by the hon. member for Peace River.

4. Our fourth suggestion is that whenever it becomes necessary to expand the money supply of Canada the government should not add to the debt burden on the people by borrowing from the chartered banks. Rather the government should ask its own treasury and the Bank of Canada to create and hand over the new supply of purchasing power, interest free, to be spent into circulation by the government for the essential needs of the situation.

5. The fifth proposal we make and which we think the government should adopt—I have pleasure in noting that the throne speech does mention certain measures that are to be taken at this session—is the institution of a wise policy of control of combines and monopolies so as to ensure a full measure of economic competition in Canada which we think is most important if we are to bring prices down to a reasonable level.

6. As a sixth point we think there should be a wise and fair investment policy governing industrial expansion and resources development.

Time will not permit me to say any more at this time, but I hope that there will be another opportunity a little later on.

[Mr. Fair.]

Mr. Raymond Bruneau (Prescott): Mr. Speaker, I should like to associate my voice with those of the other members who have taken part in the debate on the address in reply to the speech from the throne, in congratulating the mover and the seconder.

(Translation):

Mr. Speaker, may I be permitted to subscribe to the noble thoughts expressed by the hon. member for Beauharnois (Mr. Cauchon) on national unity in this country.

As a representative of a constituency where two great races live side by side, it is heartening to hear harmony and understanding preached on the very floor of the house. How proud we are, therefore, to be able to march under the banner of a leader who has undertaken the forging of a link between French and English-speaking citizens.

(Text):

While listening to the seconder of the address, the hon. member for Yukon-Mackenzie River (Mr. Simmons), it was comforting to hear that probably never before in history has our country had the natural resources at her disposal for becoming a great nation that she has at the present time, thus fulfilling the prophecy of Sir Wilfrid Laurier that the twentieth century would be that of our country.

One of the main items under study during the current session will be a measure to provide increased security for our older citizens through payment of pensions. I would like to see my government study the possibility of including with old people the invalids, the needy ones who are incapable of providing for themselves. We have a duty to assist those whom nature did not favour, and I think that the people we would include in our security program would be forever grateful. In voicing this opinion I am sure I also voice that of a good majority of the members of this house. A lot of the cases that are brought to our attention are those of people who through mental or physical deficiency see themselves at the mercy of charitable institutions or relatives to ensure a meagre subsistence. Life is already gloomy enough for them and I should think that if we were to bring a ray of sunshine and some hope into their existence, we would have accomplished something.

In reading in the speech from the throne that "our national effort to provide for the security of our country in co-operation with other peace-loving nations continues to receive the constant attention of the ministers", it is most comforting to know that we are doing our utmost, in these troubled

times, to achieve peace through preparedness. We are giving full support to our Canadian forces in Korea who are upholding the ideals of the United Nations which have pledged themselves to defeat aggression, and we can be proud of the fact that following the deliberations at the NATO conference held in this house the nations are steadily increasing their combined strength in their determined effort to maintain true principles of democracy throughout the world. Let us hope that before too long Greece and Turkey will join the north Atlantic alliance, thus reinforcing the position of the free world, so close to the iron curtain, in the vicinity of the Mediterranean world where at present serious trouble is brewing. I could not help but think how fortunate we are to be living in a free country, where our Prime Minister (Mr. St. Laurent) can go about without bodyguards, while every one of us here was stunned to hear yesterday of the assassination of Liaquat Ali Khan, Prime Minister of Pakistan, who paid the supreme sacrifice for upholding those same principles of democracy which we are doing our best to achieve.

Another item of great importance under study will be the rising cost of living. We are given the assurance by the Prime Minister that every measure will be taken to counteract inflation. I am sure that no effort will be spared to make possible a stabilization of our economy.

As regards the seaway and the power phases of the St. Lawrence project recently discussed in Washington by the President of the United States and our Prime Minister, I am sure this question is of vital importance to the security as well as the economy of the two countries, and let us hope that this project, long debated, will be implemented. While dealing here with a question relative to the Department of Transport, I wish to tell the minister of that department how grateful the members of the Hawkesbury flying club are for the beacon he has provided them with for the purpose of night flying in the region.

I should like at this point to ask the Minister of National Defence (Mr. Claxton) to have the people of his department undertake a study of the possibility of re-opening the two airports of St. Eugene and Pendleton in my riding. With the tenseness of the present international situation there is no doubt that these two airfields, ideally situated in the Ottawa valley, could best be used for the training of our airmen.

One other question not mentioned in the speech from the throne but which I believe is of great importance is the decentralization of industry. With the ever-growing possibility of a third world war I am sure our heavy industries, concentrated as they are in the main cities around the land, would suffer a terrible blow from air attacks and our national economy could be wrecked in no time. For that reason I am sure it would be wise to spread industry across our vast continent where there is certainly no scarcity of space. Prescott county, ideally situated on a flat stretch of land, half way between the two most important cities in Canada, the capital, Ottawa, and the metropolis, Montreal, offers immense possibilities for the establishment of such industries.

When we study the recommendations submitted by the royal commission on national development in the arts, letters and sciences, I should like to see a debate initiated as to the suitability and opportunity of implementing a program, or setting up a department, for the purpose of helping our young people in Canada. We have great possibilities in our country if our citizens of tomorrow are properly coached and allowed to carve out for themselves a future suited to their aptitude in different fields of learning. We have able young men who, given a chance, would be in a better position to help themselves and the country at large if they had the means at their disposal to improve along the lines for which they are best suited. Such a department already exists in different European countries and has proved to be of very great importance.

There is also another group of people in our country to whom we could lend a helping hand. I have in mind the agricultural class. The main industry in my riding is dairy farming, and for some time now I have received quite a number of postal cards calling to my attention the danger of large imports of vegetable oils for the manufacturing of substitutes for dairy products, thus reducing the yearly income of farmers. I would ask the government to adopt, at its earliest convenience, the necessary measures to give the dairy industry sufficient protection, by levying a duty on the import of such oils.

Keeping in mind the implementation of a program of security for our old people and invalids while studying the possibility of helping and preparing our citizens of tomorrow, let us spare no energy in developing the natural resources with which Providence has endowed us to such an extent. Let us also go all-out on a preparedness

program, thus enabling the free nations of the world to continue to enjoy this liberty so long and dearly sought after by the unfortunate people now living under a regime of terror behind the iron curtain. Our country, young in years but rich in promise and realization, has already taken a firm attitude in her determination to see that truth prevails and freedom is spread to the four corners of the earth. This is an achievement of which I am sure every one of us here has reason to be proud.

We have barely started a new session and I am sure that our deliberations, carried on in this house in the spirit of good will under the guiding light of democracy, will be those of a government of the people, for the people, by the people.

Mr. J. A. Ross (Souris): Mr. Speaker, I desire to offer a few remarks in this debate on the address in reply. First I should like to congratulate the mover (Mr. Cauchon) and the seconder (Mr. Simmons). In my opinion they both made excellent presentations on behalf of their constituencies and the nation as a whole.

In the speech from the throne mention is made first of the fact that our country is now being honoured by the visit of Their Royal Highnesses The Princess Elizabeth and the Duke of Edinburgh. It then proceeds to comment upon the public satisfaction in the speedy recovery of His Majesty the King. In these matters I am sure there is universal accord throughout the nation.

It then states that the primary reason for summoning parliament for a second session in the present year is to consider a measure to provide increased security for our older citizens, through the payment of pensions. On this general principle there is agreement among all parties. I should imagine, however, that the method of financing may become somewhat controversial, and there may be some reference to the hardship experienced by the smaller and less fortunate provinces in taking care of those citizens between the ages of sixty-five and sixty-nine years. I trust the contributory system shall always be kept before us in our deliberations when legislation in respect of this important measure is before us.

I was disappointed that at this session, with the matter of inflation of such great importance, there is not to be the introduction of a budget. Under this condition it may be difficult for us to thoroughly debate matters affecting various government departments. I was impressed by the remarks of my colleague the hon. member for Lake Centre (Mr. Diefenbaker) when he said that this session would be known in history as the inflationary session. Certainly inflation is creating grave difficulties for many people throughout the nation. In the speech from the throne there are some important omissions. In particular I regret personally that no intimation is given of any official attention having been paid to the request of the Canadian Legion and other veterans organizations for an increase in the basic rate of pension and the war veterans allowance in these difficult times.

As I listened to the representations made by the dominion command of the Canadian Legion when it appeared before a committee of the house that investigated veterans affairs during the last session of parliament, I was greatly impressed. Great credit is due representatives of the Legion for the splendid representations they have made. The Legion has been most fortunate in having had splendid officers throughout the years since its organization. Personally, I was most dissatisfied with the terms of reference as set out by the government when the committee was established at the last session of parliament. Those terms were altogether too narrow. Basic rates of pension were last dealt with by a committee of the house in 1948, upon which occasion the government introduced a motion making provision for a 10 per cent increase. This was later increased to 16½ per cent. Colleagues of mine who served as members of the committee on veterans affairs proposed an increase to the extent of 33⅓ per cent. A compromise settlement was effected at a rate of 25 per cent.

It would be of interest to refer to the cost of living index at the time the committee sat in 1948. I find that for that year the average index stood at 155. We know there has been a rapid increase since that time, and that the last figure given is 189·8 or an increase of approximately 35 points. It is important that we should keep that point in mind because, in my opinion, these veterans have never been too well dealt with. Their pensions are and should be as a matter of right, and I am sure the general population in Canada accepts pension rights on that basis.

I regret that while we are to have introduced a measure for old age pensions without a means test, at the same time the means test is being imposed against the veterans, as a result of legislation passed at the last session of parliament. Surely this is wrong. I regret the condition very much and still hope that the government will reconsider and set up a veterans committee with terms of reference sufficiently broad to permit some degree of justice for our veterans.

Having referred to the great difficulties caused by inflation to veterans and their dependents, I wish now to refer to the very

difficult position in which many Canadian agriculturists now find themselves due to the lack of parity between what they sell and what they must purchase for production. While the last cost of living index figure has been placed at 189·8, the cost of production index under which the farmers must operate is shown at 217 and a fraction. I was interested to hear the hon. member for Calgary East (Mr. Harkness), when he spoke in the debate, place on record the result of a study of the share in the price of a hog taken by the producer, the share taken by the processor, and that of the retailer. This is useful information because I feel there is too much misunderstanding as to who obtains the greater share of the profit.

It has been customary to blame the farmer for the price of these commodities when, in many cases, the farmer is operating under considerable hardship. I followed the Prime Minister (Mr. St. Laurent) closely when he spoke the other day and was very much surprised to hear him say that in his opinion the farmers were now getting a greater share of the national income than they had ever received in the history of this country. I do not believe that statement is borne out by the figures supplied by the government agency known as the bureau of statistics. I was pleased to hear the hon. member for Battle River (Mr. Fair) quote figures this afternoon —figures I have read—to show that it was between 1915 and 1919, at the time of the first great war and immediately thereafter, that the farmers received the greatest share of the national income in Canada.

Therefore it was with some disappointment that I heard the Prime Minister make his assertion, but failed to give the source of his information. I have before me a copy of the weekly *Free Press* of Winnipeg for September 12. In it I see a heading, "Farm products down 12 points; 53-cent dollar now sighted". The article goes on to point out that farm products had dropped 12 points during July and August. While that drop of 12 points was occurring the cost of living index in those two months showed a continuous increase. The article goes on to say that this information will be of interest to the consumer, with the thought that they would get cheaper food. That, however, has not been the case up to the moment.

This condition seems to me significant. More than that, by deliberate action of the government in the matter of wheat—and I do not intend to discuss this subject at length this afternoon, although reference has been made to it—the five-year wheat pool cost the prairie farmers many hundreds of millions of dollars, even after the $65 million settlement taken from the federal treasury last spring. The farmers have made a great contribution.

An hon. member who spoke earlier this afternoon has pointed out that the farmers are now making a contribution to consumers, through the international wheat agreement, to the extent of approximately 40 cents a bushel. On the basis of what he is paying today and what he has paid for many days past, the contribution made by the prairie wheat farmer amounts to 50 cents per bushel based on present quotations under the international wheat agreement. That is the extent to which those farmers are subsidizing the consumers of this nation. I think that is a very unjust contribution for them to have to make.

I have often referred to Portal on the international boundary where the main street is divided by the boundary line. On October 9, the day this house opened, market quotations showed a return of $2.23½ per bushel to the United States farmer at the elevator, while the Canadian citizen, marketing across the street, received only $1.23½ per bushel. There was a difference of just one dollar per bushel, and that is much too great.

An hon. Member: They may get more.

Mr. Ross (Souris): I think they will. However, I would point out that the initial payment for this crop was reduced by 20 per cent over the initial payment of a year ago. While they were making that reduction, the United States government increased their payment by nineteen cents.

An hon. Member: The initial price was the same.

Mr. Ross (Souris): It has been reduced. I want to support what was said by the hon. member for Lake Centre (Mr. Diefenbaker) about the marketing of wheat. There have been two bad years in the west for which no one is to blame, but I think something should be done about grading and storage. Just before I left I saw a copy of a wire which had been sent to the elevator companies by the general manager pointing out that grain should not be purchased even though they were able to send a sample in and get certain grades because when the grain came forward the government officials were setting it back one or more grades. You can understand the great difficulties that arise from such practices. I support the request made by the hon. member for Lake Centre that an advance payment should be made on grain properly stored on the farm. This practice has been followed quite satisfactorily for a number of years by the great nation to the south. As I pointed out, while our government has decreased the initial payment by twenty cents per bushel, even though our price is much below theirs,

the United States government has seen fit under a guaranteed loan to increase the price to the producer by nineteen cents per bushel over the previous year. Farmers in the United States are able to obtain a loan of $2.18 per bushel on this year's crop for grain properly inspected and stored. They are also allowed storage rates of a cent or a cent and a fraction per bushel per month up until next April. At that time they can let the government take over the grain at that price or they can sell it if the market should be above that price. That has worked out very well and I think such a plan should be followed in this country.

That loan of $2.18 per bushel is considered to be 90 per cent of the parity price for wheat stored in that country There is a complete lack of parity for our western farmers. Under our set-up the government dictates what the cereals shall be sold at. I understand that somewhat the same situation exists in the dairying industry. At the same time there is no control over the prices of the things these people must purchase. According to the bureau of statistics farm wages have increased fourfold since 1941. Some people still find it necessary to use binder twine, and I find that the price of that has increased fivefold since 1942. Farm machinery and many of the other items absolutely necessary to farm production have doubled or more in cost during those years. There is no parity for these farm producers. We should be following the same practice followed in the great nation to the south. I support wholeheartedly the request made by the hon. member for Lake Centre that a similar system be instituted for the grain producers of at least the prairie provinces. There is not as much wheat produced in the east; the grain is not sold through the wheat board, and therefore they receive a better price.

There is another matter I should like to take up with the Minister of Trade and Commerce (Mr. Howe). Many people in the west are interested in this. I do not know whether any solution can be found to take care of the frozen and low-grade grain from last year's crop which is cluttering up our storage capacity in the west at this time. The fact that a transport controller has been appointed is all to the good, but there seems to be a difference in the statements he is issuing, those being issued by Mr. McIvor of the wheat board, and the statements issued by the heads of the pool in the prairie provinces.

Another matter I should like to refer to is this carrying charge of six cents per bushel which has been so confusing since it was announced last June. Many people have felt that if this could be made under the international wheat agreement it should have been possible under the original agreement. I have not been able to find out just exactly what it covers and I should like to have an explanation on the record by the Minister of Trade and Commerce for the benefit of these producers.

During the wheat debate last session I asked that a royal commission be set up to study and report on the grading, marketing and storage of Canadian grain, both here and abroad. During the debate on the $65 million payment I asked that a commission be set up—and my leader made the same request—to determine the losses suffered by the farmers under the agreement, and what the final settlement might have been.

We have had many royal commissions in the past, some of them quite a few years ago, but considering the complex conditions that exist today I submit the government should appoint a royal commission to make a study and report to parliament on the grading, marketing and storage of Canadian grain in Canada and abroad. I again make that personal appeal to the government. Wheat is a most important item in Canadian exports and it cannot lightly be set aside.

I said that I would be brief, but as we are not to have a budget debate I realized that I might find it difficult to debate matters pertaining to various departments, some of which are quite urgent. I wanted to take advantage of this debate to make an appeal on behalf of the veterans and the Canadian Legion whose requests deserve the consideration of this government. I want to point out that very difficult situation, and also the situation in which a great portion of the farm population of Canada now finds itself. It is a situation that is getting rapidly worse. I am one of those people who believe there is racketeering going on in our nation today. Never at any other time in our history have more big businesses been running rampant and fixing their charges as they please. As the Minister of Trade and Commerce (Mr. Howe) said during the last session, they are getting all set for a period of control. I think it is a most unhealthy situation when a very important section of the country is tied down under control as to the prices of what they sell, yet have to buy their machinery of production under such a set-up. I am sure that in certain cases deliberate racketeering is going on. I make this appeal to the government at this time through the only medium we may have during this session.

Mr. D. F. Brown (Essex West): Mr. Speaker, on behalf of my constituents may I be permitted to introduce a subject which is not only vital to the constituency I represent but

also to the whole economy of the Dominion of Canada. Before doing so, however, may I be permitted to extend my congratulations to the mover (Mr. Cauchon) and the seconder (Mr. Simmons) of the address in reply to the speech from the throne. It is gratifying and pleasing to all in this group that these members have been chosen by the Prime Minister (Mr. St. Laurent) from the largest group on the opposition side of the house but which of course is loyal to the Prime Minister. Caucuses of our group are usually held around the dinner table with the full knowledge and consent of our distinguished leader, and the hon. member for Beauharnois (Mr. Cauchon) and the hon. member for Yukon-Mackenzie River (Mr. Simmons) have not only distinguished themselves in our caucuses but also in this house. May I express to them my very best wishes for their continuing success in serving the public of Canada.

The matter to which I wish to refer is what has been lightly referred to in this house as "the Windsor situation". First of all I think we should determine some of the geography of that part of the country as well as the economics. I have the unique distinction of representing the only constituency in Canada which is wholly and directly south of the United States, in that Detroit and other parts of the United States, including the state of Michigan, are practically on three sides of it.

The industries which operate there are chiefly the automobile industry comprising the Ford Motor Company, the Chrysler Motor Company, a large plant of General Motors, and some fifty or more feeder plants which supply parts and accessories to the three main industrial concerns. These feeder plants are important in their own right. They are large, and they employ a great many people. Referring only to a few, there is the Kelsey Wheel Company, the Auto Specialties Manufacturing Company and the Canadian Automotive Trim Company and others. There are over fifty of them. Many of them are in my constituency. Many of them are in the constituency of Essex East. Our industrial life is also enriched by the fact that we have the largest pharmaceutical industry in the British empire. I believe the concentrated industries in that line constitute in the whole the largest group in the British empire manufacturing drugs and allied products. We also produce chemicals. We have large salt deposits from which come caustics, chlorine and other products shipped to all parts of Canada.

The Detroit river provides easy access to the area. It has been termed, and I believe rightly, the busiest inland waterway in the world so far as river travel is concerned. We have always considered that at the peak of the season there is never a moment when there is not a lake freighter in view plying the waters of the river. The community is also serviced by several railroads including the Canadian National, Michigan Central, Canadian Pacific, Chesapeake and Ohio, Wabash, and also the Essex Terminal Railroad, providing a terminal operation. Access is obtained to Detroit and the United States by means of a bridge and a tunnel, over and under the river.

It is not my purpose to quarrel with certain policies the government has adopted, because in our part of the country we are prepared to do that which is considered best for the welfare of Canada as a whole. We regret that we sometimes have to suffer, but we are not coming here crying for assistance. We merely ask for an opportunity to take our place in the economic life of our country. The situation in Windsor is indicated by the records of the unemployment insurance benefit claims, which would indicate that on September 10 last, due to policies which have been inaugurated, there were 4,312 males unemployed. Five days later, on September 15, 1951, that figure had dropped to 3,035 males. On September 25 it had risen again to 3,488 males, and as of October 6 last the figure stood at 4,249 males.

Now, Mr. Speaker, that is a rather sizeable number in a community of about 125 or perhaps 150 thousand people, including the environs. The figure of 4,300 on September 10 dropped to 3,000 because the unemployed went into the surrounding country to reap the bountiful harvest which has been ours this year. They have now returned to the city, and are again asking for benefits under the Unemployment Insurance Act. One company, the Ford Motor Company, did take back some of those who had been dismissed. This was due to the fact that contracts were obtained, not only from the export markets but for the manufacture of jet aeroplane wings, and accounts for about 900. It has been offset by a lay-off in the Chrysler plant of a considerable number, due to economic conditions. One must understand the automobile business to some extent to realize that the industry cannot switch from one commodity or vehicle to another without a great deal of expense, also considerable thought and effort. It takes many months of planning to put into operation the machines which are going to make new vehicles. It cannot be done hurriedly. On the other hand it is not

practicable to think that all this expense and planning can be undertaken if there are to be no sizeable orders in return.

In leaving the unemployed I would not have it thought that there are no women unemployed. As of a week ago we had about 1,347 unemployed women claiming unemployment insurance benefits. During the summer, when we saw the position into which we were getting, conferences were held with the Minister of Finance (Mr. Abbott) and the Minister of Labour (Mr. Gregg), and industrial and union leaders, as a result of which a committee was set up which has continued to hold meetings in the city of Windsor. This committee has been headed by our distinguished deputy minister of labour, Mr. Arthur MacNamara, who has given unstintingly of his time and ability in assisting that part of the country. Meetings have been held with representatives of the larger automobile plants, representatives of the unions, provincial members, representatives of the Department of Defence Production and the Department of Trade and Commerce. Other departments have also been represented. I have taken part in these meetings, too, with the exception of the last one which was held after this session had commenced. We are grateful to Mr. MacNamara for having gone to Windsor at great inconvenience to himself, and assisting us in the way he has, even if it has only been for the purpose of ascertaining the true position and the dissemination of that information amongst the public.

I know that the Department of Defence Production has also given special attention to the Windsor area, and has invited tenders from industrial firms for a variety of articles. I was glad to see that yesterday the Minister of Defence Production (Mr. Howe) was in Windsor when the first war truck came off the Chrysler production line yesterday. If orders for more trucks followed it would help us to maintain our standard of living and our dignity, because, as I have said, we are not asking for any favours. We merely want opportunities.

It may not be generally known, but the Department of Defence Production has allotted contracts or tenders for the following list of items:

18 passenger busses (40-passenger size)
Spares for ambulances
Spares for General Motors vehicles
Drugs and chemicals
370 storage tanks
835 trailers
12,000 aprons for use in food handling
22,700 pillows
3,740 frying pans
3,000 hospital mattresses
23,015 bed mattresses
100 spray guns
80 pressure cups
2,400 ladles
65,000 uniform vests cotton
18 tractors
15 pumps
110 work benches
Spare part stores Chrysler motors
Spare part stores General Motors vehicles

[Mr. Brown (Essex West).]

To many hon. members this may seem to be a sizeable amount of war orders, but having in mind the potential ability of that community to produce it means comparatively few working days. In fact it will not mean that any of those unemployed will be restored to the payroll. For one reason or another we are not in a position to compete with low cost areas where the standard of living is not the same as ours or where the standard of pay is not the same as ours. It would seem to me, Mr. Speaker, that if we are going to make the most, not only of the manpower ability but of the machinery and equipment we have for the production of war materials, then it will be necessary for the Department of Defence Production to divide the country into sections and invite tenders in particular areas, only, so that there will be no competition between one area and another. Otherwise, it would appear to me that there will be a great deal of machinery and equipment lying idle when it should be busy. There will be a great deal of "know-how", ability, and capacity for planning throughout this country lying stagnant.

I am glad to note that the federal government is doing something for those who are now unemployed. May I say that it has been the experience of the Department of Labour that the people, the labourers or the artisans, who have once lived in that part of the country do not and will not move away. That situation, of course, is subject to some exceptions. There may be a few who will want to go away and who will go of their own volition, but generally it has been the experience that they will not move, by their own choice, to any other part of the country. I do not say that boastfully, but merely mention it as a fact that has been established by the department.

I am happy to see that the federal government has joined with the provincial government in inaugurating a vocational training class or classes for those who are unemployed. The federal government is now paying 75 per cent of the cost of those classes, which will be held largely in the W. D. Lowe Vocational School, probably one of the finest vocational schools of its type in the Dominion of Canada.

We all realize that throughout the length and breadth of this country there is a considerable shortage of skilled workmen not only for the factories but in the building

trades. It is therefore encouraging to see this joint action being taken. I am sure it will be welcomed by those citizens of the city of Windsor and its environs who at the present time happen to be unemployed.

There is a desire on the part of the department, I am sure, that advantage should be taken of the opportunity that is being given to these people. I should like to add my appeal to those workmen who are unemployed to accept this chance given to them by the federal and the provincial governments to improve themselves and to enlarge their abilities, so that when the opportunity is presented they will be able to accept positions of a higher grade than those they had before.

These classes are going to specialize. The first is a machine shop class. It is true that the automobile industry needs men trained in work other than that to which they have been accustomed. Many of them, of course, are specialists in one set of operations in the factory; but there are many other opportunities which may be available to them, and these classes are providing that opportunity. One other subject in which instruction is to be given is sheet metal work. As I pointed out, one factory has obtained a large contract for the assembly of wings for jet-propelled airplanes. This training will be invaluable to persons engaged in that work. The third class will be in draftsmanship, which is so highly important not only in the automobile industry but throughout all mechanized endeavour.

I have pointed out that it is exceedingly difficult to persuade persons who have lived in that part of the country to take positions in other parts of the country. We have had it pointed out that jobs are available in one part or another. If I may, I should like to add my appeal to that of the Department of Labour. I would suggest to these people that, as a temporary measure only, they take jobs in other parts of the country which are most convenient to them, as an emergency measure only and for the winter, so that at the end of the winter season they may return. We hope by that time conditions will have righted themselves in our community, and that they may be re-engaged in the activity to which they are most desirous to return and live in the places where their families are, and which may be most agreeable to them.

Windsor is not a city which does not attempt to help itself. There is at the present time an active committee composed of representatives of the unions and of the businessmen, who are constantly conferring with contractors in the Detroit area. In Detroit there are a great many concerns which have large war orders and which are anxious to subcontract a great deal of their work to smaller feeder plants. This committee is canvassing that situation to see whether there are not some subcontracts that could be filled by the plants in our area and the goods shipped back to the United States. I am sure that there will be no difficulty with regard to customs either in Canada or in the United States. I would urge the Department of Defence Production to send a man to that area, representing that department, for the purpose of co-operating with the local committee not only in making a canvass but actually to do the footwork in seeing that contracts are obtained that would keep our machines busy. That will not be a selfish purpose, because if our machines are busy they are helping not only the economy of Canada but also helping our sister country by producing war materials which are so greatly needed at this time. This committee has kept the Department of Defence Production fully informed as to the kind of work that can be done in the Windsor area; and I might say that there is little by way of machine production that cannot be undertaken in that area.

With seasonal unemployment as we have it, we naturally will look to public works. I think the backlog of public works has been kept and catalogued for that particular purpose. As I pointed out, we have those who are unemployed. There is one project I should like to mention to the Minister of Transport (Mr. Chevrier) or to the Minister of Public Works (Mr. Fournier). I think that, strictly speaking, these remarks should be directed to the Minister of Transport. I should like to mention the fact that we have a station operated by the Canadian National Railways. I am not aware when it was built, but it is quite antiquated; it is very dingy, and it is not at all suitable for a thriving and industrious city such as we have. Sometime ago I was assured by the Minister of Transport (Mr. Chevrier) that the first station that would be built by the Canadian National Railways would be at Windsor. The time has arrived when that promise should be acted upon. We have unemployed craftsmen in the building industry, and now is the time to take plans out of mothballs and put them into operation by building an adequate station to serve that community. I would respectfully request the Minister of Transport to take that up at the earliest opportunity. I would like to advance the suggestion also that the Department of Defence Production appoint someone not only to look after public works, but someone familiar with the Windsor situation to work

with the United States authorities to help the local committee get some work from the United States.

There are some other subjects I should like to bring up at this time, but I see that my time has almost expired; therefore I will have to refer to them on another occasion. One of the subjects has to do with the basic pension that is paid to those who have offered their very lives to our country. I have had several meetings with the zone representatives of the Canadian Legion, who have formed a small committee. I have worked with them. We have some concrete suggestions. We have some definite ideas, and I regret that I shall have to wait for some other occasion to bring the matter before this house. However, in closing, Mr. Speaker, may I assure this house that once more we in the city of Windsor are not complaining about the activities of the government. We are merely asking for an opportunity to help ourselves and if given that opportunity I am sure we shall not be found wanting.

Mr. W. G. Dinsdale (Brandon): Mr. Speaker, it is nine years since I first had the opportunity of visiting the city of Ottawa. At that time it was in the capacity of a member, an A.C.2, to be exact, of His Majesty's air force. As I recall the experience of nine years ago when we first had the opportunity of visiting the houses of parliament and becoming familiar with the seat of government of this dominion of ours, I remember that my first impression was one of awe, because to a young man fresh from the prairies this beautiful building, the seat of government of our country, is an impressive sight. Since I have come back in a different capacity this fall hon. members can understand that my feeling of awe has been somewhat intensified. To have the task and the opportunity of addressing the House of Commons as a member of that group is something of course that we could never have anticipated in the wildest flights of fancy those nine years ago. I must say I do appreciate that privilege as a citizen of Canada.

It has been somewhat reassuring to me to discover as proceedings got under way that the mover (Mr. Cauchon) of the address in reply to the speech from the throne, as well as the seconder (Mr. Simmons), were making their first speeches. I think I am correct in that. Since I understood that they were making their first flights in this chamber it was rather reassuring to those of us who are new to the House of Commons to have to follow them in the debate on the speech from the throne.

As I begin I should like to say that we appreciate very much the kindness that has been demonstrated to the new members by members of all parties. Every courtesy has been extended; advice has been tendered regardless of party, helping us to become oriented as quickly as possible into the mysteries and intricacies of parliamentary life.

During the past few days I have been intensely interested in following the speeches, because it becomes necessary for a new member to familiarize himself rapidly with the atmosphere of the chamber and of the proceedings of the House of Commons. I have listened to the speeches in an endeavour to get some clues as to the purpose of this traditional debate on the throne speech, and I have come to the conclusion that this debate offers four opportunities to the ordinary private member. First of all, it seems to me it gives the novice an opportunity to break the ice, to get his feet wet, as it were. Second, it seems to me it is an opportunity to extol the virtues as well as to express the particular needs of the home constituency, and later on in my remarks I may make some reference to that even at the risk of being regarded as somewhat parochial, as has already been mentioned here this afternoon. It seems obvious, too, that it is an opportunity to criticize the government constructively on the basis of its record of administration, or what we might call its sins of commission, and also on the basis of proposed business outlined in the speech from the throne, as well as on the basis of the things neglected and undone or what we might call the sins of omission. Such, it would appear, is the traditional function of members of His Majesty's loyal opposition. Finally, I have come to the conclusion that this debate provides the opportunity to create the atmosphere or establish the framework of reference for a particular session of parliament. When we consider the magnitude of the issues being debated in this house the need for drawing the line somewhere becomes readily apparent.

When I rose to my feet I felt that nervous twinge that is peculiar to the beginner in any situation, but as I proceeded I found that the ice was broken and I began to feel more at ease. After all, I suppose one coming from the teaching profession should not feel too much out of place in the verbal barrage represented by this debate. Indeed I am reminded of the story of the learned professor who went with his class on a picnic. While the activities were under way one of the young ladies in the class got out beyond her depth, so that she was in danger of drowning. Instead of making a general call for help she called, "Help, Professor Snodgrass!" referring particularly to this old gentleman who, in

turn, dashed out and made the rescue. When he came back to where the young lady was reclining he became curious to know why she had called particularly for him. Upon being asked this question she replied, "Well, sir, I have sat in your class on many occasions and I have discovered no one who could go down deeper, stay down longer and come out drier than you." I feel if that is a requisite in making a speech in this debate, then perhaps I qualify.

It is scarcely necessary for me to labour the second point raised, that of extolling the virtues of one's constituency and expressing its particular needs. Brandon, Manitoba, has been well represented in this chamber down through the years, from the time of Sir Clifford Sifton onward. And more recently I am sure all hon. members will agree when I say that the constituency of Brandon was most capably represented by the late Mr. J. E. Matthews. I have grown up in that constituency and, as a young man, in many respects came under the influence of Mr. Matthews. Undoubtedly some will conclude that in regard to political affiliation, his persuasion was not of the right kind in my case. But so far as good citizenship is concerned, and the demonstration of that quality of good citizenship, I owe a heavy personal debt to the example set by the late Mr. Matthews. I feel the honour conferred upon me in representing Brandon in the House of Commons is made more significant because of the fact that it is my opportunity to follow him.

If I were to refer to the requirements of my constituency I suppose I might re-echo many of the sentiments already expressed thus far in the debate. I can say heartily that I am in agreement with a system of old age pensions which, I understand, is the ostensible reason for the calling of this special session. The prevailing social realities, with an ageing population and the decreased support coming from the family as a result of basic changes in the family as a social institution, have made it almost inevitable that some legislation such as that about to be placed on the statute books this fall should be undertaken. In fact, such legislation is long past due. However, in referring briefly to this topic I strongly urge the necessity for emphasizing the contributory principle, because I feel that in our society we are rapidly absorbing the idea of something for nothing. In Canada, where we depend upon responsibility and initiative for our continued progress, that is a highly dangerous spirit to establish.

The cost of living has been mentioned in debate. I can say that I am in agreement with what has been said by members of the official opposition. The cost of living arising from the inflationary trend stimulates almost the same attitude as one has toward sin—we're "agin" it. Everybody is "agin" it. Enough has been said about the economics of inflation. Time after time reference has been made establishing the point that the inflationary trend is most serious in Canada at the moment. Not only is it a general economic threat; it is also a situation wherein those who can least afford it suffer the most. There is thus established a feeling of insecurity and restlessness, because nothing destroys the confidence of the people more quickly than the dynamic and fluctuating financial situation produced by inflation. As has been said repeatedly, it can literally destroy a nation. I have been sent by my constituents to protest with all the vehemence I can muster this present dangerous inflationary trend in our economy.

Reference has been made to defence, and I feel I must deal with it in passing. In her international obligations, as well as from the necessity of protecting her own internal interests and affairs, Canada has been placed in a position where she has had to embark upon an extensive program of defence. The leader of the opposition (Mr. Drew) has outlined with eloquence a situation in which he has shown that, at the moment, Canada is totally unprepared to fulfil her obligations to the United Nations and to NATO.

This past summer I had the opportunity of witnessing at first hand some of the preparations for defence; or, one might say, judging from the sentiments expressed in this chamber, the lack of preparation taking place in the air force at the moment. I had the opportunity of participating in what is called the mobilization assignment training program, which was launched as recently as last August. Perhaps I should point out that prior to that experience I had always been interested in keeping in as close touch as possible with the air force, particularly in respect to some form of auxiliary training. At Brandon college, where it was my privilege to serve, year after year since the war we have asked for permission to form an auxiliary unit, only to be informed repeatedly that there were neither funds nor the facilities to do so. The Brandon flying club, too, has sought repeatedly for some form of participant training program only to be disappointed up to the moment. In the refresher training program in which I had the privilege of taking part I felt that here at last was something concrete. I found however that here, too, it was a scheme largely on paper, along with the Orenda engine and the increased number of squadrons. The idea is excellent, but it is still

only in the very early stages of development. I would hope to see it expand, because there are thousands of air force reserve personnel, aircrew in particular, who are only too anxious to take part in some form of part-time training which would keep them in a condition of preparedness and readiness.

In connection with the expansion of the air training facilities I am reminded that during world war II the constituency of Brandon was dotted with aerodromes, indeed so much so that it became popular in my constituency to refer to the late Mr. Matthews as "Airport Matthews". It is significant that up to the present time none of these stations have been reopened. I am informed by some of my constituents in Souris that strong representations have been made in regard to the facilities they have to offer, and I hope that in due course, as the training program is enlarged and developed, some consideration will be given to the facilities that exist in Brandon, not only as a matter of privilege but mainly because that locality offers the best flying weather and facilities available in any part of Canada.

Most speakers have referred to the difficulty faced by the veterans at the present time because of the increased cost of living, and reference has been made particularly to the attitude of the government with regard to the unemployability supplement. I should like to add my remarks to that discussion. There are several Legion branches in my constituency and, as is well known to all hon. members, they have been active in contacting their members in order to present their case. I think that case has been well established and I am ready to support any development which will bring about an equitable increase in pensions across the board rather than on the basis of the discriminatory means test that is being applied at the present time.

While federal aid for education has not been mentioned in the speech from the throne I want to say that I am heartily in favour of the gesture already made in this direction. Educational institutions across the country have responsibilities that cannot be met at the municipal or provincial level, and it is only reasonable to conclude that additional support will have to come from the federal government. That principle has been established and recognized. In our changing society our educational institutions are bearing the brunt of building the bulwarks of democracy. The institution of the family has lost some of its functions. It was expressed humorously to me just recently that we who are raising children take them to the schools when they are just able to toddle, put them on the doorstep and say, "learn them good," and that is about the last we see of them until they are grown into responsible, mature citizens. The old era of the three R's has disappeared and we now have a much more extensive and expensive program than was thought necessary at the time of confederation in 1867. The move in the direction of federal aid for education is the only means whereby this important public service can be adequately financed.

There is a matter relating particularly to Brandon that I should like to deal with at this time. It is well known that the unity of Canada has been endangered by problems of geographic and economic regionalism. It seems to me that at this time there is an excellent opportunity to carry out decentralization of industry. Because of historic as well as geographic factors, in the past industry has been concentrated largely in two provinces. It has now been demonstrated as a sound sociological principle that decentralization is the ideal thing for a country as large as Canada. If we need any further convincing we have it in the present military threat of atomic warfare. In passing I might mention that there are certain implications arising out of this subject relating to the St. Lawrence seaway project, about which we shall have more to say later.

Just a word with regard to the matter of the allocation of war contracts. I have a clipping from the Brandon *Sun* which I think will be interesting to hon. members, setting forth what we have to offer in the way of industrial and manufacturing facilities. This clipping reads:

> Indication that Brandon industries will have an opportunity to participate in Canada's defence production was given here Thursday by G. D. Mallory, director of the small industries division of the Department of Defence Production.
>
> Mr. Mallory stopped over in Brandon at the invitation of the defence production pool which has been organized in Brandon by a number of local industries. After touring some of the plants participating in the pool, he was guest at a luncheon meeting where he discussed defence production problems.
>
> The Brandon pool is the only one of its kind in western Canada and one of two in the dominion, Mr. Mallory said. He informed the group that Crawford Gordon, co-ordinator of the production branch of the Department of Defence Production, has expressed particular interest in the local organization and has asked his staff to do everything possible to get a contract for the pool.
>
> Explaining the functions of the department, he said that because the present situation may continue for ten years, the government is trying to obtain as many sources of supply as possible so that normal production may suffer a minimum of dislocation.

That seems to indicate that the government is aware of the facilities available in

Brandon, and we trust that something further will develop in regard to the decentralization of industry as the demands of our defence economy increase.

This afternoon the hon. member for Lake Centre (Mr. Diefenbaker) and the hon. member for Souris (Mr. Ross) dealt with some problems to which I had intended to make reference and which are peculiar to the western farming areas. As they have already covered the points I had in mind I see no necessity to prolong my speech by repetition. For those who read *Hansard* or listen to the debates I just want to say that I support heartily what has been said this afternoon by both hon. members.

That is the second phase of the debate on the speech from the throne as I see it. Up to the present time I have not made any particular criticism, but I feel I would be remiss in my duty if I neglected to take advantage of this opportunity to do so. It seems to be the custom to blame the government for all the difficulties being faced by Canada at the present time, and I suppose that is only reasonable when you have a group responsible for carrying on the administration of the nation. I am going to limit my criticism to just one point, though many other points have been and could be raised.

As I see it, most of the difficulty results from government complacency. I think the presence of four new members on the opposition side of the house is ample and eloquent evidence of the reaction of the people in this regard. I would say it is a very definite indication of where the people of Canada generally place the responsibility and blame so far as the problems are concerned that we have been discussing during the course of the debate. Complacency of this nature is inevitable when you have a government that has been in office continuously for sixteen years. In the cloistered medieval atmosphere which is typical of this chamber it is easy to lose contact with the people.

Mr. Fraser: They are antique.

Mr. Knowles: They are all old enough for the Senate.

Mr. Dinsdale: More recently an overwhelming preponderance of government supporters in the house has tended to give the government the feeling that there is a divine right to rule, and also that the government members are a group of supermen who are the only people with the ability to run the affairs of this country. I can understand how that comes about. Applause has a rather heady influence, and as I remember from my experience in old time revival meetings the more amens you get the longer you speak, and the more eloquent you become the further you go with your remarks. My impression, as I have tried to appraise the atmosphere of this chamber, is that such is the case here because there are plenty of amens from government backbenchers whenever the government states its case.

I do not know whether it is in order to make reference to the recent by-elections, but I should like to say that I found the same spirit of complacency and indifference in abundance at that time. For example, anyone who dared to oppose the government as a candidate in the field was almost laughed to scorn. Government supporters moved about extolling the virtues of the present administration and assuring the people that they never were more prosperous, happy and contented. We, on the other hand, pointed to the record of the administration with regard to inflation and the handling of the farmers' problems. We asked them to accept the government's challenge, namely, "who will stop us if we want to get away with it". The people responded in the manner that has already been indicated. I suggest that is the severest censure that could possibly be made of the government. It comes right from the hearts of the people themselves and, let it be added, people of all political persuasions.

I have dealt extensively with local issues, and I know I shall be accused of parochialism, but I want to close by extending the scope of my remarks briefly. At the present time we are facing the greatest crisis that this country and our western way of life have ever witnessed. I might express it in these terms, that the honeymoon is over. It seems to me it is a matter of the survival of our way of life at the present time. The Prime Minister (Mr. St. Laurent) struck the note that I am trying to establish at this stage of my discussion when he said in the opening remarks of a speech delivered at the autumn convocation of the university of Toronto in 1950:

> It is a melancholy reflection on the times in which we live in that we should feel obliged to be concerned over the preservation of civilization.

If I may make a personal reference from my own experience, I came into the world in the closing stages of world war I and was duly designated a war baby. You will remember that the spirit prevailing at that time, as expressed by President Wilson, was that the world had been made safe for democracy. We of the war baby generation moved along through the glorious twenties, when it was thought that the golden age was just around the corner, until we struck the

depression of 1929 when the war babies became the forgotten generation. Eventually we emerged out of the grim thirties and found ourselves the fighting generation. All these experiences have had their effect on myself and all others in the same age group. I think it is a melancholy reflection that we have to preoccupy ourselves with the thought that our western way of life is on the defensive at this time, just when we thought that we had reached the golden age. Our thinking is very heavily saturated with a doctrine that once prevailed in social scientific circles, the doctrine of social Darwinism or social evolution which was perhaps best expressed by Coué when he said: Every day in every way we are getting better and better.

We used to believe that was so. They used to teach us in school in the twenties that it was possible to build a perfect society; but we would have to have our heads very deeply in the sand to come to the conclusion today that just around the corner is peace, prosperity and happiness for everybody. To sum up the point, I should like to say that there must be no more soft living if we are to survive. I think it comes down to that basic issue. The pursuit of luxury must be abandoned. We have defence and economic commitments in many parts of the world that will demand the utmost sacrifice on the part of all Canadian citizens. Democratic citizenship demands the acceptance of obligations and responsibilities as well as liberties and privileges. Recently we have leaned too heavily upon the latter rather than upon the former. We have demanded our rights, privileges and liberties, and have forgotten that there are obligations and responsibilities involved in the maintenance of those privileges and freedoms.

Too frequently the suggestion we hear when faced with a problem is: what will the other fellow do about it, when the responsibility falls right on our own shoulders and the query should really be: what will I do about it? That of course leads to the basic problem, the spirit that motivates the democratic citizen; because after all, while we may provide for military strength, while we may provide for industrial strength, unless there is moral and spiritual fortitude to back up these materialistic things there is not much hope for the way of life we represent. We have received our heritage from the Hebrews, the Greeks and the Romans. That heritage has been transmitted to us through Christian civilization. I should like to submit that more than anything else at this time we need to cultivate the spirit within.

[Mr. Dinsdale.]

(Translation):

Mr. Raoul Poulin (Beauce): Mr. Speaker, I had not intended to take part in this debate on the address. However, after hearing or reading most of the speeches delivered since the beginning of the session, I thought I might add my humble suggestions with respect to a particular point mentioned in the speech from the throne, and I refer to the high cost of living. Before going any further, may I say it is the only matter I shall deal with, and that very briefly.

It is with great pleasure and sincerity that I join all the previous speakers who have congratulated the mover of the address (Mr. Cauchon) and the seconder (Mr. Simmons) for the splendid way in which they have fulfilled the task assigned to them.

(Text):

May I congratulate also the hon. member who has just taken his seat upon his excellent speech.

(Translation):

The hon. members, including the Right Hon. the Prime Minister (Mr. St. Laurent) and the leaders of the opposition parties, who have expounded their views on the cost of living, seemed to be most sincere. If one considers the general tenor of the debate, the avoidance of any overly narrow party spirit, it is not difficult to ascertain the seriousness of the situation brought about by the rising cost of living.

However, for those who have gone further, for those who have had the sad privilege of actually coming into contact, if I may say so, with the very victims of this situation, it is not the word "seriousness" which strikes the mind and seizes the imagination, but the word "tragedy".

There is no use describing here the plight of the victims of this tragedy; that is a fact well known and admitted by all except the hon. member for Fort William (Mr. McIvor). The point is not whether the evil exists, but rather to wrack one's brain to find a solution.

The government claims to have done its best under the circumstances. In the speech from the throne, it expresses its intention to keep on doing its best, even if the attitude it has adopted has not produced any great results as yet.

The official opposition feel the government has done nothing, but they cautiously avoid indicating what it should do, what it might do to remedy the situation.

Another opposition group, the C.C.F. party, at least has had the merit of offering concrete proposals. They suggest price controls and even a return to subsidies, if necessary.

The answer was—and it seemed a not unreasonable one—that the mere administra-

tion of these controls would cost the taxpayers between $100 and $200 million a year. I will add that these controls would be accompanied by a host of informers who would make the people dance and sing according to their whims and fancies.

Because of this helplessness we all feel, I was reminded of a humble suggestion I put forward in this house last April when I said that a practical, easy and quick way to cope with the high cost of living would be to double the amount of family allowances paid by the federal government.

Right away I can guess the objections that will be made. I will be told: What about those who don't get the allowances? I sympathize with those people, childless couples, unmarried veterans, old age pensioners and others. But let us not forget that if difficulties and hardships have doubled for those people, these same difficulties and hardships have been multiplied by 4, 6, 8, and even 10 in the case of large families where, quite often, only one person of moderate income has to provide for 6, 8, or 10 children. I know that our older citizens suffer because of the high cost of living. Let us take care, however, lest following excessive hardships among our children—hardships that prevent children from getting what is essential to their physical and intellectual development—there should grow up in this country a generation of young people prematurely old, whom the state would be compelled to help not at 70, nor at 65 nor at 60 years of age but rather at 50 or even 40, if not during their whole lifetime.

Some will object here again, that such a plan would be very expensive for the Canadian taxpayers. It is true. The government, however, has been getting enormous surpluses for some time. Well, if we stop to think that doubling the amount of the allowances would cost approximately $300 million per year and that on the other hand the unforeseen government surplus for a five-month period this year was over $500 million, we can see that the government would not have too much difficulty in finding the money required for this additional outlay.

This measure which I advocate would be temporary in character. It would remain in force only as long as inflation and high prices prevailed; as soon as they went down, with a consequent reduction in those government surpluses, this supplementary subsidy could be proportionately and gradually brought right back to its present level, as soon as the cost of living is back to normal.

It would be in fact a cost of living bonus paid to families, a measure which has been adopted in principle and in practice by various public and private institutions and which has the advantage of producing results where they are most needed and in proportion to the need.

Such a measure would present the added advantage that its application would not cost a cent more to the government since all the money paid would find its way directly and entirely into the pockets of those it is meant to help.

Finally, the measure would not restrict in any way the freedom of our institutions, which most of us respect so dearly since it was the theme of the speech from the throne.

Mr. Speaker, according to an old saying: "Society is no better than the families that make it up." I advocate this means of protecting the family because of my faith in the essential part played by the family as the parent cell of society.

The family is a sacred institution and no efforts should be spared to support and protect it if we want to uphold society. But who can deny that the family now finds itself in a position where it cannot properly play its part within society?

If the suggestion I have put forward in all humility and sincerity is considered impractical, I wish someone in this house will rise and show why it is considered so.

Until then, the majority of the Beauce county people will remain convinced that our government has failed to use all the means in its power in attempting to remedy, at least partly, a tragic evil that strikes at the families of this country.

(Text):

Mr. P. E. Wright (Melfort): Mr. Speaker, in rising to take my place among those who have taken part in this debate on the address in reply to the speech from the throne, I should like first to compliment the mover (Mr. Cauchon) and seconder (Mr. Simmons) of the address to His Excellency the Governor General in reply to his speech at the opening of the session. I also take great pleasure in complimenting the two new members of this house who have spoken, one last night and the other just a few minutes ago. They did an excellent job; and I am sure their constituents will be proud of the men they have sent here to represent them in the House of

Commons. I am sure we shall hear more from them not only in this session but in later ones.

There are two matters with which I should like to deal briefly before dealing with the speech itself. The first matter arose out of a statement made by the hon. member for Lake Centre (Mr. Diefenbaker) in reply to a statement made by the hon. member for Kootenay West (Mr. Herridge), that the policy of the C.C.F. in advocating a planned economy was that we should control things rather than people. The hon. member for Lake Centre, in his highly dramatic way, said when he rose to speak: What about Saskatchewan? What about Ivanchuk? And he patted his head. I have here the story of the Ivanchuk incident. He implied that the poor fisherman, Mr. Ivanchuk, had had his nets taken away by the government and that he had no means of livelihood for a month. Here are the facts of the case:

As to the return of Ivanchuk's equipment, C. L. McLean, the northern administrator, discussed this with Ivanchuk at South End. Most of Ivanchuk's nets were stored there, and Ivanchuk agreed that it was all right to deliver his nets within a week's time, as he was not going to fish in any case. The rest of his seized equipment was returned the next day. He was entirely in agreement with this, yet in his sworn statement he infers that we were holding his equipment until he signed a release.

With respect to his failure to deliver the fish to the board, I want to point out that in the province of Saskatchewan we have, as there is in other provinces of this dominion, a natural products marketing act. That act is practically the same as that in every other province. Under it, when any group of producers agree that a board shall be set up to market their product, when over 50 per cent of them agree—and in some provinces it is more than that—then all the producers must market that product through the board. You have it in Ontario among your tobacco growers and your vegetable growers. You have it in British Columbia among your apple growers and your dairy producers. We have an act passed by this dominion parliament, known as the wheat board act, under which every producer of wheat in designated areas in western Canada must deliver his wheat to the wheat board. No vote was taken on that measure, either; but I am sure that if a vote were taken it would carry by a large majority. To continue with the Ivanchuk case:

1. John Ivanchuk began fishing this year without a licence, and shipped 500 pounds of fish to Flin Flon. This was not seized, and we decided not to prosecute, because we thought there might be some doubt in Ivanchuk's mind as to where the fish were to be delivered.

2. Later, when Ivanchuk received his licence, he was told that he would have to ship to the fish marketing service, because 95 per cent of the fishermen had voted for the service to handle their catch. This information was also written on the licence he received. If he had not agreed to this he could not have taken out a licence. He was warned subsequently, by field officer Albus, that in future all shipments must be made to the fish marketing service at Beaver Lake.

Despite this, 1,500 pounds of Ivanchuk's fish were shipped to Flin Flon, and on July 5, field officer Albus returned to Ivanchuk's camp, seized his equipment under the fishery regulations, and an investigation was started.

3. Charges were withdrawn against Ivanchuk for the following reason: He claimed that he told the pilot of Johanessen's Flying Service plane that the fish were to go to Beaver Lake. Charges could still have been placed against Ivanchuk because technically, it was his responsibility to see that the fish reached the proper destination. We decided to give him the benefit of the doubt and charges were withdrawn.

4. In regard to damages, if Ivanchuk instructed the pilot to take his fish to Beaver Lake, and they ended up at Flin Flon, Ivanchuk could quite properly take action against Johanessen's Flying Service for any damages incurred as a result of contravention of the fishery regulations.

5. In regard to the matter of compensation, Ivanchuk has been paid for all fish seized from him at the prevailing rate for fresh fish on Reindeer lake. He received exactly the same payment per pound as the other fishermen.

Those are the true facts with regard to this case. That was not the impression which the hon. member for Lake Centre left with the house when he was speaking, and I just thought that it should be corrected.

There is one other matter which I should like to deal with, and that is the censorship of the news coming out of Korea to Canada. I do not know whether it is the responsibility of this government or just to what extent this government has control over the censorship of that news. But I say a situation is being created in this country which is giving an opportunity to many people to undermine our institutions, through that censorship. Certain incidents took place in Korea, and we in this country knew nothing of them until the news leaked in through United States magazines and other sources. Then we had rumours flying all around this country as to the conduct of some of our troops over there. Later on charges were laid and a trial was held. What happened? It became front page news for a whole week in practically every daily paper in Canada, and we heard it over the radio day after day. All that created a wrong impression in this country. It laid the basis for a lot of rumours by people who would like to destroy some of our institutions. Surely we in this country are mature enough at this time to be told the truth about these things. The matter was played down too much in the first place; later it was played up too much. I think there should be some better method of censorship than the one we have. If you listen to the radio, in nearly every broadcast you hear

about dogfights between the United Nations planes and the communist planes. Almost invariably two or three communist planes are destroyed and several are damaged; our planes return without any losses. Yet last night over the radio we got a compilation of the losses suffered among our planes. I did not get the exact figures as they were given too quickly, but something over three hundred of our planes had been destroyed to date while just a little over two hundred of the communist planes had been destroyed. Surely the people of Canada are entitled to more authentic information than we are getting. They treat us as though we were a bunch of morons. We should have the truth. The truth never hurts. In commenting on this matter *Maclean's* magazine in the last issue said:

> The damage done by the suppression of legitimate news isn't easy to repair.

They go on to state the incidents that were mentioned with regard to the neutral zone of Kaesong, and then they say:

> Already—this is written in mid-September—there are rumours among the South Koreans of another rape incident and these rumours have drifted to Canada. The press carries no hint of it but the newspaper reader is entitled, if he chooses, to suspect that this doesn't necessarily mean the rumour is untrue. The only way to stop rumours is to give the public the facts as it is entitled to have—and that means all the facts short of those that will profit the enemy. And when there is room for doubt we think experience shows that the enemy can usually make better use of an unpleasant fact denied or suppressed than of an unpleasant fact quickly admitted and honestly atoned for.

That is the attitude we should take. Recently I heard rumours and statements that our troops coming back from Korea are sworn to secrecy. I do not know whether that is true or not. If it is not true the government should deny it; if it is true the government should give some explanation of it to our people, because I know that in the first war—and I am sure those who were engaged in the last war were not sworn to secrecy—on our return to either Canada or Great Britain we were not so sworn.

In dealing with the speech from the throne itself, I wish to say that our subamendment stresses two points. It gives a method whereby we in Canada can control inflation at this time, and expresses the reason for the need to control inflation. The reason is that there may be more equality of sacrifice in Canada in this rearmament program in which we are engaged at the present time. It seems to me that should be the basis of our legislation. The basis should be the maximum equality of sacrifice as between the different sections and groups in the country.

I want to say something with regard to inflation itself. To me inflation, if it is not runaway but moderate, is not necessarily an evil. It seems to me that the deflation we had in the thirties was a greater evil than even the inflation we have had to date. When a government fails to control inflation, when it fails to allow time for different sectors of the economy to adjust themselves to the inflationary trends, it becomes dangerous and entails a greater sacrifice on some sections of our economy than on others. That is what has happened. We have had runaway inflation and certain sections of our economy have benefited by it, at least temporarily. Other sections of our economy have had to make undue sacrifices. Among them have been our war veterans. On Monday I sent notice of a question to the Minister of Veterans Affairs (Mr. Lapointe) which I was going to ask him on the orders of the day. That question is as follows:

> Will the minister give consideration to the setting up of a veterans affairs committee at this session to consider the necessity of amending the Pension Act and the War Veterans Allowance Act to bring payments under them in line with the present cost of living?

I had the courtesy to send notice of that question to the Minister of Veterans Affairs. I do not think he appreciated that courtesy. He made a statement to the house on the suggestion of a government member. I want to say that I have sent my last notice of a question that I intend to ask on the orders of the day to the Minister of Veterans Affairs. His reply to the question asked by the hon. member for Fraser Valley (Mr. Cruickshank), as reported at page 21 of *Hansard* was in part:

> I wish to say that the government has been considering all veterans legislation and the advisability of appointing a committee, and an announcement will be made at an early date concerning the same.

The government have had three and a half months in which to consider it; yet in the speech from the throne no mention is made of any intention on their part to deal with this matter. I hope that at an early date the Minister of Veterans Affairs will rise in his place and tell the house that it is the intention of the government to set up a veterans affairs committee; that it is the intention of the government to refer the Pension Act and the War Veterans Allowance Act to that body; that they will have a reference that will be wider than the reference they had last year, and that they will have authority to make the necessary investigation and freedom to make the necessary recommendations to the government that will bring these acts in line with the present cost of living in Canada.

If there is any group in Canada that is suffering today because of inflation it is those who are on pensions, on fixed incomes, those receiving government annuities, those who

have bought government bonds and tried to provide for the future, and others who are on fixed incomes. If there is any group in this country to which consideration should be given at this time it is our veterans. We are engaged in a preparedness program in this and other democratic countries. If we fail to treat the people right who made great sacrifices previously, the boys and girls who enlisted and went out to protect our democracy, if we fail to take proper measures to take care of them, then we will not be strengthening democracy, we will not be strengthening our North Atlantic pact organization. The government must deal with this matter at this session, not at some future date.

I am sure every hon. member has received, as I have, many letters from branches of the Legion. Last year when we were discussing the unemployability supplements the hon. member for Yorkton (Mr. Stewart) said he had received no letters from branches of the Legion in his constituency protesting that legislation. I do not doubt his word at all, but I am sure that by now he has received letters from branches of the veterans organization in his constituency, asking that something be done at this session with regard to these basic pensions and war veterans allowances. We will have failed in our duty at this session of parliament if we do not deal with this matter.

I should like to refer for a few moments to a statement made by the Prime Minister (Mr. St. Laurent) when he spoke on Monday of this week. He is reported at page 38 of *Hansard* as having said this:

> I know farmers in various parts of Canada and I know for a fact that at the present time they are getting a larger share of the national income than they ever got before. I am not saying that they should not. I am not saying that they are getting too much. I know that they work hard for what they get and I feel that the prices they are getting under present price levels are not too high and that it would not be fair to try to roll them back.

He states that farmers are getting the best returns they have ever got in their history. Well, I would not have been surprised if that statement had been made by the Minister of Agriculture (Mr. Gardiner) who sometimes gets enthusiastic and overstates his case. I am surprised, however, that it was made by the Prime Minister (Mr. St. Laurent), who is noted for his caution. It is not often he makes statements such as that, which cannot be supported by the facts. I consulted the Canada Year Book, and I find that in 1948 the net farm income in Canada was $1,600,336,000. The net national income in Canada that year was $12,474 million. In other words the farm population of Canada were getting approximately 12·7 per cent of the national income, although today approximately 25 per cent of the population is engaged in agriculture. In 1949 net farm income stood at $1,537,387,000 and the net national income was $12,917 million. The percentage of national income going to the farmers in that year was 11·8, or a drop of ·9 per cent from 1948. The Minister of Finance (Mr. Abbott) in his budget address last April stated the net farm income in Canada for 1950 was $1,424 million while the net national income was $14,308 million. This works out at approximately 10 per cent. In other words for the last three years we have had a gradual but continuous drop in the percentage of national income being got by the farmers of this country.

As a matter of fact there has been only one period in Canada's history, according to the records of the bureau of statistics, when farmers have received a proportionate share of the national income. That was in the period 1916-20, including the last years of the first war and the immediate post-war years. During that time approximately 30 per cent of the people in Canada were engaged in agriculture and they received 30 per cent of the national income. So the statement of the Prime Minister that the farmers at this time are receiving a greater proportion of the national income than they ever received in the past is not borne out by the facts. Farmers are more prosperous than they were during the thirties, certainly; they are more prosperous than they were during the first three years of the war. When in 1941 floor prices were set in Canada, we were getting in western Canada a fraction more than 78 cents a bushel for our wheat, delivered at Fort William. That was something less than 60 cents a bushel on the farm. Yet this is the period used to make the comparison when the statement is made that farm income has increased tremendously. Reference is made to a base period when the farmer was not receiving anything like his fair share of the national income, nor anything like a fair return for the effort he was putting into the production of food for this country and for export. One must conclude, therefore, that sometimes figures can be juggled and thus become misleading, when they are cited to give the position occupied by any particular group in our economy. We have witnessed an increase in the cost of living. The price index stands at 189·8 points, so far as the general index is concerned. But when we come to the cost of farm production we see that the index is slightly more than 217. In other words there has been a greater increase in the cost of farm production than in any other part of our economy.

In using the figures he did use when comparing living costs in Canada with those in the United States, I am afraid the Prime Minister created a wrong impression. He mentioned food alone, but did not make reference to other items which enter into the cost of living. He did not refer to clothing or housing. I hold in my hand a pamphlet called *Industry*. This is the issue for October, 1951, and it states that the dollar as of August 1, is worth only 40 cents, as compared with the pre-war species when used to purchase groceries. The article proceeds to point out that there are other items which cost more, when compared with their former cost. It states that the dollar, when used in building a home, buys only 34½ cents worth of materials, when compared with what it bought in 1939. In respect of home furnishings the figure is about 50 cents on the dollar.

These are basic things all people must have. They must have homes; they must have food; they must have clothing. In buying any of these commodities the dollar today is worth less than the official index indicates. So the poor people, those in the lower income groups, find their dollar is not worth even 50 cents. Yet when the Minister of Finance (Mr. Abbott) goes on the air he talks about saving, and the investment of our savings. Many of us were in the house in 1943 and 1944 when Mr. Ilsley, then minister of finance, appealed to us to go back to our constituents and try to encourage our people to make savings, and to buy war bonds. We took him at his word and did as he asked, with the result that some pretty effective campaigns were put on for the sale of war bonds. All the people co-operated. One of the things Mr. Ilsley told us we could tell the people was that if they would save their money now and invest it in war bonds, when the war was over and we got back to peacetime production their dollar would buy more and better goods. We took him at his word.

I am sorry to say that that has not been the experience. I do not know whether, had Mr. Ilsley remained as minister of finance, decontrol would have been carried out as quickly as it was. I doubt it; Mr. Ilsley was a most conscientious man and endeavoured at all times to carry out any promise he made to the people. That promise was made by the government, and it should have been fulfilled. After the war they should have maintained the necessary controls in order that the dollar which they had encouraged the people to invest in war bonds would continue to be worth a full dollar and not 50 cents as it is today. The Minister of Finance (Mr. Abbott) has asked the people today to increase their savings. What is done with savings? Most people put them in the bank. What happens to those savings when they are placed in the bank? The Bank Act permits the chartered banks to increase their lending capacity by several times the amount of those savings. Just today the Minister of Finance, in answer to a question by the hon. member for Winnipeg North (Mr. Stewart), stated that when the small loan companies had sold their debentures and thereby increased their capital by obtaining the savings of our people, they could turn around and lend them again to other people.

Mr. Knowles: At 18 per cent.

Mr. Wright: Yes, at 18 per cent. These are the people who have been deprived of the privilege to buy under deferred payment plans that were previously in effect. Is that consistency? I do not think it is. I do not think our people at the present time are too far away from what happened after 1943 to make the investment which the government has asked them to make in government securities at this time or in the near future. Unless this or any other government is prepared to fulfil its promises to the people, they should not be the government any longer. That is the position we are in today in Canada. It is time this government recognized its responsibility and fulfilled its promises to the people of Canada.

Mr. David A. Croll (Spadina): Mr. Speaker, I had the privilege of being in the house when the new hon. member for Brandon (Mr. Dinsdale) made his maiden speech. I am sure I speak for all hon. members when I say that he acquitted himself most admirably. He is a modest and talented young man. I also had the privilege to be in the house yesterday when the new hon. member for Winnipeg South Centre (Mr. Churchill) made his maiden speech. He was fluent and spoke in measured terms on a subject close to his heart and about which he knew a good deal. I was struck with the emphasis which the hon. member for Brandon placed upon his youth. It occurred to me immediately that there was a distinction to be drawn between the hon. member for Winnipeg South Centre and the hon. member for Brandon. The hon. member for Brandon is a war baby, very young indeed, and so he may some day live to graduate from the shades of the opposition.

I want also to associate myself with the hon. member for Essex West (Mr. Brown) who made a most fervent plea concerning a problem that is peculiarly and especially a Windsor problem. The house ought not to lose sight of the fact that during the war there was built up in Windsor a production

team that made that city the arsenal of this country. It would be a sad state of affairs if that was dissipated or broken up in any way.

Last session I had the privilege of being a member of the veterans affairs committee. I have been on every veterans affairs committee since I came into the house. I had occasion to speak on the report brought in by that committee. The veterans organizations appearing before the committee early this year made out a factual, documented and airtight case for an over-all increase in the basic pension. There can be no denial of that. When I last discussed this problem in the house I expressed the view that when we returned to the fall session, which is the present session, the cost of living might be stabilized. We would then be able to deal with the problem of basic increases in a firm and rational manner. The cost of living has not been stabilized; it has continued its upward, relentless grind. If it is not possible for us to control inflation or its by-product high cost of living, we must in some way find some method to compensate its victims.

The veterans affairs committee made a unanimous recommendation that the Legion briefs be studied by the cabinet in the interval between sessions. It was also the view of the committee that an increase in the basic pension should be granted. The cabinet has had ample opportunity to re-examine and study the briefs presented by the veteran groups. I am informed that they have given them meticulous study and sympathetic consideration. I hold the view, which to my knowledge is shared by the vast majority if not all members on this side of the house, that increases can no longer be delayed. Last session we granted increases to judges and civil servants because it was felt that the cost of living made their salaries inadequate. That is equally true of the pensioner. If we judge the position of the veterans by the same standards that were then applied, their case cannot be contradicted. The facts are there for all to see.

The Prime Minister (Mr. St. Laurent) stated yesterday in the house that in the last twenty-five years we have doubled the old age pension. We have not done that with the veterans pension, yet many of these veterans are in as helpless a position as are some of the old age pensioners. I find that this clamour for an increased veterans pension does not come from the veterans alone. I find that all Canadians wish them to receive benefits which are adequate in the light of present conditions. That means only one thing as we understand it in this house. From time to time we do a great deal of talking about assisting people with fixed incomes who have not measurably benefited from the increased national product; here is an opportunity to help the most deserving of these people. Veterans claims made before the committee and to the cabinet are not a raid upon the treasury. The veterans of this country have never been guilty of such action. We are very fortunate indeed this year; we have a sizeable surplus, which it is indicated is to be used to reduce the public debt. Is our debt to the veterans not a public debt? Should it have less priority than the money debt? I believe our pledge to the veterans is a solemn undertaking written in duty and gallantry. It is the highest moral debt. Let us never forget that they gave the best years of their lives.

I do not think we can delay any longer that which is now long overdue. It has now become an urgent matter, and must be dealt with at this session. There is one course and one course only; that is to grant an over-all increase in the basic pension in the most realistic manner. Members of the opposition have assumed for some reason that the matter of the basic pension cannot or will not be dealt with because there was no direct reference to it in the speech from the throne. I do not subscribe to that view. In common with other members on this side of the house I have kept the veterans request for an increase in the basic pension before the government since the early part of last year. I am given to understand that it has been receiving constant and sympathetic consideration. I am confident—I was going to say "hopeful" but "hopeful" is not a strong enough word—that it will be dealt with at this session and in a manner acceptable to our veterans.

(Translation):

Mr. Wilfrid LaCroix (Quebec-Montmorency): Mr. Speaker, the Prime Minister has informed the hon. members of this house that he is prepared seriously to study and consider any suggestions calculated to stop inflation and to reduce the cost of living.

During the last war, the Minister of Agriculture (Mr. Gardiner) had the cabinet impose an embargo on the export of meat to the United States so that Great Britain, by virtue of an agreement with our government, could purchase our beef and pork at a reasonable price.

Nobody complained at the time because the price of meat shipped from the west, the great producing centre of this commodity in

our country, reached eastern consumers at about the same price as was being paid by Great Britain.

Why not then adopt the same policy and allow the export of only a quota of our meat production?

The domestic market would thus be sure to get at least part of the production of this great provider of meat, our Canadian west.

The United States do control meat prices and all will agree that meat prices there are lower than in Canada. You will of course wonder why meat is cheaper in the United States even though it is purchased here at a high price? The reason is very simple. It is because those whose job it is to buy foodstuffs for United States troops in Korea find all the meat they can for this purpose here in Canada rather than in the United States, so as not to disturb the American domestic market, supplied by western United States. In this way, the United States price stabilizer is able to keep domestic meat prices at a reasonable level. The United States government would rather pay a subsidy, for that is what it really amounts to, on the purchase of meat for American troops.

How does this affect us? Horse-meat markets have been set up for some time in eastern Canada, especially in Quebec, where 100,000 horses, or perhaps more, that the Americans refuse to buy will be marketed. What is not good enough for Americans will be dumped in the eastern provinces.

In brief, the population of eastern Canada, the largest in the country, is now in a situation where, as at the siege of Paris, it has to slaughter horses and use them as food.

Until recently, horses slaughtered in Quebec were used in the manufacture of glue; henceforth, people in the poor and medium classes who make up the majority of wage-earners in Quebec will have to eat horse meat because of the great care taken not to incur the disfavour of electors in western Canada, not by one group only but by all political parties represented in the house.

I beg the government to act without delay to put a stop to this situation whereby the people of western Canada force the inhabitants of the east to eat horse meat. In my opinion, such a step would foster unity in Canada, because it would show, in a practical way, that there exists, in critical times, national solidarity among the various sections of this country.

National unity should work both ways; since each year taxpayers in eastern Canada make sacrifices to help the western wheat growers, the latter should also make some concessions to their fellow-countrymen of the east. The greed and selfishness of certain western meat producers at the present time will bring about, sooner or later, reprisals from the east.

I am quite sceptical about the sincerity of the leader of the opposition (Mr. Drew) and of the leader of the C.C.F. (Mr. Coldwell), who protest against the high level of prices but never speak about this matter. They fear the political consequences of losing the support of western Canada.

I believe the Liberal party should take the bull by the horns and remedy the situation, in the interest of the people at large. This would contribute to curb inflation which is making ever greater strides as regards this essential food.

A Quebec woman told me recently that she bought beef only for her husband, who works hard, so that he may continue to earn his family's livelihood. She added that her ten children did not eat any. They were therefore pitifully undernourished, a deplorable condition for the physical development of our youth.

I congratulate the government on its announced intention of introducing a law to prohibit the fixing of retail prices by manufacturers. Such a measure should have been enacted long ago, its necessity having been established by the Stevens investigation.

It is a serious mistake to complain about prices paid to farmers. If we look at the difference between the price received by the farmer for his product and that charged by the great monopolies which handle and distribute these goods, we note with surprise that these middlemen reap a greater profit than the producers themselves. In Quebec province the farmer has difficulty in making ends meet. There is nothing surprising in that, if we consider the price he has to pay for everything he needs and the shameful fashion in which he is exploited by the large trust which controls the handling and distribution of animal feeds in so far as the price of the ingredients of these feeds is concerned. This exploitation, by the way, has already been denounced in the McGregor report.

The government should without delay institute proceedings to destroy this formidable trust which exploits our eastern farmers.

In principle I oppose price control under normal circumstances, but who will be so bold as to claim that the period which we are now going through is not the same as wartime?

There are certain goods, essential to life, which should be controlled by means of a system of arbitration in price fixing, a system which I submitted to the attention of the house last year.

There is no comparison possible between Great Britain and Canada since the former country is obliged to import practically all her food. Great Britain is not an agricultural country, but one huge industrial plant.

Now, about the situation in the United States where they have price control. Here is a statement by Mr. Michael DiSalle, head of the office of price stabilization, as printed by the *Gazette* on September 8, 1951. I quote:

"The price increase between February 15, 1951, and June 15, 1951, has been eight-tenths of one per cent, that is less than two billion dollars. While we have managed to keep prices within those limits, the price index in Canada, which, unlike the United States has no price control whatever, rose 5·3 points during the same period. Had our prices risen at the same speed as those in Canada it would have cost the American consumer seven billion dollars, or $150 per family of three."

National defence takes up a large part of our production. That is a factor to be taken into account in formulating a policy calculated to maintain the purchasing power of the dollar. Otherwise we are heading for a disaster which will continue to devaluate our dollars still further. Our government loans will be affected thereby. This will constitute a flagrant injustice towards those who had invested their savings in government bonds and might seriously upset the financial stability of our banks and insurance companies which, as you know, have been the heaviest subscribers to these loans.

After the first world war, I found myself in Paris, where I remained about four years. I realized then the meaning of the word inflation.

The franc started out at 20 cents and fell to 5 cents. Government debentures naturally followed the downward movement. I have seen old people who, after having saved all their lives, after having bought an annuity or acquired a government pension and thinking they had thus achieved security, were obliged, though well on in age, to take jobs as taxi drivers, janitors, watchmen, etc., or else rely entirely on charity.

Most insurance companies no longer honoured their obligations and, for people on fixed incomes, stark distress became their lot. It is this very thing that explains why there are so many communists in France and in all the European countries. These people have nothing left and, what I consider to be even worse, they have lost all hope.

Only those who owned some real property or stocks of imperishable goods were able to save their capital. That is what causes, in our own country, the tremendous increase in inventories already pointed out, and justly so, by the hon. Minister of Finance (Mr. Abbott). As a matter of fact, several of our manufacturers now prefer stocking finished goods to selling them, in the hope of getting a better price. Here again the government should act promptly, in order to force the normal sale of finished products.

I often wonder if our financial contribution in Korea and that required by our adherence to the Atlantic pact will not inevitably foster a condition similar to Europe's, for we must not forget that here in Canada we are only a small population of 13,000,000 people. Such a population surely cannot bear the brunt of taxation beyond possible bounds. Nor must it be forgotten that when the government increases the burden of taxes it helps to increase the cost of living.

The recent applications of public utilities, such as the Bell Telephone, for an increase in rates because taxes had gone up, are concrete examples.

I doubt the sincerity of the members of the opposition when they roar against the high cost of living because instead of striking at the root of the evil and of making suggestions to destroy it, they keep on asking for an increased war preparedness effort. On the other hand, in so far as the domestic market is concerned, they dare not tackle the problem for fear of losing votes in western Canada. I prefer the position taken by the Prime Minister who states frankly that he recognizes the seriousness of the situation and invites this house to make suggestions that will be acted upon if they are practicable.

We can see the whole difference between Liberalism, which is open to all methods calculated to ensure the security of the mass of the people, and Toryism, whose sole objec-

tive is always to protect the monopolies and financial dictatorship, the leitmotif of its very existence.

The leader of the Progressive Conservative party sometimes makes beautiful statements, but when he has to put his fair words into practice he always knows how to back out, but fails to hoodwink the public who, fortunately, can see through his game.

I am pleased with the amendment to the address in reply to the speech from the throne which has been moved by the leader of the opposition. Indeed, it embodies exactly what I have always suggested since the beginning of the present inflation period. Strong methods are no doubt required to check inflation, for the more we let prices reach astronomical levels the more terrible shall be the reaction when it occurs, and all the more disastrous the economic consequences.

Therefore, in closing, Mr. Speaker, may I be permitted to urge the government to do everything possible to check the falling off in the purchasing power of the dollar. I ask this on behalf of all those who through their industry and thrift have laid away some savings, on behalf of the great mass of workers who have a fixed income, on behalf of all those who still believe in government bonds, on behalf of all the breadwinners who want to bring up their children decently so that they may become useful citizens of the Canadian community and lastly, on behalf of those who shall pass away, leaving to their widows and orphans only an insurance policy worth but half its face value.

(Text):

Mr. G. A. Cruickshank (Fraser Valley): Mr. Speaker, I hope I shall not delay you too long. I am sorry I was not able to follow the previous speaker, but unfortunately I am not conversant with the French language. I intended to follow the member for Spadina (Mr. Croll). This afternoon I had the privilege of entertaining the wife of the gentleman whom I defeated in the last election. The reason I mention this fact is that it is an example of democracy at its best. So long as we can keep that form of government in Canada, everything will be all right. The gentleman whom I defeated in the last election has been a personal friend of mine for many years, as has been his wife. I am very proud of that fact. Accompanying that very charming lady was a dear friend of my own provincial minister from the province of British Columbia. I mention this just to point out that I think we have so much to be proud of in this House of Commons.

You will notice, Mr. Speaker, I am not reading my speech, nor have I any notes. I admit that I could probably make a better speech if I had one of the members of the press gallery, a member of the staff or a member of the opposition write it for me. If at any time I do read a speech, I shall not put it down here but I shall hold it up for all to see, and I shall send a copy to *Hansard* before I read it. The reason I mention that is this. We are so proud, particularly in my own riding, of the form of government we have in our country. I had today the privilege of introducing that lady to my leader, our Prime Minister (Mr. St. Laurent) and to the leader of the opposition (Mr. Drew).

I am particularly proud of being a Canadian. Since I have been a member of the House of Commons—and it has not been so very long—the most important piece of legislation, in my opinion, which has been brought down in this building was that whereby we were able to say "I am a Canadian". I am proud of being a Canadian. Sometimes I do not altogether agree with my own party on some of the legislation they bring down; and I certainly do not always agree with the legislation suggested by the opposition. One reason for that, sir, is that since 1940 I have had the privilege of rooming with a very distinguished man, but I could not stand it any longer and I now room alone. I have also had the privilege of sitting in this house with many leaders of the opposition, and they could not make up their minds. I have had to endeavour to make up my mind, on behalf of my own party, as to the ultimate destination of George Cruickshank. I realize that you, Mr. Speaker, as a result of your position, have responsibility for the transportation of articles within this great building. I can assure you, sir, that when my time comes to take the long but short walk down the corridor from room 565 I will take my own belongings to where I may be assigned in that other place.

I am not going to talk about the cost of living, although I realize how important it is to the people of Canada. I am not even going to stage a filibuster. I do not know whether private bills are going to be dealt with at this session; but if they are, I shall have something to say on that occasion. Again may I say that I am not reading my speech. I have not even a note. I have a tie brought back to me—by one who went

on one of those overseas expeditions—from The Hague, not from Geneva. It is a beautiful tie. In order that you may recognize it, Mr. Speaker, I will wear it tomorrow.

What I want to say is this, and I am speaking on behalf of everybody in my riding, particularly those in the Legion to which I happen to have the honour of belonging. I am proud of being a life member. I am proud of what the Legion has done. I am proud of the fact that within my riding I have six of the finest branches of the Legion in the Dominion of Canada. Some half million dollars is invested there, and there are about 4,000 paid-up members. That is fairly good for a rural riding.

I want to reiterate what has been said by the hon. member for Spadina (Mr. Croll). Since I first came here I have had the privilege of belonging to the veterans affairs committee. In so far as my ability permitted me to do so, I have had the privilege of making recommendations on behalf of the veterans and their dependents. In what I have to say I am not speaking only on behalf of the Legion within my riding; I honestly believe that I am speaking on behalf of every citizen within my riding, irrespective of his party, creed or colour. We believe that we have a duty we owe to those who enabled us to sit here today making suggestions and making criticisms with regard to the form of administration we should receive. I am not speaking for the government, naturally. Some day I hope to move down about three desks, at which time I will speak for them; but in the meantime I am not speaking for them. I honestly believe, however, the government realizes that the feeling throughout Canada—and certainly within my own riding—is that if we can have a surplus of $500 million in five months to be used, as intimated by the Minister of Finance, to pay off the national debt, the first obligation we owe and should pay is the one to those who gave so much on our behalf. I sincerely and honestly hope that the government will at this session—at this session, I repeat—take steps to bring about some form of increase in the basic rate of pension to those who gave so much on our behalf.

On motion of Mr. Adamson the debate was adjourned.

On motion of Mr. Fournier (Hull) the house adjourned at 6.50 p.m.

HOUSE OF COMMONS

Thursday, October 18, 1951

The house met at 1.30 p.m.

NORTH ATLANTIC TREATY

ORDER IN COUNCIL P.C. 5598—PARTICIPATION IN INTEGRATED FORCE

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, hon. members will recall that in the speech from the throne it was announced:

> The north Atlantic nations are steadily increasing their combined strength in their determined effort to maintain peace by providing an effective deterrent to aggression in Europe. To this end an integrated force is being established under the command of General Eisenhower.
>
> The plans for the dispatch to Europe of elements of the army and air force destined to form a part of the integrated force were announced at the last session. The measures which the government proposes at this time in furtherance of these plans will be communicated to you without delay.

This morning an order in council was passed which I now table.

The order in council reads:

P.C. 5598

At the Government House at Ottawa
Thursday, the 18th day of October, 1951

Present:

His Excellency

The Governor General in Council

Whereas the North Atlantic treaty was entered into for the purpose of preserving peace by building up the strength necessary to deter aggression, and, to assist in this purpose, it was decided to form an integrated force in western Europe;

And whereas an integrated force is now being established under the supreme command of General Eisenhower;

And whereas, at the last session of parliament it was announced that elements of the Canadian army and the Royal Canadian Air Force were to form part of this integrated force and provision was made for the appropriate expansion of the army and air force;

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

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

Order

In furtherance of Canada's undertakings under the North Atlantic treaty, authority is hereby given for the maintenance on active service of officers and men of the Canadian army and the Royal Canadian Air Force, not exceeding 12,000 in number as part of, or in the United Kingdom in readiness to form part of, the integrated force under the supreme allied commander.

N. A. Robertson,
Clerk of the Privy Council

While preliminary arrangements are being proceeded with, it is intended that the movement of the brigade will begin in early November and be completed by the middle of December.

The 27th Canadian infantry brigade will, from the time of its arrival in Europe, form part of the integrated force under General Eisenhower and will be stationed in Germany for defence purposes under the North Atlantic treaty with the concurrence of the allied high commission, the present competent defence authority in Germany.

Arrangements have been made to group the Canadian brigade with the British, Belgian and Netherlands forces. The brigade will be stationed in the Hanover area.

No. 410 squadron of the R.C.A.F., equipped with F-86E Sabre aircraft, is proceeding next month on H.M.C.S. *Magnificent* to England where this and other squadrons, which will follow later, will be stationed at North Luffenham airfield in the Midlands pending the provision of airfields and other accommodation in western Europe.

In order to give the house an opportunity to express its approval of our contribution to the integrated force and to our participation in United Nations action in Korea, the Prime Minister (Mr. St. Laurent), after consultation with the leaders opposite, is placing a motion on the order paper in the following terms:

> That this house approves the continuance of Canada's participation in the efforts being made through the United Nations to establish international peace, and in particular to defeat aggression and restore peace in Korea, and by the North Atlantic treaty nations to deter aggression and promote stability and well-being in the north Atlantic area.

Right Hon. L. S. St. Laurent (Prime Minister): To complete what my colleague has said, may I add that in my conference yesterday with the leaders opposite the suggestion was made—and apparently it seemed to meet with approval—that this notice go on the *Votes and Proceedings* today so that it would be on the order paper as a government notice of motion on Monday, and could be called under the special order as the first order of business on Monday, which would

afford an opportunity for the house to discuss this participation in the integrated force, and also to discuss generally Canada's foreign affairs policy.

I understand that the Secretary of State for External Affairs (Mr. Pearson) will at that time communicate to the house the information that is available to the Canadian government on the various troublesome questions in international affairs that are now giving all the free peoples such concern.

Mr. George A. Drew (Leader of the Opposition): As the Prime Minister indicated, there was discussion as to the bringing on of the notice of motion for the purpose of giving consideration to the announcement by the government of its decision in connection with the 27th brigade, and also providing an opportunity for the discussion of this and related subjects. It was indicated by the Prime Minister in these discussions that naturally there would be the related matters arising out of the present state of international affairs.

Mr. Green: May I ask the Minister of National Defence a question arising out of his statement? Can he tell the house with what air force the Canadian air units are to be grouped? As I followed the statement it was not mentioned whether they would be with the United States or with the commonwealth groups.

Mr. Claxton: They will not be moving to the continent of Europe for some very considerable time, because there are neither airfields nor accommodation on the continent from which to operate. In the meantime they will build up a wing, in the United Kingdom at North Luffenham under Canadian command, but closely associated with the Royal Air Force, with which we have already been carrying on training operations with the squadron which has been at Odiham, but which is returning to Canada toward the end of this year.

When units of our air force do go to Europe the present intention is that they will be grouped with the United States air force. Our air force will constitute, when it is built up, an air division, which is a formation appropriate to an army. We do not expect to have an army in peacetime in Europe, and consequently it would be necessary to group our air force either with the Royal Air Force or with the United States air force. In view of the fact that our air force will be completely equipped with F-86E Sabre aircraft of United States design, and for other reasons, it was considered desirable for us to group it with the United States. That was also the advice of the supreme command.

ANGLO-EGYPTIAN TREATY

DEFENCE OF SUEZ CANAL—REQUEST FOR STATEMENT BY GOVERNMENT

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, quite apart from a report on the general state of world affairs and the matters which obviously present themselves on these subjects on which this house would wish to have information, such as the recent meeting in Ottawa, and other developments of that kind, I suggest to the Prime Minister, though I have not had an opportunity to speak to him about it, the advisability of a statement by the government tomorrow as quite a separate statement relating to the present critical situation in the Suez canal zone. I make that suggestion today in view of the fact that other countries which are associated with Britain in the general problems, such as the United States, France, Australia, New Zealand and South Africa, as well as certain other countries, have already, either in their houses, if they are in session, or otherwise, made statements in regard to that situation and the position of their own governments in relation to it.

I would suggest that instead of having that become part of general informative discussion related to the dispatch of the 27th brigade, we might well have a statement tomorrow, in view of the fact that these governments have already presented to their people their views in that respect.

Right Hon. L. S. St. Laurent (Prime Minister): The matter has been receiving very careful consideration by the government, and I know that the Secretary of State for External Affairs intended to speak on it in his statement on Monday; but I am sure that he would be prepared to do so tomorrow if it is the desire to have it at the earliest possible moment.

Mr. Drew: I do not want to amplify my remarks beyond this. The reason that I made this suggestion as distinct from the other is that since our discussion there has been a formal statement by the governments of the United States and of France, as well as this other statement to which I have referred, and it occurred to me that the people of Canada, as well as the members of this house, would like to have a statement from this government in relation to that particular issue, which is of so much concern at this hour.

FREIGHT RATES

INQUIRY AS TO REASON FOR NON-ACCEPTANCE OF PRINCE EDWARD ISLAND RATE STRUCTURE BY CANADIAN NATIONAL RAILWAYS

On the orders of the day:

Mr. W. Chester S. McLure (Queens): I desire to direct a question to the Minister of Transport, notice of which I have sent to him. Since he is not in his seat perhaps the parliamentary assistant will take notice of it, and if he cannot answer me today he may be able to do so tomorrow. For what reason or reasons was the September 15 decision of the board of transport commissioners to change the Prince Edward Island freight rate structure not acceptable to the Canadian National Railways?

Mr. W. M. Benidickson (Parliamentary Assistant to the Minister of Transport): To answer the hon. gentleman, certain information must be obtained from the head office of the Canadian National Railways, and it has not been possible to do that in the time intervening since my hon. friend kindly sent notice of his intention to ask this question. The answer will be brought down as soon as possible.

QUEEN CHARLOTTE AIR LINES

INQUIRY AS TO ACCIDENT ON VANCOUVER ISLAND

On the orders of the day:

Mr. Angus MacInnis (Vancouver East): In the absence of the Minister of Transport I should like to put a question to the parliamentary assistant. Has the serious accident to one of the Queen Charlotte Air Lines planes on Vancouver island this morning been brought to the attention of the minister? Will the department make a statement?

Mr. W. M. Benidickson (Parliamentary Assistant to the Minister of Transport): I can assure my hon. friend that the air transport board will look into the facts relating to the tragic accident.

PENSIONS

VETERANS—INQUIRY AS TO REPORT OF PENSION BOOST IN TORONTO "DAILY STAR"

On the orders of the day:

Mr. A. J. Brooks (Royal): I should like to direct a question to the Minister of Veterans Affairs. My question is based on an item which appeared in the Toronto *Daily Star* on Wednesday, October 17, and which states under the headline "War pensions to be boosted 25 per cent"—

Mr. Speaker: Order. Perhaps the hon. member will ask his question.

Mr. Brooks: Thank you. My question is: Will the minister tell us if the above statement is correct? If so, when will the necessary legislation be presented to the house?

Hon. Hugues Lapointe (Minister of Veterans Affairs): In answer to a question a few days ago on the same subject I said an announcement would be made concerning this legislation, and I intend to make it in a few days. I think that will answer my hon. friend's question.

Mr. Brooks: Can the minister tell us what the foundation is, if any, for the report in the Toronto *Daily Star*?

Mr. Lapointe: I am sure my hon. friend would not expect me to be able to tell him what is the foundation for every bit of news that appears in every paper in this country.

GRAIN

REQUEST FOR STATEMENT ON REPORTED SHORTAGE IN EASTERN CANADA

On the orders of the day:

Mr. J. A. Ross (Souris): I should like to direct to the Minister of Trade and Commerce a question based on an article appearing in the Winnipeg *Free Press* of October 16 headed: "Grain famine hits east as eleven ships await cargo." The article reads:

The shippers attribute the grain shortage to the slow movement of grain from the prairies—

Some hon. Members: Question.

Mr. Ross (Souris): I wonder whether the minister could make a statement on this very serious situation. I have sent a copy to him.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, hon. members, particularly those from western Canada, are aware of the difficulty of moving our immense wheat crop to market. It has been particularly difficult to obtain grain of milling quality in quantities to match the boats arriving on both the east and west coasts.

Perhaps I can give my hon. friend the marketings in the prairie provinces during this month to date, to indicate the fluctuations in deliveries. On September 28 there were 941,000 bushels marketed; from September 29 to October 1, 1,500,000; October 2, 2,300,000; October 3, 1,800,000; October 4, 1,500,000. Then we get down to the period from the 6th to the 9th, when there were 6,800,000; the 10th, 7,900,000; the 11th, 10,100,000; the 12th, 11,000,000; the 13th to 15th, 11,300,000; and on the 16th, 7,000,000.

Shipments from seaports on both coasts have been geared to a big crop, and arrangements had been made to move a big crop to market. The grain of milling grades just has

not been available to move, either from the lakehead or to the lakehead. You will notice that deliveries to country elevators have improved for the last few fine days, and that grain will reach Montreal in a few days. I do not think the situation there is serious.

But it is a difficult crop to move. We have heard a great deal about serious storage problems. I wish I knew where that grain is in store, of a marketable quality, because I would like to have it forwarded to market.

Mr. Ross (Souris): In Manitoba.

Mr. Howe: We have had to lift quantity restrictions on milling grades in order to encourage every bit of grain to move into country elevators that could be delivered there. The purpose of lifting the quotas on milling wheat was to get grain to meet export commitments.

Very close attention has been given to the movement. I never have seen anything like the present situation in my forty years of association with the grain business. We are dealing with the situation as best we can. We have all the expert knowledge directed to the problem that it is possible to have, and I believe that in the end the producer will get his wheat into storage, after which every transportation facility of this country will be employed to move it to market.

BUSINESS OF THE HOUSE

REFERENCE TO NEWSPAPER DISPATCHES AND TELEGRAMS

On the orders of the day:

Mr. Speaker: During the present session a number of hon. members when asking questions have referred to newspaper dispatches and telegrams they have received. That is contrary to the rules of the house. Questions should be asked directly. I did not stop the hon. member who asked his question a moment ago, because other hon. members have read newspaper dispatches. However, in future I would ask all hon. members to abide by the rules of the house.

ENFORCEMENT OF RULE AS TO READING OF SPEECHES

On the orders of the day:

Mr. Speaker: The other day the hon. member for Fraser Valley (Mr. Cruickshank) wanted to know whether it was intended to change the rules of the house with respect to the reading of speeches. Let me assure him that the committee on rules has not considered that matter—indeed, it has never been suggested to the committee. I have no doubt, however, that the house desires that the rule against the reading of speeches should be adhered to and enforced.

[Mr. Howe.]

It is a difficult rule to enforce. I believe the only way it can be done is with the co-operation of all members in the house. I thank hon. members for the way they have observed the rule this year, because only in a very few instances have speeches been read. I would ask for continued co-operation of the members in this regard.

PRICES

REPORT ON RESALE PRICE MAINTENANCE —AVAILABILITY TO MEMBERS

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, may I ask the Prime Minister if copies of the report of the committee dealing with resale price maintenance will be available to hon. members before the introduction of the government bill indicated in the speech from the throne?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I was under the impression that mimeographed copies had been made available to members; certainly it was intended that they should be. However, in the last few days many things have intervened. I can say that it was intended, when it was tabled, that mimeographed copies be made available to all the members. I shall inquire to see what the situation is —because that is still our intention.

NEWSPRINT

AVAILABILITY OF SUPPLY TO WEEKLIES AND SMALL NEWSPAPERS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to ask a question of the Minister of Defence Production. In view of the difficulties experienced by weekly and other small newspapers in getting a sufficient supply of newsprint, will the minister discuss with the newsprint controller the possibility of allocating the Canadian supply so that these small papers can get their fair share?

Right Hon. C. D. Howe (Minister of Defence Production): The Minister of Defence Production has many responsibilities, but one of them is not the allocation of newsprint.

Mr. Knowles: But there is a newsprint controller?

Mr. Howe: Yes.

Mr. Knowles: Under your control.

Mr. Howe: I will call the question to his attention and try to ascertain from him if anything further can be done to allocate newsprint equitably.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed, from Wednesday, October 17, consideration of the motion of Mr. Robert Cauchon for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto of Mr. Drew, and the amendment to the amendment of Mr. Coldwell.

Mr. Rodney Adamson (York West): Mr. Speaker, before proceeding with my main remarks today I should like to record my hearty approval of the brief submitted by the Canadian Legion with regard not only to the war veterans allowance, but also to an increase in basic pensions. I do this out of the sincere conviction that an injustice has been done to the veterans of both wars, owing to the increased cost of living. I do not propose to labour the point at length, because other speakers have dealt with it fully and efficiently. I would add only this, that in this battle against inflation any measure we can have to make useful work or to allow our citizens to do more work should be encouraged. In my opinion the prohibitions in the war veterans allowance regulation not only work a hardship upon those who receive the allowance, but at the same time are also directly inflationary because they prevent the doing of a great deal of creative work. I say that to exclude from the old age pension those who are receiving war veterans allowances is unfair and discriminatory.

I realize that to increase the basic pension is inflationary. At the same time we owe a debt to these veterans, a debt which is their right; and as a matter of simple justice in my opinion it is our duty to see that their pensions are brought into line with the current high cost of living.

There appears to be considerable apprehension as to the intention of the government to act on the recommendations of the committee set up to study combines legislation with regard to resale price maintenance. I have read the report and several of the briefs, and I respectfully submit that the conclusions of the commission are at least open to examination on the evidence submitted to them.

It seems to me that undue weight has been given to the opinions of those who advocate legislation to prohibit price maintenance. I suggest in all the humility of a private member that some of the evidence on which their decision was based is at least questionable, and I believe part of it to be untenable. Before

I continue I am going to make the request that a committee of this house have the opportunity to hear the evidence which led to the present decision and any other evidence that may be available before legislation to implement these recommendations is introduced. I have neither the time nor the ability to deal with the matter exhaustively.

Some of the reasons why I am advocating action are to be found in the report. I do not intend to deal with the evidence favouring the continuance of price maintenance, but rather with that which opposes it. To begin I should like to quote from page 17 of the report where a paragraph from one of the briefs which the committee apparently considered in arriving at their judgment is set out. This reads:

> In price-maintained lines, these normal competitive forces are largely done away with at the distributive level, and an artificial method of pricing merchandise is substituted, by the manufacturer or supplier, at what he thinks the product is worth... the manufacturer has no knowledge of the retailers' cost of doing business, and, yet, by price maintenance, he maintains control over the operation of the retailer in whose business he has no financial interest and in which venture he is taking no risk.

Is that true? It seems to me that most manufacturers take a great deal of interest in the welfare of their dealers. It seems to me that dealer conventions, dealer selling techniques and dealer associations are of prime interest to the manufacturer. He must see that his dealers are carrying on a profitable business; otherwise he will have no outlet for his product. Therefore I think that that recommendation is open to serious question. I turn now to page 18 of the report, where there is a paragraph headed "Makes for Unstable Production", which reads:

> The opponents of resale price maintenance seem to agree that the practice brings more stability into the price structure. That stability is not viewed as an advantage, however, since it is alleged that its consequence is unstable production.

I should like to quote another paragraph from the brief upon which that opinion was apparently based.

> The main argument by manufacturers and distributors appears to be that resale price maintenance prevents price wars or unfair price cutting and thus brings about more orderly conditions in the market. The practice certainly does these things—it prevents price cutting—and, at times of low demand, transfers "chaos" from the price market to the employment market. We would suggest that our system has progressed not because of rigidities in the price structure but in spite of them.

Is that so? Is employment aided and improved by chaos in the price structure? Is not employment likely to be more stable with a regular selling price and rate structure? If we have chaos in the price structure, if the cost of goods is so much one day and a third less another day, is the manufacturer likely to

be able to set his program for the year ahead and be able to let his employees know how long their term of employment is likely to be? I think that this contention is certainly open to question. If the manufacturer knows that his price will be stabilized, is he not more likely to be able to say to his employees, "As long as we can sell these goods, and we can at this price, your security of employment will be maintained"? I feel that that argument of the committee is certainly open to question. Then I come to another paragraph in the report, at page 19, which reads:

> Resale price maintenance does not only prevent improvements in efficiency, it may also protect inefficiency. The only margins which are satisfactory to all distributors are those which are sufficient to keep in business the retailers whose costs are highest. That is why it is stated that "mark-ups are invariably set at levels to keep in business inefficient distributors."

Have we not witnessed a tremendous increase in marketing efficiency at the retail level? I think we have. Have we not witnessed a tremendous increase in the efficiency of the services rendered at the retail level? I suggest that we have. In the face of the competition of other manufacturers making the same goods, would a manufacturer deliberately keep on a dealer or distributor organization that was inefficient? From my observation of business I contend that one of the first things a manufacturer thinks of is to pep up his selling organization, to see that they are efficient, to see that they can sell goods at a competitive price. If he does not do that, his selling organization becomes inefficient and expensive, he loses business and is likely to be put out of business. I quote now from page 21 of the report:

> The direct and immediate effect of resale price maintenance is the elimination of price competition among retailers in price-maintained goods; this is one of the main objectives of the practice. It has been argued that competition is merely transferred from price to service. On this point, we find ourselves in agreement with the British white paper.

That British white paper states:

> It is often said that the practice does not prevent traders from competing in the services they give. But this begs the question. It is true that, in order to attract more customers, a trader may increase the amount and quality of his service. But the potential customers may be comparatively indifferent to extra service, whereas they would be glad of the original amount of service at a lower price. It is this alternative which resale price maintenance stops the trader providing.

That is from the United Kingdom Board of Trade statement on resale price maintenance of June 1951, page 5. Are we in Canada to base our method of pricing on United Kingdom opinion, disregarding the different views with regard to private enterprise and nationalization held by that socialist government and by our government? The system of marketing in England is entirely different from marketing in Canada. Marketing in England as I remember it, and as I saw it this year, provides practically no service whatsoever. You queue up to get the goods, take them home, and are thankful that you have got anything. Therefore I question whether we can admit the British white paper as being an accurate and proper guide for us in Canada at the present time. Then I come to the next point as to the committee's views. On page 23 their report reads:

> Although precise information is lacking, there is some evidence that resale price maintenance contributes to price stability but that the general level of prices, thus stabilized, is higher than it would be under competitive conditions and production more unstable. Comparisons between competitive prices and maintained prices are difficult to make and must be interpreted with prudence. One of the most serious attempts to effect such price comparisons was made in the United States by the federal trade commission. Although the study was made with special reference to the drug trade, similar results were observed in other sectors. It led to several conclusions which are reproduced by A. R. Oxenfeldt in his book "Industrial Pricing and Market Practices." . . .

The gentleman in question is unquestionably an expert but here again the members of the committee have based their judgment very largely, because he is quoted at length, on the opinions of one man. I suggest with all sincerity that those opinions are individual opinions and to transfer them holus-bolus to our economy is at least somewhat dangerous. Again there is the possibility that, as with other experts, he may be wrong.

I come now to the question of the loss leader. The committee say that they are going to find direct weapons to curb the loss leader, and on page 27 of their report there is the following:

> Resale price maintenance no doubt helps to protect the reputation of branded goods and facilitates advertising and sales promotion. However, the committee is not convinced by the argument that the reputation of branded goods greatly suffers from normal price variations and that people will think quality has deteriorated, if prices are allowed to vary. If the "loss leader" is taken care of, normal price reductions will not cause serious problems to the manufacturer.

That is not the opinion generally shared in the United States after the recent price wars that have been going on in the large department stores in New York such as Macy's and Gimbel's. As a matter of fact many manufacturers of brand name products took full-page advertisements in the United States press to state that the quality of their goods had not deteriorated and that they were not in favour of ruthless price wars. If there had not been the fear that such price wars create in the minds of the public, the

feeling that the quality of brand name products has deteriorated, surely the manufacturers would not have gone to the trouble of spending money on advertisements to combat that feeling. Finally, with respect to the loss leader, which is a device that all hon. members know about, the last paragraph of the report states:

> As to the "loss leader" device, the committee believes that it is a monopolistic practice which does not promote general welfare and therefore considers that it is not compatible with the public interest. However, we do not believe that it presents any immediate danger; extreme forms of price cutting are not very likely in this period of inflation and relative scarcity. Moreover, we are convinced that there can be found other effective and more desirable methods of controlling the "loss leader" than minimum resale price maintenance. Present circumstances afford time to make a careful study of such methods and the committee, therefore, does not think it imperative to make an immediate and hasty recommendation regarding that practice.

The report mentions weapons to curb the loss leader. What weapons has the committee? They must be secret weapons because they are not mentioned. I want to quote what Q. Forrest Walker, economist for R. H. Macy and Company Limited, has to say about the loss leader. I may say that R. H. Macy and Company and Mr. Walker in particular are adamant and violent opponents of resale price maintenance. This is what he has to say:

> While the deepness of the price cut will vary with the type of merchandise, the size of unsold stocks, selling conditions, and numerous other factors, the most generally recognized principle is that the price must be reduced at least one full price range. The saving to the customer must be large enough to create a strong buying appeal. If the marked-down price produces a sharp increase in customer traffic, enough other merchandise may be bought by shoppers at regular prices to reduce the cost of the mark-down. For many types of merchandise, an advertised reduction will not ordinarily be very effective if it is less than 15 to 20 per cent. A greater reduction may sometimes be required.

What does he mean by that? Putting it very simply he means that a whopping great reduction will induce customers to come to the store and buy other products. The use of the loss leader must in his opinion involve a reduction of 20 per cent or more to be effective. Although he does not use the term "loss leader", that is what he means. What does that do to the small retailers? A firm that can stand the gaff, that can have a loss leader, can attract a great number of people for a time by that loss leader in the hope, as Mr. Walker of Macy's has said, that they will buy other goods at regular prices. In other words, the big operator can put the squeeze on the small operator, and that is exactly what has happened and what will happen.

I am speaking this way today, Mr. Speaker, out of conviction. I believe that there is no more important thing in Canada today than orderly marketing with a reasonable profit and stable labour conditions. If you have chaotic marketing you are going to have chaotic labour conditions, not only in the retail trade itself but in the manufacturing industries that are supplying the retail trade.

I wish to briefly mention one or two of the retail trades. First of all, let us take the drug trade. The first question that we may ask about the retail drug trade is, has it gouged the public? Has it made excessive profits? Apparently none of the druggists are getting very rich. The average mark-up is between 25 and 35 per cent, which is the normal cost of selling. Their service to the community is as an assistant to the doctor. The retail drug store is in a rather peculiar and unique position, because it also serves the doctor as the maker of prescriptions, the provider of surgical instruments and chemicals. There has to be a professionally trained man in charge of the drug store to make up prescriptions and do the dispensing. A great variety of goods are offered, and a multiplicity of brands compete with each other.

Surely, there can be no monopoly in toothpaste. I believe there are some seventy odd brands of toothpaste currently being offered in Ottawa at prices ranging from 20 cents to 70 cents. Surely, there can be no monopoly in the toothpaste business. As for most of the patent medicine and other goods, the same condition will be found to obtain.

Let us go to another important aspect of the problem. It seems to be forgotten, but the function of a drug store is to provide drugs, such drugs as penicillin and other antibiotics. What has happened to the price of those drugs? At the end of the war 100,000 units of penicillin were selling for about $27. Today 100,000 units of penicillin sell for 35 cents. Two years ago cortisone sold at about $50 a vial, and today the price has been reduced to $25.50.

I am not going into the various details of these new drugs. Here we have an example of how the cost of drugs has been brought down through competition between manufacturers. I have in my hand a letter to one of the drug stores in the city of Ottawa from Merck and Company giving the new reductions in the price of Cortone. The first paragraph of the letter reads:

> It is our pleasure again to inform you of a significant reduction in the price of Cortone (Cortisone Acetate Merck) in saline suspension and tablet form.

The prices are as follows:

Saline suspension of Cortone Acetate, 20 c.c. vial, each vial contains 500 milligrams, wholesale price, $12.75 per vial; retail price, $14.00 per vial.

Oral tablets of Cortone Acetate, 25 milligrams each, 40 tablets per bottle, wholesale price to the doctor, $25.50 per bottle; retail price, $28.00 per bottle.

I submit in all seriousness, Mr. Speaker, that is not gouging the public. If you throw the retail business of this country into wild price cutting you are, in the long run, aiding neither the industry nor the consumer and you are certainly not aiding labour employed either in the retail business or in the manufacturing industry.

Let us take one more example. Motorcar manufacturers make parts which are sold through agents on a price basis. These agents are dealers who sell the various motorcars. Through other outlet agencies such as the Canadian Tire Corporation you can also buy other goods which will do the job. Either you can put in your car the material made by the manufacturer of that car, and sold through his agent, or you can buy—I shall not say substandard parts—other parts which may do the job. These can be purchased at a lower price. Is that competition, Mr. Speaker? Of course it is competition. You can buy goods sold by the manufacturer of your own car, and recommended by him, or you can buy other goods from a general supplier. I am just giving some examples of existing basic competition.

Consider the oil companies. People holler about the oil companies. There is a practice which is known as following the market leader. Most standard brands of gasoline are sold at identical prices, in the same town or district. There is, however, a firm operating in metropolitan Toronto, and in other cities, which sells gasoline at 5 cents under the price established by the market leader technique. Is that competition? Of course it is competition. This firm is selling it at the lowest price possible, but there seems to be room for the oil companies and for the independent firm.

There is no law against the independent selling oil and gasoline at any price he chooses. The independent, however, does not—as do the major companies—obligate himself to sell oil and gasoline throughout the entire territory. He sells it in the densely populated areas, such as on the main traffic arteries of metropolitan Toronto. The major companies sell oil all through their territory. Many rural stations are not profitable in the wintertime, but nevertheless they are maintained as a service to the community. I suggest that these are some of the things which must be considered in the retail selling price.

[Mr. Adamson.]

There is in the world today a tendency to consider that anyone who makes a profit is either a knave or an exploiter. To those who hold this view I say that democracy and freedom are possible and exist only under a capitalist economy, and there can be no capitalism without profits.

Mr. James Sinclair (Coast-Capilano): Mr. Speaker, yesterday when the hon. member for Lake Centre (Mr. Diefenbaker) was speaking he said that he thought this session would probably be called the inflation session. I think that he is right in that assumption, because certainly there is no more important domestic problem in Canada today than this matter of inflation. Even the old age pension legislation, which is the prime reason for calling this session, is to a degree based on the necessity of providing to those on pension relief against the increased cost of living in recent years. As a matter of fact, across the country—and certainly from listening to speeches in this house—it would seem that the only real domestic problem we have is the high cost of living. Never before in our history in this land have we had as high employment, as high production and as high a national income.

I heard a good deal about inflation this summer, because I had the good fortune to be selected to go to attend the United Nations economic council as one of the two Canadian representatives. The first two weeks of the meetings of that council in Geneva were devoted to reports on world economic conditions, and in particular to reports from each of the eighteen countries which are members of the economic council as to what they are doing at home to combat inflation. The attitude there is—and it is the right attitude—that while no individual country today can conquer inflation within its boundaries, all countries can do so if they all make a determined effort. In the world at large today, inflation does not lay its rough hand evenly within national boundaries or within world boundaries. The richest countries of the world are the ones which are least affected, and it is the poorest, underdeveloped countries of the world which are having the greatest trouble with inflation.

After spending the summer at Geneva, after having listened to the economic experts of these eighteen nations detail what they had done, after having listened to the economic experts of the secretariat say what should be done, I say—and I intend to substantiate it—that no country in the world today has a better record for fighting inflation at home than has Canada.

First of all, I think we had better have it quite clear what inflation is. In the speeches

thus far, some hon. members have confused inflation with high prices. High prices are not the cause of inflation. High prices are the consequence of inflation. The economists of course describe it easily by saying that inflation is caused when there are more claims to wealth—more money, in other words—than there are goods to satisfy them at the time. It does not necessarily follow, as some people have assumed, that you have to have a shortage of consumer goods to cause inflationary pressures. Many countries have grave shortages of consumer goods and a great abundance of purchasing power. In this country today there is no real shortage of consumer goods.

Mr. MacInnis: Hear, hear.

Mr. Sinclair: I am glad to hear that the hon. member for Vancouver East (Mr. MacInnis) agrees. We certainly have, however, an abundance of purchasing power in the nation today, more than enough to balance the goods we have. Actual statistics of the dominion bureau of statistics show that since 1939 the ordinary available money supply—money in pocketbooks, money in tills, money in savings accounts and checking accounts—has increased over two and a half times while the actual production in the country has increased only twice.

The primary responsibility for this world-wide condition undoubtedly rests with the last war. The last war, of course, was financed partly directly and partly by borrowing. This country had a good record there. We financed almost half the war by direct taxation. But even so we accumulated, as did other countries, this great burden of war debt. More than that, the war saw the most fantastic dissipation of real resources, of manpower and material and no return as far as the production of goods for consumers was concerned. At the end of the war we then had the reaction. First of all, we had the repayment of borrowings, putting great sums of money on the market. In the second place, we had accelerated purchasing as the deferred purchases of the war years—when no goods were available—began to be met. Next—and a powerful factor in world-wide inflation—were the men and the material which were diverted to the reconstruction of the devastated areas of Europe and Asia, both the liberated countries and the conquered countries. Men and material were diverted away from producing goods for consumers. Because of that—the extra inflow of purchasing power, and the diversion of manpower and material away for capital reconstruction—we had an inflationary pressure started, and we saw prices begin to rise steadily.

Then came Korea, and this steady rise became a very steep rise. First of all, there was panic buying by consumers who remembered the shortages of the last war when all our energies were turned to producing the materials of war and not consumer goods. Then came stockpiling by both the free nations and the iron curtain nations, in anticipation of defence needs. These things led to increased demand which forced up prices. Then we began diverting to defence needs more and more of our world resources in manpower and in material. The incomes that these men received were competing for the consumer goods produced by the rest of the world. The materials taken away for capital purposes for defence of course are lost to consumer production. Because of these further factors, prices began to rise still more.

In this country, as in every country, we paid higher prices for our imports. That fact was quickly reflected in consumer prices in the country. Naturally people on wages and people on salaries asked for wage increases to match those higher prices because of imports. Then at the same time we obtained higher prices for our exports; and after all we are a country rich in natural resources. Again, that had a double-edged effect. First of all, the domestic prices for the same goods naturally went up. In the second place, the wages paid in those industries which had a good export market went up quickly. I use the logging industry in British Columbia as an example; I have used it before. When the logging corporations make big profits, naturally the unions want a share of those profits in the form of increased wages, and that sets the pattern for other groups of organized labour and other groups in the country who perhaps are working in industries which are not as fortunate. If they do not give the increases, then labour drifts away from the consumer industries, for example, into those export industries. So there again we had mounting wage costs at home, and wage costs in Canada are 70 per cent of production costs. It does not matter whether you argue that higher prices make higher wages or that higher wages make higher prices, the fact remains that these are pressures which have resulted in this country, as in other countries, in steadily increasing costs and prices. However, here in Canada we had one other extremely powerful factor. How powerful a factor it was I must confess I did not realize until having spent this summer at the United Nations economic council.

We think primarily of the fact that we expect to spend $1.7 billion in defence in Canada this year as being one of the major inflationary pressures. It is true that defence costs are inflationary, here as in other countries. It is spent to no avail as far as increasing consumer production is concerned; but it is spent to great avail when it means securing our freedom. But we have a far greater pressure in this country. We have a pressure to a more marked degree in this respect than any other free country in the world, in this fantastic flood of capital investment into Canada. This year it is expected to reach $4,500 million, 2½ times our defence expenditures. What does that mean? In my province, for example—and I use that province because I know it better—we have this great $500 million project of the Aluminum Company of Canada. Well, they must have labour, and the labour force to draw on was the British Columbia labour force. That labour force had to be attracted away from existing jobs. There is only one way to do that, namely, to make it more attractive so far as wages are concerned. They pay these wages and draw labour away. They also draw materials which otherwise would have gone perhaps to consumer production; and then we have the competition of other industries to hold their labour and materials by matching these wages and prices.

I talked to a B.C. publisher not so long ago who was complaining very bitterly about inflation. He could not see what effect capital investment had at all until suddenly he did recall that the leaders of his union, in demanding increased wages, had said that a labourer for Alcan was making more than a skilled craftsman in their trade was making in the city of Vancouver. But when I was most impressed this summer with the effect of our capital investment was when we were discussing the great problem of economic aid to the underdeveloped countries of the world, —the only way, and the only real way we can save them from communism is to give them economic aid. Those underdeveloped countries constitute almost two-thirds of the world's population. Almost a billion and a half people of underdeveloped countries were represented there at the economic council. Twelve of these members had criticized the world bank for not making a sufficient flow of capital investment available for these underdeveloped countries. The figure that they suggested which could be absorbed usefully was $1 billion of capital investment which should be made available each year for the billion and a half people in these countries. And here in this one little country of Canada with only 14 million people we have had this tremendous capital development reaching 4½ billion dollars this year alone. In the long run it is going to be a great thing. At the moment, with all these new oil plants, refineries, pipe lines, iron and nickel mines and aluminum plants, it is competing on the same labour market and for material and manpower which could be used to produce consumer goods, and it has a most powerful inflationary effect. When these plants are completed and turned into production they will be producing more and more of things we need, providing more and more employment, and we will have turned the corner as far as the pressures they have set up are concerned. There is the problem. The solution is a very obvious one.

The Prime Minister's illustration the other day was about as simple as could be made. When two things are out of balance you bring them in balance by decreasing on one side and by increasing on the other. We have an excess of purchasing power today in Canada. We have sufficient consumer goods, but we have this excess purchasing power bidding for these goods. In most countries of the world they have not only a great excess of purchasing power but a real shortage of consumer goods. And so the aim of this country and the aim of any other country must be to cut down on this excess purchasing power and to increase the productivity of the nation as far as the goods that civilians need are concerned.

I say this quite flatly. Every economist of repute in the western world is agreed on the course which should be followed. First of all, heavy taxes, heavy national taxes, to remove that surplus purchasing power from the money market of the country. Second, the limitation of credit, of both consumer credit and business credit, to cut down on unnecessary spending; and above all to stop bringing onto this market for today's goods not just today's income but the income of a year and two years ahead. Third, to cut down on spending, unessential and essential, both government and individual. That is, as I say, the unanimous opinion of every economist of repute in the western world.

I need say only one thing in this regard. If there is one paper in the western world which commands respect as far as economic matters are concerned it is *The Economist* of London. No paper has done more in developing the fight against inflation as far as western economic leaders are concerned. In their issue of July 28 this year, in discussing the fight against inflation in Britain, they have this to say:

> The way to correct this failure in economic planning is plain enough. It is to remove the surplus purchasing power that made the buying spree possible. The weapons for such an attack are well

known. They are higher interest rates and a larger budget surplus. There are, admittedly, enormous practical obstacles to the use of such weapons, and no one—the opposition least of all—has yet got down to the details of an effective policy. But the obstacles are political, not economic. The weakness lies, primarily, not in the weapons of economic planning but in the will to use them.

This government has the will and has shown that will to use these primary weapons.

On the actual form that this taxation to reduce purchasing power should take there is, I admit, some diversity of opinion between the leading economists, but here again the great bulk think as follows: Direct taxation, taxation on income, which for ordinary revenue purposes is undoubtedly the fairest since it is based on ability to pay. Because there is a tax on income a man cannot save out of his income money which is taken in taxation before he gets it and so, as a counter-inflationary measure it is a tax on saving. On the other hand, and this again seems paradoxical in a time of rising prices, a tax on commodities is a tax on spending. It discourages spending and encourages saving.

In this country of course we know our income tax is progressive. Some say our commodity taxes are not. Commodity taxes generally are not, but by design the Minister of Finance (Mr. Abbott) in this country has made our commodity taxes as progressive as possible. Once again, we have no sales tax or excise tax or special excise tax on primary commodities of food, fuel and building materials. We have sales tax on other things; then we have a special excise tax of 15 per cent on certain items, and we have a 25 per cent tax on less essential items, and of course we have special luxury taxes on tobacco and liquor. The higher the income bracket a man is in, the more he is going to spend on higher taxed commodities.

Quoting again from the same paper—I might say in passing that one thing which struck me at Geneva was the way that the economists of every country, including Russia, Poland and Czechoslovakia, read *The Economist's* articles on fighting inflation. They read them with tremendous interest. It was the first paper sold out after the papers hit the newsstand. *The Economist* is here talking about such taxation policies in the issue of August 18, and it reads as follows:

If consumption is to be cut by taxes, it must be by indirect taxes, which do not discourage men from working hard, and which penalize spending, not saving. Such extra taxes cannot, of course, be confined to luxury goods; the revenue would be as trifling as that from a higher surtax. Adequate indirect taxes would have to fall on articles that are widely used.

Again the article goes on to say that politicians would not have the courage to do that sort of thing effectively. This government has shown that courage in our last budget.

The next thing advocated by all reputable economists is to restrict credit. I spoke at some length on this last session, and I do not intend to go into it again, except to say that the comment used by the leader of the opposition (Mr. Drew) in describing it as a squeeze was right. That is exactly what it is intended to do, to squeeze out of the present market the bringing in from next year and the year after future income to compete for today's goods.

To do directly the other necessary thing to increase production is a little more difficult for a government which is not in production such as a socialist or a communist government would be. But we have done that too indirectly, first of all through the allocation of the key industrial commodity of all, steel. Steel today does not go for non-essential capital construction. It is confined to things which are either to help the defence effort or to help produce more consumer goods needed in Canada and in the world. Our second action is financial, postponing depreciation for non-essential constructions. Here we have done exactly the same thing, postponed depreciation, as the British did on the same day they presented their budget, to make investment more attractive in the essential industries than in the non-essential industries. Most important of all—and I get back again to this fact which struck me as a revelation at Geneva, so far as this country is concerned; because one has to travel and see other countries to appreciate best his own country—was the fact that this government has created in Canada an economic climate and a feeling of confidence which has attracted capital investment, investment not only from Canada, not only from the United States and not only from Great Britain, but from almost every country in the world, including that country which has always been the banker of Europe, namely Switzerland. The Swiss banks themselves are now turning to investments in this country.

Again I wish to quote an authority not partial to the Liberal party and this time I turn to an article on the financial page of the *Globe and Mail* of October 15. This appears under a New York byline, and deals with Canada and investment capital. It says:

Canada has attracted international attention as one of the brightest (and politically most attractive) spots in the world for venture capital. The demand for Canadian stocks in recent months has been heavy, with large buying orders coming from the leading cities of Europe as well as from the United States. Buyers reportedly are not concerned about the intermediate action of stocks; they are seeking substantial gains over a period of five to ten years or more.

And then further down:

Some international investment interests reportedly are looking upon Canada with increasing favour, in

part because of a lessening of confidence in the political and financial outlook of the United States. Canada has gone as far as the United States in social welfare plans, but her fiscal affairs have been handled more soundly than here.

And then again:

Business conditions and price trends in Canada are closely allied with those in the United States. Internal affairs, such as fiscal operations, however, have been soundly administered. This background of conservative—

This is perhaps an unfortunate word to apply to a Liberal government.

—government, together with the well-publicized development of natural resources, may well continue to attract new capital.

That, of course, is the best way to attract new capital here, to build new factories and new utilization of existing resources, to create the extra production so needed not only in this country but in every country of the world.

At this point I shall comment only briefly upon the speeches of the leader of the opposition (Mr. Drew) and my good friend the hon. member for Lake Centre (Mr. Diefenbaker). However, since the leader of the opposition is not at the moment in his seat I shall drop most of the remarks I was about to make concerning what he said.

Actually, I listened to him with great interest. He has, of course, a magnificent command of language, as well as a fine delivery. But I was listening critically because I wanted to find out what he was proposing. What are these flexible controls selectively applied, about which he has talked so much in the country, and which he says will cure inflation? Well, I never heard a word about it in his speech on Monday. Indeed I never heard controls mentioned, so that at the end of his speech I was no wiser than when he began. I read his speech the next morning, just to make sure, but with the same result; he just skated around.

The hon. member for Lake Centre started out by chiding the Liberal members for not having more constructive suggestions to make in their speech on this grave problem. He never mentioned these flexible selective controls that the Conservatives talk about in the country. As a matter of fact he did show his repugnance to the type of controls they have in Saskatchewan, if that is any indication of his broader thinking. What he did do was to twit the cabinet ministers about recent speeches and in doing so he made use of all the eloquent delivery and dramatic gestures we all know and love so well. But when you read his speech too on the following morning, what are his suggestions for combating inflation? None.

He did of course refer to the economists, although every economist in the western world says that taxation today is the primary way of removing excess purchasing power. He does not agree with them. However, he did get back to one of his favourite subjects, and dusted off his old combine speech which we all enjoy.

I learned a good deal this summer about combines, cartels and monopolies—indeed this has been a very beneficial summer for me—at the United Nations. If there is one country in the world which has tried to wipe out cartels, combines and business monopolies, it has been the United States of America—and this goes away back to Teddy Roosevelt's time.

The Americans have found that no matter how they attacked the problem of monopolies, combines and trusts in their own country, international cartels have to be attacked internationally. With that in mind they put forward a resolution before the United Nations to have an international commission which would deal internationally with cartels beyond the reach of any individual government. I, as the Canadian representative, was glad to second that resolution.

The extraordinary thing to me however was that there was remarkably little enthusiasm around the rest of the table from other nations' delegates. We in this country, and our neighbours in the United States, think that cartels, combines and monopolies are bad. There may be exceptions, but they have to be proved to us. Quite the contrary however prevailed in the minds of the representatives of most of those other countries. They accept cartels, combines and monopolies. The evidence with them has to be proved that they are bad.

Of all the countries around the table, only two others had even any domestic combines legislation. That of Sweden dates back to only 1946—although Sweden did say that their co-operatives had done a good job in combating combines before that time. Legislation in Great Britain was only introduced in 1948, and now the election comes along and the charge is made against the Labour government that they passed legislation but have done nothing. However, they are now promising to put teeth in that legislation after the election. Our combines legislation may need improvement but we are at least in second place in the world in this regard.

I have said that inflation is world-wide. Every government in the world today is trying to fight it. If there were any easy solution of this, one of the fifty-five governments fighting inflation would have found it. In every country, however, the fight goes on, and every chancellor of the exchequer or

minister of finance, whether he be a Conservative, a Liberal or a socialist—or even a communist—is making the same appeal to his people. He is making the appeal to spend less, to save more and to produce more—and this of course does get back to the very root of the problem.

More than that, in Great Britain the former chancellor of the exchequer, the present minister of town and country planning, Mr. Dalton, no longer than two weeks ago advised the housewives not only to spend less but specified what items they should not buy at this time. In every country, no matter what political faith the opposition is, they are decrying what their governments are doing. They say that whatever the governments are doing it is the wrong thing. If they are taking fiscal measures, then they say that controls should be instituted, and if on the other hand there is a controlled economy the oppositions are saying that fiscal and monetary measures, such as ours, should be undertaken.

Across the world most countries are trying to strike at the roots of inflation. They are instituting fiscal and monetary measures, and taking steps to increase production. Some of them are trying to ride the two horses, namely partly fiscal measures and partial controls. All of them are being singularly unsuccessful in this approach. Since the last war two countries have relied almost entirely upon direct price controls, and all the things that go with them. I am referring to Great Britain and Holland.

Across this country we are hearing from the housewives. Perhaps they are not economic experts, but they are concerned with day-to-day prices. They say: "Why do we not have price controls? We had price controls during the last war, and they worked well. Why do we not have them today?" The immediate answer is that this is the same government that enforced price controls during the war, and did it so successfully. Almost the same people are doing the work. Of course Mr. Ilsley has gone, but the present Minister of Finance was at that time his parliamentary assistant and had most of the legislative work to do. Donald Gordon has gone, but Kenneth Taylor is now assistant deputy minister. Since this is the only real domestic issue, this government would certainly, from its experience, adopt price controls, if it thought they would work under today's circumstances.

We need not go into any detail as to why the circumstances are different. The Prime Minister and other cabinet ministers have pointed out the very great differences that exist in a wartime economy, when a country is fighting for survival, and does not care about expanding industrial production, expanding social services and raising the standard of living, because they are of no importance unless you survive.

Everything is turned to wartime production, for we know that there is only one thing we have to do in wartime, just survive. Price control worked then because we had other harsh measures to obtain this objective. We had tremendously heavy taxation. We had compulsory savings. We had voluntary savings which, because of patriotic fervour at that time, were raised almost by compulsion. All these drained off surplus purchasing power. We had wage controls to stabilize wage costs in prices. We had subsidies which increased rapidly every year but which did artificially lower prices for a time. We had rationing—and had to have it. And with rationing we had all the permits and regimentation described by the Minister of Finance last week in his radio address. Best of all, we had public acceptance. It was a matter of survival; to survive we had to have this regimentation. The public knew it and accepted it.

Today we are fighting two wars, two very different wars. We are fighting a cold war with the communists, by building up our defences so we can resist aggression. This is, however, negative. Then we are fighting another very important war on the economic front, a positive effort, trying to show that free men and a free society can offer a better life and a freer life, a life with better living standards, better opportunities, than can be offered in the police state, and so trying to win the underdeveloped nations to our side.

Therefore it is not only essential that we should devote now ten per cent of our production to defence, but imperative that in this country we build up our social standards and our living standards, that we vastly increase our production of goods and do everything we can to increase production and to help the underdeveloped peoples of the world who through hopelessness and misery fall prey to communism. This is the real job. That is the reason why this country must expand and use every initiative and skill and incentive of its people, use every capital investment that is possible, to increase production and opportunity.

Price controls do not attack the two causes of inflation. They certainly do not check purchasing power. If anything, they make a little more purchasing power available. They certainly do not increase production; they impede production in every way, when the dead hand of bureaucracy is laid on industry.

The best proof of that difference between a free economy and an economy regimented by government bureaucracy is to be found in the history of the last six years when the free western world has been so heavily dependent upon the vastly increased production of the free economies of North America.

I should like to touch now upon what has happened in those two countries where they have chosen to continue with their controls. Holland is perhaps not the best country to take as a comparison because that country has faced many grievous troubles. They took into peacetime their wartime controls, which included over-all wage controls which they still have. They had price controls but they had problems to face in the loss of their colonies and over-population. Despite wage controls and mounting subsidies their price controls have cracked. They could no longer bear the cost of ever-increasing subsidies. In fairness to them it must be said that part of the reason was the increased expenditures they were called to make under the North Atlantic treaty.

Great Britain offers perhaps the best example. I have spent some time studying the British control system. In view of the fact that an election is on I shall try to be as objective as possible and be of assistance to neither side. In view of what the C.C.F. members have said in this debate about the virtues of price control, I found it curious two weeks ago when I was in Great Britain to find that the high cost of living there is the principal election issue. The Tories say they can do better with competition; Labour says that bad as things are, nobody could do better than they have done.

Our Department of Finance has gathered a lot of information, on European controls, as we have financial observers in the different embassies, and I have studied these. However, reading these things does not give you the same understanding as actually being there and discussing matters with the people who are running affairs. The British minister of food and his parliamentary assistant were good enough to give me complete entrée into their department. They regretted that because of pressing election demands they could not be with me but they did give me the opportunity to discuss these matters with the men who had the job of running this control system, to discuss both the strengths and the weaknesses.

To begin with, it is understandable why the British continued with controls. First, they had been hit harder than any other country. It had taken them longer to turn around and get back to a peacetime economy. Secondly, they had freely elected by a great majority a socialist government which believed in such planning. Two or three days ago the leader of the C.C.F. group said that labour in Great Britain had showed remarkable restraint as far as wage demands go. In the first four post-war years the trades union leaders did give real leadership to their men. There was only one round of wage increases. For that reason that government was not faced with increasing wage costs for domestic production such as had to be faced by other countries, and which forced up prices.

More than that, the cost of living index was a most favourable one to them. It was based on the spending habits of the workman of 1904 who spent 60 per cent of his earnings for food. Actually the national expenditure in Great Britain is closer to 30 per cent for food. Foodstuffs which therefore artificially stabilized 60 per cent of the cost of living index were an important factor, but an unreal factor as far as the cost of actual living. It was because of demands made by the labour congress that the British had to bring their cost of living index up to date, to 1947, based on 1937-38 prices.

Then there was this matter of bulk buying. We know a lot about bulk buying because we are on the selling end of one or two trades. For a long time it worked fairly well. In 1946 and 1947 many people in the world thought that there was going to be a depression and collapse. We remember the Jeremiahs in the Tory and C.C.F. parties who were preaching blue ruin at that time, who were calling the Minister of Trade and Commerce (Mr. Howe) a super-optimist because he said there would be full production and full employment. There was that feeling and for a time the British did very well with bulk buying, which was their gamble that prices would go up, not down.

But bulk buying has pretty well come to an end. When I was in Great Britain New Zealand was selling meat at £71 per ton in bulk buying whereas the most recent contract with the Argentine was for £140 per ton. New Zealand was naturally asking that their contract be re-negotiated. The same thing is true of butter. The British had to amend some of their bulk buying contracts to provide for a 7½ per cent increase. That was found to be insufficient and they had to give a 12½ per cent increase to Denmark because the Danes said that that was the increase they had had to pay for the things they obtained from Britain. That artificial holding down by bulk buying against the gamble of falling prices is getting pretty close to the end.

But the real strain in Britain today is caused by the subsidy. Subsidies do mask for a period the higher prices of imports and

the higher prices of domestic goods. As long as you can keep increasing your subsidies you can hold your cost of living index fairly level although the taxes to pay the subsidies steadily increase the real cost of living. But the point must come, as it comes in every subsidized state, where you cannot go on raising taxes higher and higher to pay steeply increasing subsidies. Sir Stafford Cripps found that out two years ago. Subsidies had then reached £480 million a year. He decided they could not go on and he cut them back to £410 million by cutting out the subsidy on animal feeds. They felt that for the next year they could stabilize, not the cost of living, but the cost of living index by pouring subsidies out of this fixed amount into those foods which showed the most alarming rises. It did serve as a partial cushion of the cost of living index, not the real cost of living.

Last month when the trades union congress asked the Chancellor of the Exchequer to stabilize the cost of living by providing further subsidies he said that it could not be done, that it would cost another £600 million for this year alone. He said that partial increase in subsidies would have no appreciable effect. That is the situation in this economy which for a time was able to mask the higher import and domestic production prices by the use of subsidies. I say "mask" because it simply meant taking out of one pocket by taxation and putting back in another pocket by way of subsidies.

I might mention that as a result of the chancellor refusing to spend another £600 million on subsidies the trade unions announced that they are going to demand a round of wage increases to meet the increased cost of living. A decrease in bulk buying, increased wages, and increased prices for goods from abroad has now brought far greater strains on this controlled economy which cannot be met by increased subsidies.

Two other interesting points were raised by the people who administer these controls. The first is that the payment of subsidies puts the government absolutely in the food business. At some place they acquire title to all subsidized food except tea.

Governments are not able to handle such a vast and perishable business successfully. We can all remember a time when there was no meat in Britain because Argentine would not sell. We can also remember a time when there was so much meat in Great Britain that the government warehouses were filled and they had to keep fifteen refrigerator ships tied up at the dock filled with meat as storage places. There have been times when they have had to subsidize their butchers for not selling meat because there was none to sell.

When a government gets into the business of buying and selling food it is in a tremendous business, even in Britain where most food is imported. Can you imagine the government of this country being the sole purchaser of foods from our farmers?

A second and more important point is that they have found that subsidized food must be rationed. This is so in Great Britain with the one exception of bread. If you are going to spend public money in order to provide a lower cost of food you must have regimentation which will spread that subsidized food as evenly across the country as possible.

The final point I should like to make is one which it is a little difficult to show in words but which is shown so clearly in the graphs printed in the white paper on the cost of living in Great Britain. It shows that whereas a subsidy can artificially depress the cost of foods in a rising market as long as the subsidy is steadily increased, once the subsidy is fixed in amount, as in Britain, then because of world prices the subsidized prices at home go up just as fast as unsubsidized prices. The British experience—and it has been mentioned in this house—is that they go up even faster. In the last six months the actual rise of the subsidized cost of living in Great Britain is sharper than the rise of the food index would have been if there had been no subsidies. That, and the trade crisis, are undoubtedly the strains which have brought on the decision to have a general election at this time.

Their experience has proven what economists have always said that, while price controls, rationing and subsidies may for a time mask the effect of world-wide inflationary pressure, in the end the breaking point comes. When that breaking point comes you have not only the problems of a free economy but also on your back you have this vast load of government bureaucracy, red tape, regimentation and rationing and all the other things we know so well from our experience in the last war. Price control does not strike at the root of inflation. It does not lessen purchasing power and it does not increase production.

In conclusion I want to turn to one or two remarks made by the leader of the C.C.F. (Mr. Coldwell) in his speech. I am sorry he is not here but he has many other stalwarts around him who will be eager to defend him. First of all he mentioned the fact that it seemed paradoxical that bread in Great Britain costs less than bread in Canada. There are some reasons for that. First of all there is the British subsidy which of course

is paid out of their heavier taxation. Second, there was bulk buying. Bulk buying helped the British at a period when this country and they were willing to take that gamble. The third thing is the wage scales paid for the labour connected with milling in the bread industry in Great Britain, 6 pounds, 7 pounds, 8 pounds a week, $18, $21, $24 a week. I do not think that many of our milling help, our bread men or the bakers in the bakery plants would be satisfied with such wages.

The fourth factor is even more interesting. In Canada, because the Canadian people insist on white bread, we get only 62 per cent recovery from our wheat. The British are very frugal. They get 84 per cent recovery. Their bread may not be as palatable, although in the opinion of some people it is more nourishing and better for you, but the fact remains that the Canadian people do not want that sort of bread. That is the reason for the extraordinary paradox that bread in Great Britain made out of Canadian wheat costs less than bread in Canada.

Mr. Wright: Would the speaker permit a question?

Mr. Sinclair: Surely.

Mr. Wright: Do the Canadian millers not get their wheat at the same price as under the bulk buying agreement with Great Britain?

Mr. Sinclair: There was a time when they did not but today Canadian millers get their wheat for exactly the same price as the British get theirs. The next thing which the leader of the C.C.F. referred to was the matter of meat and the ration of 26 cents a week in Great Britain. That is referred to at page 45 of *Hansard* for October 15 and there is quite an interesting interruption. At that time he said:

> In a recent broadcast, which I subsequently criticized, the Prime Minister contended that if prices were controlled there might not be a fair distribution of some scarce commodities without rationing.

That is certainly true; the British say that.

> Let me say once again that the Canadian people are rationed now, not by tickets but by a much more cruel, harsh and unjust system of rationing, rationing by the purse.
>
> Mr. Gibson: Has that not always been true of every nation at all times?
>
> Mr. Coldwell: That is an old Tory talking.

I do not think that a perfectly factual statement like that made by the hon. member calls for such a gratuitous insult, because his statement was true.

Mr. Fraser: It is not an insult to call a man a Tory.

Mr. Sinclair: No matter what country in the world it may be, no matter whether it is a Liberal, Conservative, Labour or communist administration, where you have a money system, people with money can buy more things than people without money, and nowhere is that more true than in Great Britain today. Let me deal with this question of the meat ration to which the hon. member for Rosetown-Biggar (Mr. Coldwell) has referred. The ration in Great Britain today is 26 cents worth or roughly 9 ounces of meat a week. That does not say that is all the meat the British people can get. British people with money can get much more. That is what the old age pensioner and the white-collar man get. The industrial worker who is organized has canteens that serve a meat meal at noon and he gets more. He has more money.

The man of money in the city can get all the meat he wants quite legally. Restaurants are not controlled. He can eat his lunch and his dinner in a restaurant. The prices are very high. They had price control in restaurants when I was there a year ago and I paid 5 shillings, 6 pence for a dinner. I paid 23 shillings, 6 pence for the same dinner, a little three course meal, on my last trip over there. The man with money in Great Britain can eat in these restaurants morning, noon and night and can eat all the meat he can get. With his money he can buy all the game, fowl and fish, things that are unrationed, that he wants. The prices are high. In a rationed country unrationed things are always very high. Again if he has friends—and those with money always seem to have friends—in Canada, the United States, Ireland or Denmark, they will send him hams, roasts and all the rest of it. All this is legal, and with rationing we have illegal black market as well. There is exactly the same rationing by purse in Great Britain as in any other country in the world.

On the other hand, in Canada today our pre-war consumption of meat of 118 pounds per capita has risen to 134 pounds a year, over 2½ pounds a week for every man, woman, child, infant and vegetarian in the country. There is not one Canadian in a hundred who eats less than the British ration of 9 ounces a week.

Then the most unkind remark of all that he made is on page 44 of *Hansard* when he said that British inflation was due in large part to the inflation in North America. First of all, Great Britain buys as little as it can in the dollar area. Most of its purchases are, by necessity, in the sterling bloc. He mentioned the international materials conference for the allocation of scarce materials, and how it had been unsuccessful and had fallen down. It has not in one respect. Four scarce commodities coming from North

America have been allocated. It is from the sterling bloc that failure has come on the allocation of rubber, tin and wool.

That cannot be blamed on North America. More than that, however, one of the chief causes of inflation in the United States is the incredibly generous aid that the American people gave not merely during the war but since the war to Great Britain and other countries of the world. If it had not been for this pouring of billions of dollars of goods into other countries, for which there was no return, the inflationary pressure would have been far less in that country. Mr. Morrison of Great Britain, more gracious than the leader of the C.C.F., has paid high tribute to them. It ill behooves the leader of the C.C.F., who has urged so often in this house that we do more to help these underdeveloped countries, to criticize inflation in the United States when it is due in large part to their unparalleled generosity.

Mr. Deputy Speaker: The hon. member has exhausted his time.

Some hon. Members: Go ahead.

Mr. Sinclair: Finally, I have just one thing to say, and it will be the last thing which will be distasteful to the hon. member. He said he had a friend who told him we have the highest prices. There are those who say things are always better in any other land. I have had quite an opportunity, in the course of collecting European debts last year and this year, to see quite a bit of other countries and to meet the financial people in these lands and to appraise their situations, and I say it is not so. We have lower prices and higher wages than any European country. But I do not regard myself as a judge. Let me give you two real reasons, two real standards by which to appreciate the standard of living and the future of our country. First of all, I have mentioned the flow of capital. All over the world people think that Canada's is a stable economy, that they are less likely to suffer in this country from whatever happens to monetary affairs in the years ahead and they are willing without any special encouragement to invest their money in Canada. There is this fantastic influx of capital for permanent investment. More important than that, however, all over the world people living in countries where there is no future, hopeless and harassed, turn where for employment, opportunity, better living standards? To what country do they want to come? To Canada and the United States. There is the real test in the judgment of the little people, swayed not by political argument or statistics but by realities. To me that speaks more eloquently than the member for Rosetown-Biggar and the other members who have spoken of hardships here. That is the real test, which shows that we in Canada have fought the battle of inflation more successfully, have a better balanced economy and, despite the troubles we may have, when viewed in world perspective we are, to use the expression of the Prime Minister, "a happy land".

Mr. William Bryce (Selkirk): In rising to take part in this debate, Mr. Speaker, I want to congratulate my good friend the member for Coast-Capilano (Mr. Sinclair) on the wonderful speech he has just made for Mr. Churchill. I believe he has done a wonderful job. Having been a Liberal in Scotland before I became a good Canadian, I have always felt that there is not much difference between the Liberals and the Conservatives. When I hear a man like the hon. member, professing to be a good Liberal, making a speech like that for Churchill I am convinced that my thinking is not very far wrong.

In taking part in this debate I wish to bring to the attention of the government some of the grievances of the constituents of Selkirk. I have done this before, but I want to do it again. I want to add my voice to the pleas of various hon. members on behalf of the veterans. During the recess I was able to visit many Legion branches, and to meet many veterans. I regret exceedingly that no arrangements have been made for the setting up of the veterans affairs committee at this session. It was gratifying for me to hear the Minister of Veterans Affairs (Mr. Lapointe) say two days ago that he was giving consideration to that matter.

Along with my colleagues in the house, and other members who have spoken for the veterans, I hope that the veterans committee will be set up. I do not want to review the Legion brief since many members have done that, but I want to add my voice to what they have said. The Legion has a good case to present, and its request is reasonable If the 1939 rate of $100 for a completely disabled married man was not sufficient in 1948 when the government increased it to $125, then the $125 is not sufficient today. It is hardly sufficient to keep body and soul together. Then we have the war veterans allowance which is almost as inadequate. A single man receives $40 and a married man about $70. The Legion request is to increase it to $50 for a single man and $100 for a married man. It must be admitted that no man can live in comfort on these allowances. The veterans are the men who fought for us in two wars. Some were left on foreign fields, while others came back maimed for life. These casualties

were caused when they were fighting in defence of the freedom we all love so well. We can never repay them, but let us do everything possible for the widows and orphans of those who never came back. Let us do everything possible to alleviate the hardships upon these veterans caused by the increased cost of living.

There is one other matter I wish to bring to the attention of the government, and particularly to the attention of the Minister of Agriculture (Mr. Gardiner). I have in my hand a card, one of many which have come not only from my constituents but from other farmers in Manitoba, which reads like this. It is addressed to "Mr. Scotty Bryce, M.P."

Dear Sir:

As a dairy farmer, I am taking this opportunity to protest against the unfair competition created in the dairy industry by the importation of low-priced vegetable oils. My investment in dairy livestock, buildings and equipment is tremendous and is increasing every year. The condition created by the importation and rapidly expanding uses of low priced vegetable oils in imitation dairy products is endangering my investment. I urgently request the government of Canada to take immediate action to give the Canadian dairy industry adequate and effective protection against the importation of low-priced vegetable oils which is undermining the security, stability and future of my farm business.

The gentleman signs his name and gives his address. Being a dairy farmer myself, and having shipped milk and cream to Winnipeg for the past thirty years, I can understand the fear experienced by my constituents who are sending me these complaints to put before the government. No doubt, the dairy farmers of Canada have already made representations to the government in this connection. Perhaps the greatest problem facing dairy farmers today is that, with butterfat around 65 cents a pound, the cream shipper is only realizing about $2.30 per hundred pounds for milk testing 3·5. With good cows averaging $400 apiece, it pays a farmer to sell the cow instead of milking her, which is a detriment to the dairy business.

I do not need to explain all this because there are quite a few farmers in the house, and they know the conditions under which the dairy farmer is labouring. I believe the dairy industry is responsible for the employment of about 450,000 people. I do not know the price of milk for cheese, but it is something the same as milk being used for the butterfat content. A farmer who has a dairy herd has spent a tremendous sum of money to set it up. The government has set up t.b. free areas all over the country, and tremendous amounts of money have been spent on the business. It would be too bad if nothing was done to help the industry. I appeal to the government to give serious consideration to the plight of the dairy farmers so that butter may become more plentiful instead of scarcer.

When the Prime Minister (Mr. St. Laurent) was speaking a couple of days ago he dealt with various prices but especially beef prices. I wish to say something about beef and the packing industry. I followed the Prime Minister's speech very carefully, and his quotation from the Montreal *Gazette* was as follows:

Major packers are finding that they cannot make even their established average profit of one per cent or less on turnover, and are beginning to operate at a loss, if they buy live animals at advancing present prices, slaughter and process them, and attempt to sell them within retail price ceilings. One company, Armour, showed a loss of $1·6 million in its latest quarterly report, a Cleveland firm has shut down rather than go on losing money, and the big Wilson company has cut back its slaughtering plant operations to three weeks a month.

According to the Montreal *Gazette*, as read by the Prime Minister (Mr. St. Laurent), that may be the case in the United States; but it is far from being the case here. In Canada our marketings are down on cattle, sheep and lambs, while on calves and hogs they are much the same as in previous years. But the profits of the packing companies still rise. Just listen to the flourishing statements of these companies that I have taken from Moody's Industrials, 1951, to be found in the library. I will not give the figures in hundreds. I will just give the thousands and the millions:

Burns & Co. Ltd.

Net Profit from 1943 to Dec. 31, 1950

1943	$ 340,000
1944	316,000
1945	297,000
1946	472,000
1947	516,000
1948	1,107,000
1949	1,180,000
1950	1,079,000

British Columbia Packers Ltd.

Net Income from 1943 to April 30, 1951

1943	$ 308,000
1944	281,000
1945	354,000
1946	504,000
1947	644,000
1948	1,578,000
1949	995,000
1950	1,078,000

Then we have Canada Packers, which is a large company. I will not go over the whole list this time because the figures all have a trend to go up. In 1949, the net earnings of Canada Packers were $2,807,000; in 1950, $2,080,000; and in 1951, $4,126,000, and that is after they have allowed $1 million as an inventory reserve for 1951. If any hon. gentleman would like to look up the report

of Canada Packers that we received in the mail a few days ago he will find that the auditors have this to say:

> Included in the current liabilities are provisions and reserves which in our opinion are, in the aggregate, some $2,750,000 in excess of the actual liabilities.

They have laid that money by, and they do not really need to do so. But still their net earnings, after that amount is taken off, are over $4 million. At the same time, to be fair to the company, in the report they claim that they handle meat for a quarter of a cent per pound or 24·4 cents per hundred pounds. That does not seem to be much; but when you realize that beef prices have risen 178 per cent since 1945, you can realize why they are making more money all the time. Meat consumption has declined since 1943, when it was highest and reached a peak of 155·5 pounds per capita. In 1950, it went away down to 134·1 pounds per capita.

The Prime Minister also had something to say about the price of beef; sirloin, I think, was the example he used. I have in my hand here an editorial from the Ottawa *Evening Citizen*. I am not going to read the whole thing. The only part that really interested me, which I think is good, is contained in the last few lines; and I am going to put that part on record. I might say that the editorial is entitled "Comparing Prices Doesn't Mean Much", and the last two paragraphs read as follows:

> The fact remains that, irrespective of what is happening in the United States, the burden of food prices and of many other things ranking as necessities or conveniences has become oppressive in the experience of a large segment of Canadians. Mr. St. Laurent prefers to swing the emphasis the other way. He says: "There is no doubt that certain sectors of our population are feeling some hardship, but not all sectors of our population."
>
> This is undoubtedly true. The top end of the income scale is not feeling the pinch, nor a large part of the intermediate groups. Some wage earners may be counted among the relatively well to do. But others certainly are not; nor are thousands of clerks and other office workers—including government employees—to whom a rise of a point in the cost of living index is a matter of increasing gravity.

The people last mentioned in the editorial are those who are feeling the pinch; that is, all the people in the lower income brackets. To stick to meat, that is the housewife's greatest headache today. I do not doubt the Prime Minister's figures in any way, but I want to use them to show what is taking place in the packing industry at this time. When you look at your paper, you will note that there are many different classes and types of cattle being sold. You have choice steers, common steers, medium light steers, good heifers, medium cows, common cows, common bulls, heavy bulls, choice fed yearlings, medium stockers, grassers, cutters and canners. That may be Gaelic to most hon. members in this house, but I know what I am talking about because I can go to the yards and pick out these different animals if I have the opportunity to do so. These animals are priced from approximately $36 or $37 a hundredweight for the top grades down to $18. When the animals come to the butcher's plate, they have no reference to what they have been.

An hon. Member: There is no class distinction.

Mr. Bryce: No, there is no class distinction. The class distinction is only when the farmers sell and the packers buy. While there are apparently many classes of cattle in the stockyard sales, why is it that only one class of meat appears on the retail meat counters? Does one of these common cows become a choice heifer by passing through a packing plant? Choice cuts are marked "red" and "blue" beef; but the lower grades of meat are never identified in any way. The cuts range in excellence something like this: tenderloin, sirloin, porterhouse, T-bone, round steak, flank, shank, chuck, brisket, heart, tongue, liver, kidneys, oxtail, hamburger and tripe. I was raised in Glasgow, Scotland, Mr. Speaker, in a low-income home. My mother was an excellent housekeeper. She kept us well fed and nourished with dishes such as Irish stew, boiled brisket, stuffed heart and other lower grades of meat. We were not in the habit of getting tenderloin, sirloin, and so forth. Too often today when I am in a store I see some women forced by economic conditions to buy bologna and ask that it be sliced thin. Then they wind up by buying macaroni and potatoes that will fill empty stomachs.

The wife of the man who is earning $100 a week buys sirloin steak. When she goes into the store she no doubt will ask for three pounds of sirloin steak, and, according to the Prime Minister's figures, she will pay $3.15 for that meat. The next lady who comes in may be the wife of somebody who is earning $35 a week. She asks for three pounds of stewing beef, and she pays $2.65 for that meat, or perhaps a little more. It is quite evident to me that the packers have juggled prices in such a way as to force all parts of a carcass to move up evenly, and in doing so they have forced the low-income people, the people who are earning $35 or $40 a week, to subsidize the people who are earning $100 a week. That is a pretty strong statement, but if any hon. gentleman has some time at his disposal I can prove it to him. The low income bracket people today are subsidizing the people who are buying the higher priced and better cuts of meat, because those cuts

have been reduced. If sirloin steak is worth $1.05 a pound then brisket should cost only 40 cents a pound. It should not be 65 cents a pound.

I hope I have made it clear to some of my hon. friends what is taking place in the meat business today. I think it is a disgrace that that sort of thing should go on. The lower income bracket purchaser is buying the lower grades of meat and subsidizing the person who is buying the better cuts of meat. The packing companies today have no more competition. If you take some of the inquiries we have had in the house you will find that out. There is no competition whatever. They set their own prices; they make their own arrangements, and they do what they please. I hope the Minister of Justice (Mr. Garson), who is not here today, will have an investigation made into the packers and how they sell the meat, in fact into the whole meat business, because obviously there is inequality amongst our people, and so long as there is inequality there is injustice.

Mr. J. A. MacLean (Queens): Mr. Speaker, to begin with I should like to join with a number of hon. members who have already spoken in this debate in congratulating the mover (Mr. Cauchon) and the seconder (Mr. Simmons) of the address in reply to the speech from the throne on the excellent presentation of the motion. I tender my congratulations especially because I know they were their maiden speeches, and I know now by experience that it is not without some misgivings that a new member in this house rises to make his maiden speech. That is exactly what I am doing now.

I am one of the four most junior members in this house, and therefore I am under certain disadvantages. It is clear by this time, I expect, that I have absolutely no experience in parliamentary debate. On the other hand, we who are the four most junior members in this chamber have certain advantages which for the present at least are denied all other hon. members. We have an up to date knowledge of what the people whom we represent think of the present government. On that account I feel not only privileged but obligated to express the opinion of the people whom I represent.

I am honoured by the fact that the people of Queens county have elected me to this House of Commons; but I feel also that they have given me a great responsibility. It is a responsibility that is not lightened by the fact that I have been sent here to fill the vacancy created by the death of the former member who represented Queens county for some twelve years, a man who was a capable parliamentarian and one of nature's real gentlemen. In that regard I feel that in one small way I have a dual responsibility, because in one connection at least I am here to fill the vacancy which was created by the death of the late member for Brandon. He too was a native of my constituency.

The speech from the throne mentioned the pleasure which the Canadian people are experiencing at this time in welcoming Princess Elizabeth and the Duke of Edinburgh to this country, and also the pleasure the Canadian people have in the knowledge that the health of His Majesty the King is improving. I may say that nowhere in the country are these pleasures more valid than in Prince Edward Island.

The speech from the throne also stated that the chief reason for calling this special session of parliament was to find means of raising funds to make it possible to pay old age pensions without a means test to all citizens with the required qualification of being seventy years of age or over. That is a program with which I am in complete accord with this qualification; I feel the people of my constituency are convinced that every effort should be made to raise these funds from present surpluses and by economies which the government may make.

Another point which was dealt with in the speech from the throne was the development of the St. Lawrence seaway. It was pointed out that this was an important development in the economy of our country; that it will provide cheap electric power for a large section, and also improve the navigation of the St. Lawrence waterway. With that I agree, but I do not agree with the priority which has been accorded this project. I say it is high time the people of Canada and the government of our country gave consideration to the dispersal of industry so there would not be the concentration now existing in the two central provinces. This could be brought about by developments in the far-flung corners of our country.

One project that should have priority over the St. Lawrence waterways would be the Passamaquoddy power project, an international project between Maine and New Brunswick. This would provide cheap electric power for a depressed area, namely the maritimes. It would create an opportunity to disperse some of the concentrated industry found in central Canada and locate it in these depressed areas where a surplus of labour is available. This dispersal of industry should be carried on for various reasons, the most important of which is that of defence. The argument will be offered that the reverse is true, that we should concentrate our vital industries in a small area and put a radar screen round them with perhaps three fighter

squadrons to protect them. Perhaps one would be at Bagotville, one at Uplands and one at North Bay.

To my mind that argument is not valid. After all, there was a concentration of heavy industries in the Ruhr valley. The German luftwaffe had far more than three squadrons at their disposal, but with all that they were unable to put up an adequate defence. In my view our only hope of preventing the destruction of our industries from the air is to disperse those industries. In that connection I would remind hon. members that there have been tremendous technical advances in aeronautics in the last twelve years. It is now just as feasible for our only potential enemy to bomb Montreal or Toronto as it was for the R.A.F. to bomb Berlin in 1939. When we look at the conventional map we are apt to forget that there is nothing but a small sea between us and our only potential enemy. It is enlightening to have a look at a globe, or a map with polar projections, to make us realize that the shortest distance from the communist sphere of influence to the United States is across our territory. It would be unfortunate if most of our key industries and a large percentage of our population were wiped out by a couple of atomic bombs perhaps intended for New York or Washington, but dropped on Montreal or Toronto as alternative targets necessitated by weather conditions or better defences at the original targets.

In that connection I would remind hon. members that when the last war began the bomb load of the aircraft of that day was the equivalent of about one ton of TNT. The bomb load of the present-day aircraft carrying a modern bomb is the equivalent of about 50,000 tons of TNT. Conditions have changed; we must remember that.

There are those who would say that I am an alarmist. I do not think that is true. I would hope at any rate that I am a realist. I am not satisfied and I say the people of Canada are not satisfied that the government has taken sufficient steps to protect our country either by way of military defences or home defence. It is an impossibility to bring our vital industries into one small area for purposes of protecting them, even if it could be done, or if they could be protected. After all, we cannot bring into one small area in this part of the country the aluminum development of British Columbia, the oil wells of Alberta and the iron development of Labrador. There may be some who would like it to be possible, but the fact remains that it cannot be done.

Therefore I suggest that we must be prepared to disperse our industries and to build shadow factories in respect of certain key industries such as the production of aeroplanes and aircraft engines. There are other incidental benefits which would accrue from the dispersal of our industries. One of these is that it would relieve the congestion connected with the housing problem in some of our largest centres. I am not saying for one moment that by a dispersal of industry the housing problems of Toronto or Montreal, or various other centres, would be solved. I do say, however, that those problems would be relieved.

In my constituency we have a housing problem, too, but it is not the kind of problem one usually hears described. It is altogether different because a large percentage of the houses in the rural area of my constituency are unoccupied. I maintain that if industry were brought to the outlying sections of our country the economy of the country would be improved, as would the social life in those areas. I would say too that children brought up in small towns and villages and in the country have an advantage over those brought up in the larger cities, who must live among the flashing lights and the ringing bells. The child of the modern city must feel something like a ball in a pinball machine. On the other hand a child living in the country either consciously or unconsciously comes to recognize that he is part of God's creation, a fact that stands him in good stead in later years.

Since coming here I have been greatly impressed by the beautiful architecture of this building and by some of the memorial tablets. I noticed one, however, which has an unhappy story behind it. It is a memorial to commemorate sixty years of confederation, bearing the notation that it was donated by Canadians living in the United States. It is a sorry fact that, particularly in that part of Canada from which I come, namely the maritime provinces, ever since confederation there has been a constant flow of the best of our population to the United States. This has taken place simply because our economy has been such that it could not look after the natural increase in population. I agree fully that we should have a program of immigration; but before we start that let us create conditions in our own country which will take care of our natural increase. It may astonish hon. members, as it did me, to learn that a few years ago there were more people of Prince Edward Island stock living in the United States than in Prince Edward Island. My province is the only one the population of which at the present time is smaller than it was in 1890.

We in Prince Edward Island, and indeed the people from the maritime provinces generally, have been accused of complaining constantly and of wanting something for nothing. I think we have been justified. In my constituency, even in such small matters as public works, we seem not to have been given fair treatment. For two elections now we have been promised public works. We were told we were going to have a new federal building in Charlottetown, that we would have naval barracks and possibly a new drill hall, and that contracts were going to be let in the area for the repair of small naval vessels. None of these things have materialized.

A few weeks ago a litter of pigs were born on my farm, and as is usually the case there was one runt. In the crucial few days of their lives when the struggle for survival is very keen it was easy to observe that the runt was getting pushed around badly. My hired man was looking at the litter and he said, "I notice every time the underdeveloped pig attempts to improve his position he is pushed around and ends up trying to gain nourishment from a mammary gland which is not functioning." Those were not his exact words but that was the general meaning. Every time I think of that, I think of Prince Edward Island. We are the little fellow at the far end of the Canadian table and little meat let alone gravy ever reaches us. That condition should not be allowed to continue. The government of this nation should be above petty provincialism and should treat all sections of the country in the same way.

A great deal has been said in this debate about the high cost of living. I must admit that the small knowledge of economics which I acquired at university now seems to be badly confused. There has been a great deal of talk about too many dollars being in hot pursuit of too few goods. To me that seems to be completely out of character, especially in Ottawa. If that condition exists in the rest of the country I would say that here in Ottawa we might have a situation where too many goods are flirting discreetly with not enough dollars. This problem of inflation is facing the western world at the present time. We have two commitments today where in the past we had only one. We must try to safeguard our standard of living on the one hand, and we must try to protect ourselves in a military sense against destruction by our enemies on the other. We are in the position where we must have our cake and eat it too. What goes for defence cannot be used to raise our standard of living. The only way we can do both is to increase our production. We must make two cakes if we are going to have one and eat one.

I maintain that if our economy is to be placed in a strait-jacket, if we are to have complete rationing and complete artificial control of prices without increased production, in the end we will not be any better off. But I do realize that at a time when large numbers of our people are in desperate straits due to the high cost of living there is a great temptation to jump from the frying pan into the fire. There is a great temptation to allow ourselves to be led over the precipice into the abyss of a totalitarian state. I hope that will not happen.

But there is an even greater responsibility facing the present government; it is to see that our free economy is allowed to function in the way it was intended to function, to see that there is competition, and that certain profiteers and racketeers of other sorts are not allowed to sabotage our economy, or allow our free enterprise and our very way of life to fall into disrepute even among our own people. After all it is the free economy that we subscribe to that has made us what we are as a nation. I feel that the problem of inflation can be solved. I think this country would be doing its share to curb inflation in the western world if it did three things. First I would suggest that the tax burden be removed from the shoulders of those in the lower income tax brackets. A large number of the people in this country, such as people on fixed incomes, are in the position that they cannot make ends meet. My good friend and former comrade, the hon. member for Coast-Capilano (Mr. Sinclair) has pointed out that travel in foreign countries helps one to understand his own country. I agree with him because I also have had that privilege. But I would point out to hon. members that travel in this country is also helpful. I have done a lot of travelling in the last year. I have not travelled extensively but I have travelled intensively and have talked to thousands of people in the constituency I represent. They have not experienced the problem of having more money than they know what to do with intelligently. I feel that this is one way in which the problem of inflation could be resolved.

Another way would be to strengthen the anti-combine and anti-cartel legislation of this country, and above all enforce it. A third way in which inflation could be relieved would be to peg prices where the balance of the economy has been artificially disturbed by the allotment by the government of certain key materials to defence purposes. If you

are going to artificially upset the balance of the economy by allotting in an arbitrary way materials to certain industry, you must also fix the prices on those materials. If you do not you are going to keep certain supplies away from a given market and you will thereby create a profiteer's paradise. Everyone knows that when a balloon comes to earth and you wish to unload it, the first thing you must do is moor it. If you take away part of its load, when you go back for the rest you will find that the balloon has risen out of reach. That is the sort of thing that is happening to our raw materials. If a large amount of them are going to be removed from the market the price of those commodities should be moored so they will be within reach of ordinary industry.

A lot of people may say that I am an alarmist, or perhaps even a Jeremiah. I do not know, but I certainly do feel that the situation is critical. I feel that western civilization is fighting for its very existence at this moment, both in a military and economic sense. In that regard I should like to point out the lesson history teaches us, that almost without exception every great civilization of the past perished not because it was destroyed by attack from without but because it rotted from within. We must not neglect the defence of our way of life on the home front. Some of you will say that such a thing is an impossibility, that these things do not happen any more, that civilizations do not collapse any more, but that is not the case.

I once had the privilege of going through and examining the Roman baths at Bath, England. I saw there a most impressive place where a very high standard of civilization existed in what must have seemed a very secure world. I doubt very much if the Roman officials who lounged in those baths would have believed that 200 years later waterfowl would be hatching their young in the reeds in that location. That is what history tells us happened. If we are not careful there is at least the possibility that our way of life and our civilization will be destroyed because there are great and powerful forces at work to that end in the world today.

I think the members of this house have two alternatives before them at the present time. The first is, when the amendment is voted upon, to express the opinion of the people they represent, and I think that is what the people want them to do. If they follow the dictates of their consciences that is what they will do. The people I represent look upon the House of Commons as a dog in one sense and they look upon the government as the tail. They are absolutely fed up with watching the tail wag the dog. In that connection, by way of reassurance to the dog and warning to the tail, my experience is that if the occasion requires it and the one is severed from the other the dog usually survives but the tail never does. Therefore I would recommend to members of this house that when they are required to consider how they will vote they should follow the dictates of their consciences and vote as the people they represent expect them to vote. If they do that, I feel confident that they will support the amendment moved by the leader of the opposition (Mr. Drew) and seconded by the hon. member for Lake Centre (Mr. Diefenbaker).

Mr. G. M. Ferrie (Mackenzie): Mr. Speaker, in rising to take part in this debate I wish to say that I was most pleased with the words of the mover (Mr. Cauchon) and the seconder (Mr. Simmons) of the address in reply to the speech from the throne with respect to our northern and western country. The mover made a statement about a matter that has been worrying us for quite a long time. He was very anxious that the South Saskatchewan river development project should be proceeded with. We believe with him that the St. Lawrence waterway should be deepened, and if we cannot secure the co-operation of the United States we are willing to back the people of eastern Canada in the finishing of that project. We of western Canada are satisfied that the St. Lawrence waterway will be of great benefit to us.

I also wish to congratulate the seconder. He is one of the men from that great north country. Like mine his constituency touches on the Arctic. My constituency is over 500 miles long and 70 miles wide. North of Flin Flon is one of the paradises that have never been touched or even thought of from the point of view of development. I am not going to say very much about the cost of living but I want to say a few words with respect to production. Our great north country is open for production. As the seconder said, it is full of minerals awaiting development. One part of it is available for the development of agriculture. South of Cumberland House, between the Saskatchewan river and the Carrot river and between the Saskatchewan river and the Pas river there are around four million acres of some of the best land in Canada, but it needs draining and development. I am not going to go into that matter at this time. No doubt you will hear from me later with respect to it.

You have heard about the movement from Sherridon to Lynn Lake. That is a step in the right direction. We need that railroad, but it should go farther. We need a railroad

to go north to Reindeer lake and on to Athabaska. As *Maclean's* magazine said, the hottest mile in the world is in the north country around Uranium city. Then the railway should go from Uranium to Fort Smith and from Fort Smith down to Prince George. That is something we in the north country want. Whether we will be able to sell the idea to eastern Canada in our lifetime we do not know, but we hope it will be done. It is very hard to get the people of the more populated areas of eastern Canada to realize exactly what the great north country is and can be to the people of Canada.

I want to bring to the attention of the house one other point with respect to our north country. We have there a river quite similar to the St. Lawrence. The St. Lawrence runs from one small lake to the other. It has rapids and everything to make it a real source of power. We have the same thing in the Churchill river. That is why I say the people of Manitoba need have no worry with regard to the loss of water in the South Saskatchewan for irrigation purposes. If one studies the map one can see that at one place called Frog Narrows the Churchill river, at high water, flows down into the Saskatchewan river. This whole water system of the north can be controlled, and not at great expense. It is a river that has some power development on it.

In my constituency I have a place called Island Falls. It is a small village which was established by the Hudson Bay Mining and Smelting Company. It has all the facilities of a great city. There are cement sidewalks, a water system, a dance hall, picture shows and a library. The people enjoy all the things that are necessary for good living, but they do not have a road. The only road they have is over the ice in winter, and they use boats in the summer. They live in one of the finest places you could wish to see. They have their boats, fishing and hunting lodges, but they are 90 miles from civilization.

When this power development was established, all the material was taken up over the ice by caterpillar tractor. There is an airplane service to the outside world which carries mail and other necessities once a day. That is only a small part of what is going on up in our north country. I want to say that we in the Flin Flon area have, in the last ten years, produced $80 million in taxes out of that stone and rock. Yet the 12,000 people in that city cannot drive westward out of the city but have to go 300 miles to the east before they can leave that area. This should not be allowed to happen to 12,000 people who are creating wealth for Canada.

In discussing the north country, I should like to say that a power development at Frog Rapids on the Churchill river could do a wonderful job because it could control the waters right down to Lake Winnipeg. This is not something that is imaginary, that has not been surveyed. It is a possibility; something that can be done. The water can be controlled at these rapids and brought down the Saskatchewan by means of this project Manitoba is talking about, to the Dauphin river, then into Lake Winnipeg and back out by means of the Nelson river.

In this area we have a falls which has a great flow of water called Whitemud falls. There is a good site there for a power development. When I tell you that about 86,000 cubic feet per second flow over these falls you will realize that there is plenty of water. Near where this power could be developed in the Nelson and Churchill rivers there is a growth of black spruce averaging ten to eighteen feet in height. These trees will never grow any taller. In this stand are millions and millions of cords of pulpwood waiting to be taken, but we want to preserve the second growth. In my opinion this is a proposition for the federal government. No independent organization could make money out of it, but it is a product that we need. It is a product that could be salvaged instead of being burned up. Canada needs that pulpwood, and so does Britain. If the power were developed this wood could be processed there and shipped out through the port of Churchill to the places in Europe where it is needed. If the pulpwood were not turned into paper in Canada, it could be shipped in its raw state to the countries of the world that need it. It is a development that could supply employment for the people up there. We have a large number of Indians and Metis up there who could be usefully employed in such industries. It would also provide business for the port of Churchill. I believe we need some of the people from eastern Canada to go up and see that glorious north country, so that some of these developments could take place in our lifetime.

I am now going to bring to the attention of the house something that is extremely serious in the minds of the people of my constituency, the people of western Manitoba, and the people in the eastern part of Saskatchewan. In the last year or two we have had developed something that can take the very life blood not only out of those provinces but out of all Canada; it is this form of rust called 15B that attacks the wheat. As some hon. members will recall, back in 1935 and 1936—or you can go back to 1927—rust took millions and millions of bushels of grain and left many people in dire circumstances

through no fault of their own. For a long time we figured that we had this rust beaten. We figured that we had rust-resistant wheats such as Thatcher, which was the outstanding variety. We figured that it was our redemption, and that we were O.K. But now we have come up against another one. That other rust spore is here and we must defeat it. In all earnestness I ask that no expense be spared in an effort to defeat this rust in the near future. We in western Canada are afraid of what this rust will do in the coming year. If this 15B spore tackles us in the way it did in 1935 and 1936 you will not only have many bad years in eastern Canada, but you will also feel that there is little that can be taken from western Canada to support the great industries of the east. That will be the situation if this wheat disease catches us as it did in the past.

I should like to say a few words with regard to a matter about which I spoke when I first came down here. We in western Canada need a defence highway from Edmonton to Winnipeg. That highway should be built by the dominion government or by the Department of National Defence so that, if things come to the worst and we must have a war, we in western Canada will have a chance to get out or the implements of war will have a road on which to travel in. One thing is sure; that is something which is not now in existence. We have not a highway west of Winnipeg that would take tanks and trucks if we had to defend our north country. It is high time the defence department realized that it is impossible to defend a country as large as this without having a good solid highway from Winnipeg to Edmonton.

I want to say just a few words with regard to what I think about the requested increase in the pension for our war veterans. I am a war veteran myself. I am not a pensioner but I have had a good deal to do with pensioners. For thirteen years I was president of our Legion branch, and I know the difficulties we have had in trying to get pensions for men of the first great war. For men of the second war it was not so bad, for the simple reason that the old fellows of the first war had something to do with creating in the country a better feeling for those who came back from the second war.

I am satisfied that it is high time our pension legislation and war veterans legislation had an overhauling. I hope that before this session is over the government will tell us something about what is going to happen to our veterans who are on pension. Some of them are suffering badly right now. They are having a hard time to get along. That is true more especially of those veterans about the age of 50 to 60, or who are not 60, and who cannot get anything extra to help them along in these times when the cost of everything is so much higher than was ever anticipated when the pension was given to them. I hope the government will see its way clear to render some service to the pensioners of Canada who did so much for us in the last two wars.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, before proceeding to the remarks I wish to make, I should like to associate myself with those others who have praised the mover and the seconder of the address in reply, and this I do with great good will. I hope we shall hear from them often in the future.

I had prepared certain remarks, but before making them I think I should permit myself one or two comments on the interesting speech we had from the parliamentary assistant to the Minister of Finance. I always like to hear the parliamentary assistant. He is always good. He is always very sure of what he is saying. He is always very happy about everything. Today he seemed happier than ever, Mr. Speaker. I only wish that all the people in Canada who think they are badly off could have been here to hear him. I think they would have pinched themselves and said: surely there cannot be anything wrong. Surely these troubles we think we have are all imaginary, because the parliamentary assistant has told us that everything is O.K.

I noticed that there was just this one catch. The parliamentary assistant is an economist. Now, economists think in long terms. I am just an ordinary guy who tries to pick up bits and pieces of economics, and fit them in with common sense. I have to think in terms of months or perhaps a year or two years, but the economist can take the long-term view. He does not have to worry about what happens in the interval so long as it is going to be all right in five years, ten years or fifteen years. It reminds me of an incident that happened to Principal Wallace at Queen's university. That is a small university in eastern Ontario. Dr. Wallace was a geologist in Manitoba. He was speaking to those who were unfortunate enough to be incarcerated in the penitentiary. He was talking to them about geology. He had been talking about the Churchill river that we have been hearing about, and explained the changes that had taken place thousands of years ago. He said: "To the geologist a thousand years is like one day." One of the inmates of the penitentiary was put up to thank him. He said he was very glad that

the judge that sentenced him was not a geologist if to him a thousand years was just like one day.

Of course I am not suggesting that the parliamentary assistant to the minister was speaking in terms such as those, but it seems to me that he was just a little vague as to those wonderful things this wonderful government was preparing for us; just a little vague as to when they were going to come.

I am very grateful to him for one thing. He really made one important point for me. In my humble way I was going to try to show that one of the great difficulties with which we are faced today is that there is too much money, when lo and behold the parliamentary assistant spoke right up and said: that is the trouble. He says we have plenty of goods, and he may be right in that, but that we have too much money. I only wish that some of the people who have not enough money, as the hon. member for Queens (Mr. MacLean) has already said, could have been here today. I only wish that some of them could have been making this speech instead of me, because I think they would be able to say to the parliamentary assistant: I would like to see some of this superabundant supply of money. The parliamentary assistant talks about the supply of goods being good, but it is of no help to a person who has not this superabundant supply of money.

I was interested not only in what the parliamentary assistant said but in what he did not say. There were very interesting things that he skipped over. We had an interesting description of what went on during the war. I think he was quite sound on that. And then he said a word or two on what happened just after the war; and I think he was quite sound on that. Then the next thing we knew we were at Korea. He just jumped over the intervening years and we were in Korea. Nothing was said about the fact that the cost of living went up 20 points between 1947 and 1948 when we were living in what should have been normal times. Nothing at all was said about that. We skipped right down to 1950.

Mr. Abbott: The cost of living levelled off between then and Korea.

Mr. Macdonnell (Greenwood): I intend to have something to say about Korea later, but I will not dwell on that now. I should like to reiterate what I said, and I say this for the benefit of the minister who has just come in. I think the parliamentary assistant was right in saying there was too much money. I was glad he helped me on that, because I proposed to state that old story again very briefly this afternoon. We have told it so often, and now that the parliamentary assistant, who I think plays a part in the Department of Finance, is of that opinion I hope something may come of it. We in our humble way have not made very much progress in getting it across to the government.

By the way, I do realize in a vague way the point the parliamentary assistant made, that we must not talk about inflation and prices as if they were the same. I realize they are not the same thing. On the other hand I believe no less a paper than the London *Economist*, which he quoted and which I shall quote later on, and which the parliamentary assistant said was a reputable paper, pointed out the distinction very clearly, just as the parliamentary assistant did; but they went on to say that ordinary, simple people regard them both as the same, and that they were going to talk about them in that way. Having explained that I am just one of those simple souls myself, I am going to talk about them in that way, and perhaps the parliamentary assistant will overlook my innocence in these matters and will not insist on making the distinction which I think people in the higher ranks of economists do, which gives them great pleasure but does not do much to comfort the ordinary person.

My only excuse for taking the time of the house this afternoon on this question of inflation is that I think it is a terrible danger. I am going to argue this afternoon that neither the government nor ourselves—I am not going to put all the blame on the government—neither the government nor the citizens of the country, at any rate those citizens of the country who are in a position to do something about it, seem really to regard it as a very great danger. Sometimes I wonder whether we are not like children playing in the sand. In a tepid way we say that inflation is a bad thing; but Mr. Speaker, do our actions correspond? It seems to me that our plan of action in the country at the moment is "every man for himself and the devil take the hindmost". All I have to say is if that is true, and if we are going along like that, I think the devil will not only take the hindmost but he will take us all.

I am not going to try to hang it all on the government. I think the government has made great mistakes. I shall try to point that out; nevertheless we are not going to settle this at all if citizens are not self-starters or if somehow or other the government does not give us the lead so that we are able to do necessary things. I hope that I shall not speak extravagantly or irresponsibly, but I do feel that we have not wakened up to this thing, or at least very few of us

have, and I propose to try to indicate just where the government has failed and where we have failed ourselves.

Our talk about inflation always deals with our own troubles from day to day; the cost of this and that, the cost of utensils, the cost of food and other things. Of course we all hope the government will do something about it. I was very touched by the remarks of the hon. member for Fort William (Mr. McIvor) the other day. In the few years I have been in the house I have never seen a member of the government who has been so touchingly loyal to the ministry as the hon. member. He always tries to come to their assistance, sometimes when they need it and sometimes perhaps when it would have been better if he had left them alone. But I was very touched the other day because he said he was "patiently waiting". What a Christian spirit. I suppose he would argue that the rest of us also must just patiently wait too in the hope that some day far off at last something will be done.

I want to digress for a moment because while we must not overlook the serious condition at home, I want to speak about the broader implications of inflation on this continent. I suppose it is true to say that the situation in North America is having a tremendously important and deleterious effect on western Europe, and in a sense is endangering the defence program. I notice that the London *Economist* says that Britain is now facing a third economic crisis since the war. It is not nice to think that they have to face another crisis after having faced two, but there are the words of a sober publication. Therefore I ask, are we in Canada really alive, do we really want to stop inflation? When I say "we" of course I mean everybody, and when I say "wish" I mean not only wish, but are we prepared to take the measures necessary to do it, even though it may involve some personal discomfort to ourselves? I very much doubt whether we are, in any broad sense. There seems to be no doubt that a considerable number of people think they can beat inflation. We can hardly expect those who are in that position, those who feel they are protected, to feel as keenly about inflation as do the rest of us. I think if they had been here this afternoon and heard the parliamentary assistant they would have said, "Oh, this is all right. What we are doing is right. There is no objection to it. It will work out all right—some years from now." I do not think anything that was said by the parliamentary assistant would give one minute's check to people who, as I say, think they can beat it.

There is a widespread belief that we have a kind of divine immunity from the real effects of inflation. There seem to be people who believe it will just jog along gently and never get painful. It might make things a little uncomfortable, but there never will be any real danger. I believe that is not an uncommon view in this country; and I believe, too, that it is a profoundly wrong view.

I shall quote later from *The Economist* to show the terrible effects inflation can bring; and I shall indicate that the inflation which is now, I think we may admit, on the trot, could easily develop into a gallop.

I shall digress for a moment to quote from a profession which, after all, has a great stake in protecting the value of money. The sad thing is that those who have commodities to sell have not the same interest in protecting the value of money as have those who like the insurance companies are dealing with money itself.

I should like to quote briefly from a speech made the other day in Toronto by the head of the Prudential Insurance Company of America. He asked three entirely relevant questions. Perhaps they are obvious, but I suggest they are also relevant. He asked: (1) Are the potential dangers of inflation fully understood by most people; not just the mass of the people, but by people in responsible position? (2) Has enough been done to counteract the forces of inflation, or to remove its causes? (3) If not, what else can be done, and by whom?

Then I wish to read briefly from his speech, because he sets out very clearly those people who are suffering most. He says:

> To what extent is inflation really understood by the people who might do something about it? Although some groups in the economy do not seem to realize how disastrous inflation can be, many groups have already experienced the destructive effects of inflation. Fixed-income families, pensioners, civil service workers, people living on the proceeds of life insurance or interest on investments —and in this last category are hundreds of thousands of widows in addition to the people customarily regarded as rich.

I mention this because there you have the people who know the score now. They know what is happening, and they are in a very poor position to protect themselves. It is rather interesting to see that this insurance man sets out the problem very clearly, just as I would have set it out myself. He says the problem is "to reduce the active money supply in the hands of the public. It is the active money supply which does the mischief".

Then he has a word to say about taxation. I shall quote him, and one or two others. He said that he used to favour taxes as a corrective, but that he has now changed that view "because the government in Washington

has made little or no effort to reduce non-essential spending". Then he points out very strongly—and I agree with him just as strongly—that the business community has got to get together and work on this problem.

I have quoted this American authority. He has said that it is the active money supply which does the mischief, and I have agreed with him. That is an old story in this House of Commons. We have tried to get it across again and again; but it is never a dead story, because the evil influence is still with us. You will remember the main figures: spendable income since 1939, up about four times; goods and services, up about twice. You will remember also, since it has often been said here, that at the end of the war, in 1945, the government produced a memorandum, commonly called a white paper, which was intended to deal with the depressed condition they expected, and which they went on using for years to fan a boom.

It is necessary to mention this because one thing that one ought to say frankly is that the government propaganda machine is very good. They are very skilful in obscuring what they themselves have done. One hears inflation talked about as if it were like a flood or a plague, or a foreign invasion, something that came in from the outside and with which they had nothing to do. Sometimes when conditions suit them they will say it is an import from the United States and something about which we cannot do anything; that it just flows over. Sometimes we are told it comes to us from the world at large. But never, oh, never, is it our own fault!

How are they going to cure anything until they admit the fault? No man ever gives up sin until he first repents. I could see no sign of repentance this afternoon. On the contrary we were informed that everything was perfectly all right.

Now, a word about the government's record, first of all before Korea, and then after Korea. I have in the past covered the first period, the constant devices to stimulate capital expenditure, such as double depreciation. As I have said before, what we needed was a sedative and what we got was a tonic. And that was the reason, or at least one of them—perhaps the main one—that in those quiet years, years which were almost inconceivably quiet as we look back upon them now, from 1947 to 1948, the cost of living went up 20 points.

I would remind the government that their friend, the *Free Press,* called this use of depression devices in boom time the "big blunder". The Hamilton *Spectator* used even more spirited language and referred to "the disastrous holiday-mood easy money era which found politicians and economic pressure groups doing everything in their power to make inflation a permanent institution".

This policy was still in flower when Korea came along. And just to remind the house, the cost of living index which was at 161 in January of 1950 was at 169 by September. It was going up, and it kept on going up. One would have expected vigorous action when the house met in September of 1950. But no; the government was uncertain and lethargic.

We gave them the answers. It almost embarrasses modest people like ourselves to realize how right we were. We told them all the answers then, but of course they could not accept them from us. Then there was a favourable turn of things in Korea, and they seemed to think they were off the hook, with the result that they did virtually nothing. There was a feeble gesture with regard to instalment buying, which was virtually useless. The Minister of Defence Production (Mr. Howe) indicated what seemed to us a sensible course when he said:

> If for war purposes we shorten the supply of materials and the remainder is insufficient for domestic supplies, we then take the right to fix prices on materials for domestic use and distribution.

And that is just what the hon. member for Queens (Mr. MacLean) suggested this afternoon. But that was in September of 1950. What do we find on February 8, 1951? Has the Minister of Defence Production done anything about it? Here are his words:

> Up to the present, defence purchases have not been of sufficient volume to be in themselves responsible for shortages.

We found this very unconvincing. I would like to know what the minister has done up to the present time, and whether he is satisfied with commodity prices as they are today. We are justified in asking the minister to give us an account of his stewardship.

Then the government will ask us: "What about tax measures? Did we not put in taxes? Are they not deflationary?" Well, sometimes an overdose of medicine is worse than no medicine at all. I have already told the house about Mr. Shanks, the president of the Prudential Insurance Company of America, and how he had a change of heart toward taxes because of the failure of the government in the United States to reduce expenditures. I should like to quote other authorities with regard to this easy, doctrinaire theory that all you have to do is raise taxes. It does not take much intelligence to do that. I notice that the parliamentary assistant quoted *The Economist* this afternoon as if they had put their imprimatur on it, but common sense should be applied. You just

cannot take a theory of that kind and give the full bottle of medicine where perhaps only a spoonful is needed. On October 13, *The Economist* said:

> There is a point beyond which a nation cannot tax itself without making inflation inevitable.

We cannot argue at the moment whether that has happened. I am suspicious of the easy theory that all you have to do is to raise taxes, especially when they are applied without the admixture of what a leader of this party once called "immortal common sense." I should like to call as an authority a person who ranks quite high in the confidence of the government, Mr. Walter Gordon, one of the most highly regarded businessmen in this part of the world. Speaking of corporation taxes he said:

> It may be well to remind ourselves that corporation taxes do not come under the heading of anti-inflationary measures . . . we should not pretend that this type of tax will help to solve the problem of inflation.

Do not let us run away with this easy theory about taxation and just apply it as an answer to everything. I want to refer again to what we in our humble way said about taxes last April. When we were asking the government to take off the sales tax we said that if prices rose, revenue would follow. It did not take much foresight to see that.

Anyone could see it. What happened was just what we predicted. The minister imposed increased taxes which increased revenue; with the higher taxes we got a surplus. We all remember how the minister some years ago referred to a surplus as being something to gladden the heart of the minister. That was two or three years ago, but I wonder whether the minister still has his heart gladdened by the surplus. It is true that he still points out that part of it is due to higher prices, but I never hear the slightest sound of regret in his voice. I sometimes wonder whether he is not feeling that while prices may go up, we will just have to tolerate that condition, that that is just a rub of the green.

I do not need to remind the house that last April there was extraordinary unanimity in the press regarding this sales tax. If I may be permitted, I should like to quote what I said on April 16, as follows:

> This budget, which is purporting to cure inflation, will cause as its inescapable first result a substantial increase in the cost of living.

I quoted the Montreal *Star* which said—and how true they were—that this would bring into being a demand for higher wages. On April 16, as reported on page 2052 of *Hansard*, I said this:

> Therefore, having regard to the acute living cost situation which exists, having regard to the fact that it will be accentuated by this budget. . . I am going to propose that this year, instead of accepting without question the minister's request for money, we say to him that we will not give him the $3,700 million he asks, but that he can forgo at least the increase in the general sales tax.

We ventured to ask that and the results since then have shown how right we were. Incidentally, errors in budgeting seem to grow worse and worse. What we have had is a sort of clairvoyant exercise. What we do want is something that is worked out. I suppose it is no exaggeration to say that if you take the minister's prediction of surplus three months ago, the result over the five months has shown that he has been wrong to the extent of something like $3 million per day. That is the result of my mental arithmetic and I think it is right. No doubt part of the reason is that there was a lag in defence purchasing, but it was pointed out at the time that this would follow. We have had the parliamentary assistant telling us that the government was right right right. All I can say is that if you look backward and really look at the facts you must say that they were wrong wrong wrong.

He is now telling us in effect that their easy money policy was wrong, where they increased and increased and increased the amount of money. He now tells us that was the cause of the trouble; we got too much. I shall not take the time of the house to show how wrong they were on foreign exchange control. They insisted that they knew how to fix the value of our dollar, and in retrospect the fact is that first of all they valued it too high, then too low. They went on with that for years until finally they gave up and admitted that they did not know how to value.

Even when they do something right, they do it at the wrong time. If credit controls had been put into effect even as late as September, 1950, when we suggested it, business could have adjusted itself. The government left them off. They allowed the stimulus to business to continue. During all those months when business had that stimulus things continued to expand, and instead of having months for readjustment the money supply kept increasing. They were on the merry-go-round, going, going, going, and then when the check came people were hurt. People are still being hurt, because the remedy was applied at the wrong time. It is like a man approaching a greasy intersection with his motorcar. Instead of slowing down gradually in the last fifty or one hundred yards, if he keeps going ahead full speed until he gets to the intersection and then puts on all his brakes he causes trouble to everybody.

Another thing that causes confusion and misunderstanding is that the government

never admits it is wrong. No; I am wrong there, because the Minister of Defence Production (Mr. Howe) did say that if we had known these things three or four years ago we would not have acted as we did.

I want to ask whether we can accept this attitude of negation. Are we to believe that nothing can be done? That is what we are asked to believe. We are told to just wait and see. The trouble is that there are lots of people who do not feel that they can wait. They will get cold comfort out of what has been said to them this afternoon.

The government are now withdrawing the boasts of what they did in the years between 1941 and 1945 and 1946. I have no desire—and I have said this in the house before—to see us return to over-all price controls, the sort of collective system we had during the war. But there is a vast difference between that and doing nothing. I repudiate the attempts which are being made to play up the many failures and slips in the United States. I repudiate the suggestion that what they did there had no effect whatever. I think it did register in people's minds that something needed to be done. Their indirect controls on money worked. While I must admit that their attempts to fix other prices were largely failures, I think it can be said that they were not wholly so. I do not think it is good enough just to say that we are not interested in doing anything, and that in effect is what we are being told now.

I should like to again remind the government, if they are interested, of what one of their friends and trusted advisers had to say. Speaking I think on February 12 last about the possibility of still further price increases Mr. Walter Gordon spoke about having some kind of stand-by organization. He said that if things got worse there might be the possibility of controls at the producer and manufacturing level. I presume something like that was in the mind of the Minister of Defence Production (Mr. Howe), whose words I quoted a while ago.

We should not overlook the fact, and I have no doubt the government has this in their minds—I do not know whether the parliamentary assistant was thinking about it this afternoon—that there are signs in the United States of prices falling. It may be that we will have some easement here. But we should remind ourselves that the full impact of defence spending is still to come. If the government does get some easement I do hope that they will not act as they did when they got some easement in Korea, and do nothing.

[Mr. Macdonnell (Greenwood).]

I again ask the question: Do we really want to stop inflation? When I say "we" I mean everybody. Of course it is easy for people on fixed incomes, for life insurance policyholders and unorganized labour to say that they want inflation stopped, and of course they mean it. But it is not so easy for people who believe that they are in a position to protect themselves. It is very hard for them to believe in the danger. It is hard to make people believe in the early stages of inflation that it could ever undermine the economy. When people are riding high, wide and handsome on a booming stock market you might as well save your breath as try to make them believe that stocks ever do anything but go up; yet there is no sensible person who does not know that one day inflation must end in a crisis and slump, and the longer it is deferred the worse it will be. Of course it has always been a characteristic of booms that people believe they will go on forever. We are always assured that the current boom is different from all other booms. I think this boom is different in some ways from other booms, but there is one thing that is not different. That is human nature, which is just the same as it was in preceding booms, and one day it will assert itself.

I have indicated some things that I think the government should do, and I want to go back to the hackneyed question of economy. Of course one always apologizes for mentioning it, but a very interesting thing indeed has happened. It turns out that an efficiency company was asked to go into the film board accounts, and in five months the film board has cut its spending from $1,060,000 to $554,000, in round figures. I find that quite exciting because if you can cut in two the spending of the film board, apparently with no lessening of efficiency, how about trying that elsewhere? Let us take the Department of National Defence. We give that department $1,700 million. It is not a blank cheque either; it is a filled-in cheque, and we practically kiss the money good-bye when we do that. Will anyone tell me why that should not be looked into? I raised that question in the house before and I was given the brush-off. I was told it was only little companies that could benefit from the services of an efficiency organization. That of course is the bunk. Big companies need it more than little companies, and I suggest that we might very well have some outside opinion as to the expenditure of this $1,700 million. We think that is a lot of money in Greenwood, and apparently there is to be no check of any kind. I believe my leader's request for a committee is going to be met at

some future time, but at the moment there is no check of any kind. The money just goes into the Department of National Defence and there it is.

I am not suggesting that we should leave all the responsibility on the government. If we really believed we are in mortal danger we would not behave as we are doing. We are neither a callous nor unintelligent people, yet our conduct at the present moment suggests that the stronger elements are prepared to tread down the weaker and to believe that somehow or other they can escape the evil effects of inflation themselves.

Let us look at reality, and here I should like to quote briefly from the London *Economist*. Here is what happens when inflation gets on the move:

> If everyone expects prices to rise appreciably every month, money in the pocket or in the bank becomes something to get rid of. It loses its function as a store of value and becomes satisfactory as a medium of exchange only if it can be exchanged at once.

Think that over and see if you can laugh that off. I ask again: Do we really want to stop inflation? When the Minister of Defence Production (Mr. Howe) last February used those words, which have been perhaps a little overquoted, about people getting "all set", I thought that was just a slip of the tongue, but later on April 9 he said:

> I am sure we could get along quite comfortably as consumers and still engage in a substantial defence effort.

Again he said:

> Unless all-out war comes, Canadians can continue to live well.

I think that was cheap and easy optimism. It seemed to me nobody could say that if he had full recognition of what some people are suffering. I think that feeling about the government is quite widespread. Indeed I was reminded of lines which were written in different circumstances—some of us will remember them from school days—about the lotos-eaters who were described as mythical creatures who gave themselves up "to dreamy and luxurious ease." Tennyson describes them as living on the hills like gods together, careless of mankind. Then he adds:

> For they lie beside their nectar, and the bolts are hurl'd
> Far below them in the valleys, and the clouds are lightly curl'd
> Round their golden houses . . .
> But they smile, they find a music centred in a doleful song
> Steaming up, a lamentation and an ancient tale of wrong,
> Like a tale of little meaning tho' the words are strong.

I pass that on with great respect. I hope the parliamentary assistant to the Minister of Finance will read it. He probably knows his lotos-eaters well, and he will know what I mean.

I ask again: Do we want to cure inflation? My answer is that the government gives no effective sign. Instead of a clarion call we have a quavering and uncertain note. With deference, I feel that the speech of the Prime Minister (Mr. St. Laurent) the other day, when he gave us a personally conducted marketing tour, would not put heart into anybody. It seems to me, however, that it indicates what the attitude of the government is if the parliamentary assistant in his interesting speech this afternoon indicated it correctly. No one could detect that he thought there was any danger. Everything was going to be all right some day and in the meantime people would just have to grin and bear it.

As I said, I think inflation is already on the trot and it could easily develop into a gallop. When we think about galloping inflation let us remember one more thing. Let us remember that it would not only create economic discomfort and that sort of thing but it would go to the very root of our institutions. In closing let me read a brief extract from *The Economist*. It has this to say:

> Galloping inflation is not only socially and economically destructive beyond the imagination of anyone who has not experienced it or observed it, it can also be fatal to political liberty itself . . . Inflation may make mankind mad enough to turn with relief to the sort of collective economy that can solve its problem after a fashion by arbitrarily decreeing a large reduction in prices overnight in the style of Russian practice.

I said that I did not want to use extravagant or irresponsible language, and of course I am not suggesting that we cannot meet this situation. What I am suggesting is that there is no sign that I can discover in this country at the present time that the people who should be really alarmed about it are alarmed. Therefore I say nothing more is needed to convince me that the citizens led by the government, led by those who hold the reins of power, should deal with this thing while still they have time.

Mr. J. W. Noseworthy (York South): Mr. Speaker, first of all I want to congratulate the mover (Mr. Cauchon) and the seconder (Mr. Simmons) of the address in reply to the speech from the throne. They both did credit to themselves, and I am sure they will understand and may even pity those of us who cannot share their implicit faith and boundless confidence in the infallibility of the cabinet ministers. I am sure most of us will support much of the legislation that is forecast in the speech from the throne. I want to mention first the omission from that speech which was referred to yesterday by the hon.

member for Spadina (Mr. Croll) and has been referred to by others, the omission of any reference to any proposed legislation to increase either veterans pensions or veterans allowances.

The hon. member for Spadina assured us that this omission from the speech from the throne did not necessarily mean the government did not intend to deal with this subject at this session. I am not so confident as he is on that point. I think the government is too well aware of the value of publicity to have omitted a reference to legislation which would have been as popular as that if they had had any intention of bringing such legislation before us at this session. The fact is that veterans and veterans organizations across this country were led to believe, from statements made by government supporters last spring, that this matter would come before us at this session. There is no good reason why it should not. There is one reason, of course, that suggests itself to me, but I am sure the Prime Minister (Mr. St. Laurent) is too great a humanitarian to withhold this help until another session when we may be on the eve of a federal election. I am quite sure the Prime Minister is the last man in this country who would wish to gain votes by withholding veterans allowances and veterans pensions until the eve of an election. That would be placing this government in much the same class as the Ontario Conservative government when they withheld their assistance to provide for the free distribution of milk to school children until after they had announced an election. I am quite sure this government would announce any such assistance before, and not after, they announced a general election.

The truth of the matter is that there is a great deal of suffering among veterans. This suffering will be unnecessarily prolonged unless at this session the government takes steps to bring these pensions and allowances back to their 1948 purchasing power. I certainly hope the confidence expressed by the hon. member for Spadina (Mr. Croll) is well founded, and that we shall soon see some evidence of that legislation being introduced.

There is just one piece of legislation proposed in the throne speech to assist in checking rising prices. I shall discuss the merits of that when the legislation comes before us. I noticed that one Liberal newspaper, which has been holding out for price controls, now assures us that the proposed legislation which will prevent manufacturers from fixing retail prices will save the Canadian public millions of dollars. We shall wait and see. It is difficult to understand why, if the Canadian public could be saved millions of dollars so easily by such a simple bit of legislation, the government should have allowed the public to be gouged for so many years. The Minister of Justice (Mr. Garson) assured us in a radio broadcast two nights ago that the government only learned about this price fixing when they received the interim report of the MacQuarrie commission. Be that as it may, I suggest that the cabinet ministers are about the only people in Canada who have not known that prices were being fixed in this way. Unless the administration of the new legislation is more effective than the administration of the combines act, this legislation will be just so much more window dressing to fool the Canadian public.

I should like to turn now to the question of inflation itself. The hon. member for Greenwood (Mr. Macdonnell) who has just taken his seat has impressed us with the importance of and dangers inherent in inflation. Most of us I believe are aware of that. The other night the Minister of Justice advised us to read a reprint from the *Reader's Digest* entitled "Inflation concerns everyone". The reprint emphasizes the dangers inherent in inflation. After reading it I can understand why the minister was intrigued by it. The first question that came to my mind was, did the *Reader's Digest* learn how to control inflation by studying the Canadian government's policy or did the government get their policy from reading the *Reader's Digest*? There is a great deal of similarity between the two.

The Canadian dollar, thanks to the inflation which the government has failed to control, is now worth just a fraction more than 50 cents. Every Canadian who lent his savings to Canada before the war, even during or since the war, finds those savings now cut in half. Every Canadian who owns any kind of bond, life insurance policy, savings bank account, annuity, industrial or old age pension, is affected by inflation. Every recipient of workmen's compensation, children's or widows' allowance is the loser. In the words of the reprint to which the Minister of Justice refers:

> The citizen who has any claim to a fixed number of dollars payable to him, or his wife, or child, now or in the future, is being hurt badly by inflation.

I must also add that every business, every corporation and every bank is affected. Profits are not what they used to be. I must remind my colleagues, who sometimes point out how corporation profits have increased, that under our free enterprise system corporations must have about twice as much profit now as they did a few years ago in order to keep abreast of inflation. Certainly it is not necessary under that system for veterans pensions to be doubled, old age pensions to be doubled,

civil servants' wages or any wages for that matter to be doubled. Corporation profits must be doubled or we will not get any production. We shall have unemployment. The system would not function if corporation profits were impaired too much by inflation.

Be that as it may, Canadians must get all the solace they can from the assurance in the throne speech that the anti-inflationary measures already in force have checked the upward trend of prices on goods and services affected by their operations. Of course, the "ordinary Joe" would not understand what that means. The measures were explained by the assistant deputy minister of finance, Mr. K. W. Taylor, who was speaking in Guelph in July. As reported in the Guelph *Mercury* for July 26 he said:

"The government's policy has been designed to secure 45 per cent of the increase from sales and excise taxes, taxes on spending—in other words," said Mr. Taylor, "it is using the device of higher prices to curb inflation by restraining consumption and encouraging saving."

Since the sales tax and the excise tax are added to the price of goods, the Minister of Finance (Mr. Abbott) must believe that if he can just get prices high enough he will stop inflation. If he gets them high enough, or even very much higher than they are, none of us—including even cabinet ministers—are going to be able to buy much of anything. In his effort to stop inflation he has most certainly succeeded in curbing or restraining consumption of such articles as milk and other necessities. Whether or not he has increased savings is another question. No statistics are available, or none that I have been able to find; but I am sure anyone conversant with the day to day lives of the ordinary, working-class people of this country must know that these people are finding it difficult enough to provide the bare necessities of life and that they just have not anything left for savings. When the Minister of Finance appeals to the ordinary working people of this country to save more, he is just asking them to do the impossible at the present time. The Brookings Institution did a considerable amount of research a few years ago on this whole question of saving. At page 108 of a book entitled "Controlling Factors in Economic Development" by Mr. Moulton, they had this to say:

. . . the evidence shows conclusively that those in the lower income groups save a negligible percentage of their income; that the percentage saved rises steadily through the middle brackets; and that the proportion set aside for investment in the upper levels of income rises rapidly and often runs as high as 40 or 50 per cent. Savings are negligible at the bottom of the income scale because earnings barely, often hardly, suffice to cover minimum consumption requirements.

That is the situation today in Canada as far as the great majority of the ordinary people of this country are concerned.

Then the second policy or the second device adopted by the government, according to Mr. Taylor, was that the Bank of Canada raised its interest rate from 1½ per cent to 2 per cent. Not even Mr. Taylor attempted to explain to his audience just what help that was to the ordinary people of this country. Then he went on to explain how the government had placed restraints on the expansion of credit for the purchase of washing machines, refrigerators, electric stoves, automobiles, and all those things that cabinet ministers consider to be luxuries for ordinary people. The purchase of these things was made more difficult. More money was required for the down payment. The time of payment was reduced. What is the result as far as the economy of the country is concerned? Prices are no lower, except perhaps in a few instances where retailers were forced, in order to get cash, to sell some of these goods at sacrifice prices.

There has been no general decrease in prices as a result of these measures. However, pockets of unemployment have developed in this country. Those who are most closely concerned with those are confident that the government measures are in large part responsible for them. There are approximately four thousand unemployed automobile workers in the city of Windsor. We have the spectacle, reported in the daily press not many days ago, of high ranking cabinet ministers going over to Washington and pleading with the United States government to facilitate the entry of Canadian unemployed into that country. We have the spectacle of high ranking government officials trying to export our unemployed.

I do not know what the situation is in other provinces, but during the recess I was in most of the cities and towns of Ontario, and I can say that there are few towns or industrial centres in Ontario today where all the factories are working full time. In town after town you will find factory after factory where people are employed three and four days a week. Yet the minister calls for more production on the one hand while his policy is partly responsible for the pockets of unemployment and part-time employment which retard production. Certainly thousands of people cannot buy refrigerators, used cars or many of the things they want to buy; I refer to those people who have been accustomed to buying and paying for their purchases out of income. But the man of means, the man who has the money to pay for electric refrigerators or used or new cars, can buy as many as he wants. Certainly if any government in our history ever

introduced legislation that discriminated against the lower class people of this country, this government has done so in its attempt to curb inflation. What has happened as a result of the government's policy? I think it was an official of the Ford Motor Company who called the policy insane. I think he was being generous. Here is what happened. A comparatively small dealer on the street on which I live last year paid the government over $10,000 in taxes on his business. He assures me that this year he will not be required to pay the government a nickel in taxes. Some of his losses will have to be charged back against the tax which he paid last year. Instead of paying $10,000 to the government in taxes this year he will be paying more than $10,000 to finance companies who have had to finance the stock of cars he purchased in the spring and has been unable to sell. I know the Minister of Finance (Mr. Abbott) will say that he will not lose on that deal; he will get his taxes from the finance company instead of from the automobile dealer. As a matter of fact it may be more convenient for him to collect his taxes from a few finance companies across the country than to have to go out and collect them from a host of small businessmen scattered all across the country. But in my opinion that is not good business for the country, even though it may be good business for the Minister of Finance.

I think we are all agreed that we are experiencing one of the greatest inflationary periods in our history, although the Prime Minister (Mr. St. Laurent) seemed to indicate the other night that he was not convinced of that fact. The fact that certain goods retailed at higher prices in a particular Washington store than similar goods retailed for in a particular Ottawa store seemed to give him some consolation and assurance that after all inflation is not too bad.

There is genuine disagreement in the house on the best measures to check inflation. All opposition groups in the house, a majority of the Canadian people, our four great labour organizations, veterans organizations and numerous other organized groups think, and have been saying, that price control would help. The government apparently does not believe that price control will help. They doubt whether it will work in peacetime. The Prime Minister indicated that the government will not change its mind concerning price controls, but that if the Canadian people want price control they will just have to elect another government. I would say that that is taking an unfair advantage of the huge majority the government has at the present time, and is putting the Canadian people on the spot. Boards of trade, chambers of commerce and manufacturers' associations all agree with the government. The Searle Grain Company in its grain market features for October 10 has this to say:

> Any attempts that have been made by any government to control prices always have failed in peacetime.

That is the voice of big business. Apparently that is what the government believes, and that is what the Liberal backbenchers lead us to believe they think. Of course the first question we ask is: Can this really be called peacetime? Are we or are we not at war in Korea at the present time? It is generally agreed that defence expenditure is one of the most potent factors in inflation. That is true to some extent in Canada today. When, during the war, expenditures on defence created inflationary pressures, the government recognized the important part that price control could play in easing those pressures and holding the prices. Our experience during those years conclusively proved the effectiveness of price control. The government took full credit for that success in the election of 1945. They promised the Canadian people all across this country that if returned to power they would maintain the purchase value of the Canadian dollar. How well they have kept their promise!

The impact of war expenditures or defence expenditures is one of the main factors creating inflationary pressure. It is difficult to understand why the government so persistently refuses to apply the controls that worked so successfully during the war. The Prime Minister tells us that during the war there was great patriotic fervour abroad in this country that made the application of price control acceptable to the Canadian people. What ground has the Prime Minister, or any other cabinet minister, for believing there is not the same patriotic fervour today when our potential enemy is communism instead of fascism?

The Canadian people have asked for price control in every way they possibly could. There is no reason to believe that they would not lend their full co-operation to the government in the application of price control.

The speech from the throne tells us:

> Every measure will be taken which my ministers believe will be effective in counteracting inflation without impairing our free institutions.

Somehow the government seems to have the idea that the application of price control at this time is going to wreck all our free institutions. Which of our free institutions was wrecked by the application of price control during war years? Freedom of speech, freedom of religion, freedom of assembly, freedom from want, freedom from fear; were these great democratic freedoms jeopardized by the application of price control during

the war years? What reason is there to believe that they would be jeopardized by the application of price control today?

The freedom of profiteers to gouge the public is not an essential democratic freedom. If that freedom is to be impaired by the application of price control, that is not destroying our democratic freedom. The control of a nation's economy by a government democratically elected is in my opinion not an abrogation of freedom.

The Prime Minister finds consolation in the fact that the price index has been rising in Great Britain in recent months, and therefore that is justification for the government's refusal to apply price control here. The fact is that through four years after the war and for the first full year following Korea, price control worked in Great Britain as it worked in Canada during the war years. Between June, 1950, and July, 1951, the first year after Korea, the cost of living index rose 22·2 points in Canada. During that same period Britain's cost of living index rose only 12 points. It is only since they have had to import essential goods necessary to defence, at inflated prices, that they have found their cost of living index rising.

Other speakers have dealt with the unfairness of the comparison the Prime Minister made. Mr. Taylor, assistant deputy minister of finance, is reported in the Guelph *Mercury* for July 26, as saying, with reference to price controls:

> The time may come when in an ultimate crisis we shall have to throw everything we have into the balance. It would seem sensible to hold these weapons in reserve—

That is, price controls.

> —for the critical moment.

In the opinion of millions of Canadians that ultimate crisis is already upon us. This is the critical moment, and the time the government should meet the wishes of the Canadian people through the application of price control.

Now, Mr. Speaker, I am going to take a few moments to venture where angels fear and only Social Crediters dare to tread. I should like to look for a moment at the theory that inflation is caused by too many dollars chasing too few goods. The *Reader's Digest*, in its reprint, recommended by the Minister of Justice (Mr. Garson), has this to say about inflation:

> Inflation is an increase in the total supply of money which people have and want to spend that is greater than the supply of goods available for them to purchase.

I do not know whether my Social Credit friends would agree with that definition, but I should think the Minister of Finance (Mr. Abbott) would not quarrel very much with it. Some of my economist friends point out that it is not the total supply of money that matters but the rate at which it goes round and round. I can find no authentic statistics to show whether money is going round and round faster now than it did five years ago. All I know is that it goes out faster, and it does not come back. However, that may not be relevant to the discussion.

I have taken the trouble to check some figures regarding money supply and available goods for the past few years. These figures are taken from the Bank of Canada's statistical summaries for the appropriate years. In money supply I include, first, notes and coins outside the banks; that is, money and coins in the pocket, pocketbooks, old stockings or wherever Canadians keep what notes and coins they possess; second, so-called active bank deposits, plus the active portion of savings accounts; third, inactive savings accounts and, fourth, government of Canada securities held by the general public. These, of course, would be exclusive of the commercial banks, the Bank of Canada and government accounts. I am informed that those four taken together represent the volume of money available for Canadians to spend, if they so desire.

For goods available I have taken the gross national product as estimated by the dominion bureau of statistics. I realize of course that part of that gross national product is defence production not purchasable by members of the public. I have worked out the percentage of defence production that is included in the gross national product each year.

In 1939 our total money supply was $6,193 million. Our goods, available in our gross national production, were valued at $5,598 million. It will be noted that in 1939 they were almost in balance. On the theory that money supply should equal the value of goods available, 1939 should have been an exceptionally good year. It will be recalled that it was only in the latter part of 1939, when stimulated by war, that prosperity eventually got around the corner we had been watching all through the thirties.

In 1945 our money supply amounted to $17,215 million. It had nearly trebled since 1939. Our goods available in that year were valued at $11,810 million. The excess of money over goods available in 1945 amounted to almost $6 billion, or as much as the total supply of money in 1939. That should have been a good year for inflation. There was $6 billion more of money available than of goods, and 25 per cent of our gross national

product in that year was for defence expenditure, and not available for purchases by members of the public.

Why did we not have inflation in 1945, if the money versus goods theory is sound? Perhaps the money did not go round fast enough in 1945 to create inflation. I have no figures on that. Is it possible that price controls, which had been in effect prior to 1945, were a factor in holding off inflation in 1945, when we had $6 billion more in money than we had in goods?

Then in 1950 inflation really got rolling. Our money supply totalled $18,366 million, while our goods available in that same year were valued at $17,700 million. When inflation began to be felt our goods available had almost caught up with our money supply. Only 2 per cent of that gross national product in 1950 was for defence purposes so that the goods available for purchase and the money supply were just about in balance again that year.

Then in August of 1951 our total money supply stood at $18,272 million. The estimated goods available will be valued at $20,000 million. That is, we shall have $2 billion worth more of goods available than we will have money to buy them. On the policy followed by the government, we should be out of inflation by now. Our supply of goods has more than caught up with our supply of money.

The conclusion I wish to draw is that there is ground for doubting the validity of the theory upon which the government's entire anti-inflationary policy is based. There is ground to doubt the effectiveness of that policy. Price controls, while they may not cure inflation itself, certainly can provide relief for many millions of people who are hard pressed to make their pay envelopes and fixed incomes match their needs. Price control did work in this country during the war. We are not exactly at peace now. They did work in Great Britain during years of peace, until the inflated prices of goods imported for defence purposes began to place an almost unbearable burden upon that country's economy. The Canadian people have given every indication of their willingness to accept such limitation as controls will place upon their freedom, provided it will end this chaos. Before closing I should like to quote from the proceedings of the banking and commerce committee, volume I, 1944-45, page 722. I want to read a question which I asked Mr. Graham Towers. We had been discussing the possibility of there coming a time after the war when there would be more money in the pockets of the Canadian people, when they would have more government bonds, more bank deposits and more money to spend than possibly there would be goods for them to buy. I asked this question:

> Is there, for instance, any danger that immediately following the cessation of hostilities the increased deposits and the money now in the hands of the Canadian people may be released suddenly for the purchase of goods that have been withheld from purchase during the war? There is evidently a danger of that. What control has the Bank of Canada over that situation?

Mr. Towers replied:

> Oh, none, because we cannot control millions of human beings who have money in their possession. To the extent they try and spend it in greater quantity than there are goods available then only direct controls will keep things in order.

I direct that latter part to the attention of the Minister of Finance (Mr. Abbott). That is what was said by Mr. Graham Towers, the financial adviser to the minister, when answering a question having regard to a situation which is quite similar to that which we face today. I have already mentioned that apparently the government recognizes that the time will come when they may, in the words of Mr. Taylor, have to throw everything into the fight against inflation, including price control. I suggest that that time is now.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, unfortunately I did not have the privilege of hearing the speeches of the mover (Mr. Cauchon) and the seconder (Mr. Simmons) of the address in reply to the speech from the throne, but I understand their efforts were excellent. I can quite believe that from my acquaintance with them around the halls of the building. I was particularly interested in the remarks of the hon. member for Yukon-Mackenzie River in connection with Canada's northland. He pointed out that eventually railroads should be constructed to connect the various northern centres. I often wonder whether Canada will ever become a great nation unless she develops her northern country to the fullest extent. Probably most hon. members read an article by that great explorer Mr. Vilhjalmur Stefansson, in the August 1 issue of *Maclean's* magazine. It dealt with Canada's northland and the title was "We're Missing our Future in the North.": Here is what the subheading had to say:

> A famous explorer says that by exploiting our rich northland we can match United States industrial wealth and support as many people.

The author then went on to prove those statements. I think it was most timely for the house to hear the speech of the hon. member for Yukon-Mackenzie River. I am sure that any proposal within reason for the development of the north will have the support of the vast majority of the members of this

parliament. We saw that last year when a bill was introduced to provide for the construction of a railroad line from Sherridon to Lynn Lake in northern Manitoba.

In British Columbia the Canadian National line from Jasper to Prince Rupert cuts across the centre of the province and practically all the area for hundreds of miles north of that line is untapped, of course with the exception of the Peace river country and the district around Atlin. There is great work to be done in the north and one practical thing the government could do would be to provide separate seats for the Yukon and the Mackenzie River districts in the redistribution which is to take place shortly. That was advocated when the last redistribution measure was enacted but the suggestion was not accepted. I think the time has come when each of these districts should have a member, as it is quite impossible for one member to represent such a huge area.

I propose to direct my remaining remarks to three ministers in particular, the Minister of Finance (Mr. Abbott), the Minister of Veterans Affairs (Mr. Lapointe) and the Secretary of State for External Affairs (Mr. Pearson). I appreciate greatly the fact that they are all here to take their medicine.

Mr. Abbott: We were warned.

Mr. Pearson: We were especially invited.

Mr. Green: First of all, the Minister of Finance. The subject which involves the minister is perhaps the most important of the three, although I submit they are all important. I am thinking particularly of the cost of living and inflation. In his speech earlier in the week the Prime Minister (Mr. St. Laurent) asked for suggestions as to how these great issues might be met. I am going to try to make some suggestions today. I have been somewhat disappointed that there have been so few suggestions from private members on the government side. I hope they will not be so bashful in the remaining days of the debate. They can do a great service to their fellow Canadians as well as to their constituents by getting up and expressing their views on these subjects. While the Prime Minister asked for suggestions, I really believe word went out from the government whip that anyone who opened his mouth would be shot. That seems to be the way in which this debate has been developing. I suggest that my good friends on the back benches on the Liberal side be a little more courageous and step in and tell the government what they think.

Of course there has been a tremendous rise in the cost of living. It has been going up in a startling way, a way which has been distressing, not only to the Canadian people but to every member of this house regardless of party. The Canadian cost of living index is now definitely higher than the United States index. I could not understand the Prime Minister's statement the other day to the contrary. Mind you, he covered it very cleverly. He took us down to Washington, which is the centre of the world now, that great, roaring, busy city where everybody is a millionaire, or perhaps a billionaire, and where prices do not mean very much. He compared Washington prices with the prices in modest, sensible Ottawa.

Mr. Fleming: Where is modest, sensible Ottawa?

Mr. Green: Right here. You should know it. If you would just get away from Toronto you would realize some of the good qualities of Ottawa. The Prime Minister reached the conclusion that because prices in Washington were a little higher than in Ottawa everything was lovely, and Canada's cost of living index was lower than that of the United States. I have here a report of a summary of the Bank of Canada published on September 1 and headed:

> Canada's c.o.l. now higher than in U.S. Food, especially meat, big factor in sending price index soaring.

The article reads in part:

> For years living costs in Canada were a lot lower than they were in the United States. Now, says the Bank of Canada, it is the other way round. The reversal in the cost of living pattern took place in June. Before that the cost of living index in the United States was running a lot higher than the one in Canada. In June, says the bank in its monthly statistical summary, the paths of the two indexes crossed. The United States index levelled off; the one in Canada kept on climbing. Going a step further, the bank makes a revealing comparison of living costs in the two countries over the twelve month period, July, 1950, to July, 1951. The upward drive in living costs, it finds, was far more significant in Canada than in the United States.

How the Prime Minister can take a contrary view is beyond my understanding. So much for the rise in the cost of living. Then there is the question of inflation. The inflation we already have in Canada means that the insurance policies taken out by most Canadians to protect their families and the government bonds purchased by most Canadians against sickness or old age have lost approximately half of their value. That is the position in Canada today, and it cannot be gainsaid by anyone. I believe that the cost of living and inflation are worrying the Canadian people far more than the Prime Minister of this country realizes.

It seems to me there are two basic facts which must always be kept in mind in considering this question. First of all,

increases in wages are now largely tied to the cost of living index. When the index goes up, in most cases wages automatically go up, and of course the result eventually is a further increase in prices. There is also irresponsible—and I repeat the word "irresponsible"—price setting going on in this country, as there has been for many months. I do not believe, and I do not see how any member of this house can believe, any authority in the country other than the government can put a stop to that sort of business. The government alone has the authority to take some steps to break this chain.

The second basic fact which must always be remembered is that we are in what the Minister of Labour (Mr. Gregg) the other day very aptly called a half war half peace era. In fact he summed it up very neatly when he said, "the period of half war and half peace of unknown duration". That is the situation in which we are today and it will continue for many years, certainly until Russia decides that it is going to pay her to make more friendly arrangements with the free nations. We are not in a time of peace when there are the usual checks and counter-checks. That simply is not the position in which Canada stands today. Those two factors should be remembered at all times by Canadians when considering the questions of the cost of living and inflation.

The government, largely through the Minister of Finance (Mr. Abbott), has taken certain steps to meet the situation. There has been an increase in taxation, principally in income, sales and excise taxes. Then there have been consumer credit regulations. They were designed of course to meet these two problems. They may have helped. I think that as things are working out a change should be made in the credit regulations. I think, for example, that longer time should be given people to pay for their cars and other commodities, but in this debate I am not going into details on this particular question.

Then the government arranged through the Bank of Canada for the restriction of credit to business concerns. I believe that has hit small businessmen a great deal harder than the large ones. I think it has been unfair in that way. Then of course there have been appeals to produce. The Minister of Finance and other ministers have urged the Canadian people to produce more goods. In some instances people were urged to work longer hours. There has always been behind such statements a sort of veiled suggestion that Canadian workmen were not earning their wages and I think the suggestion was unwise and unfair. However there have been these appeals for greater production.

Then there have been appeals to save. Not quite a month ago the Minister of Finance advised the women of Canada that they should be thrifty, that they should cut out thoughtless spending and cultivate an attitude of mind in which prudent household management is both patriotic and fashionable.

Mr. Graydon: How did that go over at home?

Mr. Abbott: Loud cheers.

Mr. Knowles: Did Mrs. Abbott turn the radio off?

Mr. Green: I have an immediate reaction as expressed in an editorial in the Vancouver *Province* of September 29 which is entitled, "A Long Way From the Kitchen". It reads:

> Canadian housewives are hoping that Mrs. Doug. Abbott will shove a shopping basket in her husband's hand and send him to market to buy the family groceries. After hearing the finance minister urge the ladies to beat inflation by cutting down on "thoughtless spending" and cultivating "an attitude of mind in which prudential household management is both patriotic and fashionable," householders wonder where Mr. Abbott has been all the time. As far as people working for average wages are concerned, "prudential household management" is the only thing that keeps good food on the table.

Mr. Abbott: Prudential?

Mr. Green: Then the editorial ends by saying—

Mr. Abbott: Prudential? Is it not "prudent"?

Mr. Green: It says "prudential". I think it should be "prudent".

Mr. Abbott: I think it should be "prudent". We are not an insurance company.

Mr. Green: I have no doubt the minister is sorry that he said it, anyway.

Mr. Abbott: Far from it. I am interested in the opinion of editorial writers but I do not necessarily look on them as the last word.

Mr. Green: The editorial ends by saying:

> If he puts on an apron, helps with the dishes—

Mr. Abbott: He does.

Mr. Green: It continues:

> —and pays a few visits to the grocery store he won't wag his finger at the housewives again. Right now they have for Mr. Abbott the same answer they have when their husbands try to raise cain over household expenses. "Let's see you do any better."

In his speech the other day the Prime Minister (Mr. St. Laurent) admitted to the house, and to the country, that the government's policy for meeting inflation has failed. This admission will be found at page 33 of *Hansard*. It reads:

> I must confess that there are many of our friends on this side, and in that other corner of the house near Mr. Speaker, disturbed at the fact that the government has not been able to devise any more

effective measures of combating inflation than those which have been so far proposed to parliament.

Now, in October, 1951, he has only one proposal. We find a reference to that at page 41 of *Hansard:*

. . . as regards immediate additional measures to curb inflation, while others may develop, the only one we are prepared to submit at this time is the one that will arise out of this report of the combines committee with respect to resale prices.

I do not think that is going to have a very substantial effect on the index of the cost of living;

The Prime Minister admits that it will not be of much effect. I am wondering if this one proposal will not even be detrimental. On the surface it looks as though it might be a good thing but since coming here I have had representations from extremely reliable and responsible businessmen in Vancouver, largely men in small businesses, who point out that a measure of this kind is simply opening the way for the large stores to use what is known as the loss leader system. In other words, the large store will cut the prices of these goods upon which the price has hitherto been set by the manufacturer, and in that way draw people into the store and sell them other goods at greatly increased prices. In the process the little fellow will be put out of business.

I do recommend that the government, in considering this legislation, try to work out some prohibition of this practice of loss leader selling. Certainly the measure is going to be of little help if it results in putting a great many small merchants in Canada out of business. If that happens the consumers are going to be hit worse than they are at the present time.

Also I should like to ask the Minister of Finance (Mr. Abbott) to make a frank statement on the following suggestions, which I am making in all earnestness. In the first place, why would it not be good policy to reduce the sales tax from 10 per cent to 8 per cent? The revenues which are rolling in show conclusively that an increase in the tax was not needed to carry out the government plans for this fiscal year. Obviously the tax had the effect of increasing prices, in fact it pyramided prices because it was levied at the manufacturer's level. If a reduction were made in that sales tax at this session, the effect might be to start a reduction in prices right along the line. It might have an effect far greater than one would expect under normal conditions. If the government gave that lead by cutting down the sales tax and saying to the Canadian people, "We cut that tax for the one purpose of helping to reduce the cost of living", then I believe the results would be very beneficial. Someone has to take the lead in reducing the cost of living.

Incidentally, with regard to taxation, I believe the Minister of Finance must bring up to date his ideas of what are necessities in Canadian homes. He still believes an electric range, an oil range or gas heater is a luxury. In most centres that is not the case, and certainly not in Vancouver. These things are necessities. They have to be bought by practically all the young people setting up homes, and the Department of Finance should keep that fact in mind.

I would ask the Minister of Finance to explain also why it would not be possible to establish a basic food menu and basic clothing requirement for Canada, and to maintain that standard. In this way a good home manager would know what her cost would be for this basic standard. One of the most distressing features of the situation today is the uncertainty of prices next week. It does seem to me it should be within the ingenuity of the departmental advisers to work out a basic standard, one without any frills, and then adopt some scheme of maintaining that standard. I realize that might involve subsidies. It might involve certain controls. It might involve such things, for example, as helping with the shipment of feed grain into the Fraser valley in British Columbia so that dairy farmers could produce milk at lower cost. Of course, they would have to pass that saving on to the consumers in Vancouver and the other cities in the area. I only mention this as an example.

I should like to hear from the Minister of Finance just why some scheme of this kind cannot be worked out.

Mr. Abbott: Just to be clear on what my hon. friend means, does he refer to the sort of utility garment they have in the United Kingdom? Is that what he has in mind, utility suits and so on?

Mr. Green: Milk and bread, for example, would be in the basic standard, and the same for clothing.

Mr. Abbott: What is meant by "a basic standard"? Does he mean a fixed price for those commodities?

Mr. Green: Yes. Then the minister does not get very far by merely urging the Canadian people to save. Mind you, I think he is quite right in doing that, but why would it not be possible to go farther and arrange for refundable savings as was done during the war. There could be a provision that money spent for life insurance and for the payment of mortgage principal would be exempt.

Mr. Abbott: That means compulsory savings?

Mr. Green: Yes, such as we had in the war. I believe some scheme of that kind would help. It would certainly be an incentive to the Canadian people to save.

I believe further that the government must tackle these unjust prices which, in effect, amount to profiteering. There is a great deal of that, and I know it is difficult to meet. I believe the situation in Canada today is such that we must tighten up our laws to curb this type of profiteering.

Then why is it not possible to take steps to enable our own people to get our own products at reasonable prices? As I said before, we are in a half-war period. The United States is running short of many resources. She is a wealthy and powerful neighbour, and becoming more wealthy and more powerful every day. She is depriving our people of some of their own production. The other day the Prime Minister said, as reported at page 34 of *Hansard*—

Mr. Abbott: We are buying more of United States production than we are exporting of Canadian production.

Mr. Green: Just a minute. The minister has not yet got my point. In dealing with the export of our commodities—he was dealing with prices and one reason that prices went up—the Prime Minister said, as reported at page 34 of *Hansard*:

> That is true here as well as it is in the United Kingdom;—

He was referring to the necessity to import goods and to pay the price charged by the other countries. Then he said:

> —and in this country there is not only the prices we have to pay for the goods we import but the prices our Canadian producers can obtain for the goods they export, unless we prevent them from exporting them and force them to take from the Canadian market for their labours less than they can obtain by exporting.

He lays down the policy there that this country is going to allow all its goods to go out, if necessary, if a higher price can be obtained beyond the boundaries of Canada, and the Canadian people are going to have to go without. That is a new suggestion in Canadian policy.

Mr. Abbott: How are we going to pay for the excess of United States production that we bring to Canada?

Mr. Green: We do not need to sell them all of our production.

Mr. Abbott: We do not. We buy more from them than we sell to them.

Mr. Green: One of our great problems in Canada today is our increasing dependence on the United States. That is one of the biggest problems we are facing right now. The picture is all neatly put in the fact that while the Americans eat our beef, Canadians are eating horse meat.

Mr. Abbott: We use American steel.

Mr. Green: I have here a letter written to the Vancouver *Sun* which sums up the situation neatly. It is entitled "Meat for Thought" and reads as follows:

> The present trend of piling up revenue surplus at the rate of over a billion and a half annually while aged veterans are existing on $35 monthly each for man and wife is a terrible indictment of the political party that cheerfully admits full responsibility for our so-called prosperity.
>
> This in addition to the fact that more and more thousands of Canadians are daily being compelled to resort to horsemeat in their family diet, because of Ottawa's strange reluctance to impose controls on essential food costs, may have repercussions in the not too distant future.
>
> I can foresee the day coming when the Liberal party, seeking votes for re-election, is greeted with a loud horse laugh and a resounding "neigh! neigh!" from Canadians too full of horsemeat for words.
>
> In the meantime, would suggest the following slogan the Liberals could use in their next campaign:
>
> From the stable
> To the table
> We brought back the horse,
> Lacking sincerity
> We called it prosperity—
> Fido will be the next course.

I can suggest a much better slogan. It is: "Vote Liberal and eat horse meat".

Mr. Abbott: Vote Conservative and eat no meat.

Mr. Green: The Prime Minister was extremely smug about the whole question. He said that only certain sectors of the population are being bothered by the increased cost of living and that the others are doing better than they have ever done before. He said, "Of course, I hope that the inflation will stop". I suggest one thing to the Prime Minister; that is that he start eating horse meat right away and continue doing so until he wakes up to what is going on in Canada.

Mr. Martin: Under these hours he is not getting a chance to eat anything.

Mr. Green: A discussion of the increased cost of living brings me to the next minister, the Minister of Veterans Affairs (Mr. Lapointe).

Mr. Abbott: I hope there will now be more constructive suggestions.

Mr. Green: Last session the Minister of Veterans Affairs admitted that the basic disability pension is too low, and he tried to meet that situation by a handout known as

the unemployability supplement. His supporters on the veterans affairs committee found themselves in great difficulties. The bell wether of the Liberal flock in the veterans affairs committee, the hon. member for Spadina (Mr. Croll), had a terrible time backing up the government and explaining why it was not increasing the basic rate of pension. Finally he produced the good alibi: Oh, well, the cost of living was probably going to stop going up right away anyway, and it was not necessary to do anything at once. From what he said when he spoke last night, I observe that he has at last become bold enough to say, as reported at page 146 of Hansard:

I do not think we can delay any longer that which is now long overdue. It has now become an urgent matter, and must be dealt with at this session.

It has become urgent, Mr. Speaker, because the veterans from coast to coast have put the heat on with regard to this question and are demanding action. The Minister of Veterans Affairs and the government obviously thought that this unemployability supplement would stop the protests and that they would get by with that measure.

Now the veterans of Canada are incensed over this treatment. I have never seen them as incensed over anything before. The plan is obviously inadequate. It breaks down the whole basis for disability pension, which was that the pension is paid as of right and that it is based on the cost of living and on wages. There can be no doubt of those statements. It is not based on the average wages paid in Canada. It is based on unskilled wages. I have that statement here in the Ralston report away back in 1924. Hon. members will find it in the second interim report of the royal commission on pensions and re-establishment, dated May, 1924, at page 44. The principle is this:

The earning power of a man in the class of the untrained labourer will be sufficient to provide decent comfort for himself and his family, that is to say, a little more than enough for subsistence.

From the start that has been the principle in pension legislation in Canada. Since last there was an increase in pension, in 1948, the cost of living has gone from about 140 to about 190. The average unskilled wage last year stood at 244·6, as compared with the year 1939 and this year is expected to be over 260. These figures are from the Department of Labour.

The requests of the veterans organizations of this country for an increase of 33⅓ per cent in the basic pension are therefore entirely reasonable. I would hope that this increase will be granted at this session, and that there will not be an attempt to do more cheeseparing by bringing in an increase of 20 per cent or 25 per cent. There is a wrong which should be righted at once. It is a disgrace that we have had to fight in this house all during this present year for fair treatment for the veterans of Canada. The same argument applies in large measure with regard to the war veterans allowance. It also should be increased, certainly to the level of the old age pension in the respective provinces.

My final remarks, Mr. Speaker, are directed to the Secretary of State for External Affairs (Mr. Pearson). When he speaks, I would ask him to answer two questions. The first one is this. Why has Canada taken no stand with regard to the abrogation by Egypt of the Anglo-Egyptian treaty and the threats which have been made by Egypt to the United Kingdom and actually to all of the nations of the commonwealth? I asked him two days ago what position the Canadian government is taking on this question and I received this strange reply, as reported at page 69 of *Hansard*:

The situation in the area to which my hon. friend's question refers is a difficult one indeed at the moment, and highly inflammable. I do not think any statement from me at this time in answer to a question will be helpful.

Well, New Zealand and Australia answered at once. Yesterday the United States answered. I hold in my hand a clipping from last night's paper and right across the front page we find the following:

U.S. backing Britain in Egypt.

In the same article we find the same statement from France. These great allies of ours did not find the situation too inflammable to make a statement as to where they stood with regard to these actions in Egypt. Why is Canada waiting? Is she waiting until her two warships get out of the Mediterranean? Is that the reason for the delay?

The minister cannot argue that Canada is not interested in the Middle East. In the speech from the throne we find that the government is going to recommend to this house that Greece and Turkey be admitted to the North Atlantic Treaty Organization. That means if Turkey is attacked Canada will be bound to come to her defence, yet no stand is taken with regard to Egypt where the whole lifeline of the commonwealth is in danger; in fact this may mean life or death to the free nations of the world.

Last spring, when there was a commonwealth defence conference for the Mediterranean, Canada would not even send a minister because she said she was not that much interested. She sent somebody from one of the departments. I would ask the minister to tell us very frankly what is the position of the Canadian government with regard to this Egyptian trouble.

Second, let him tell us why the government declines to enter a Pacific pact. When the pact was signed at San Francisco Canada was invited to join. I hold in my hand the Vancouver *Daily Province* dated September 1, 1951, which says:

United States, Australia sign Pacific past. Nations hope Canada will join.

The three countries in this new alliance, which is similar to the security arrangement entered into earlier in the week between the Philippines and the United States, are anxious that Canada become a partner to stretch the alliance from the Arctic to the Antarctic.

When the minister was in Vancouver telling Canada for the first time about what had happened at San Francisco he said that there is a Pacific pact between the United States, Australia and New Zealand; another peace pact in the Pacific between the United States and the Philippines; and that the United States and Canada have a Pacific pact. Well, that was just evading the issue. United States and Canada have no Pacific defence pact. They have a general defence pact, I agree. But the general situation is that Canada, which is a country involved in the Pacific, should be in this defence pact, and should be urging that other nations of the Pacific become members of the pact. I have not time to quote the editorials I have, but certainly in British Columbia I believe there is no difference of opinion on this question. We all believe that Canada should be a member of the Pacific pact.

These are the two questions. Finally I have just one suggestion to the minister. It is that Canada should urge upon the other commonwealth partners that there be adopted at once a policy of rebuilding the strength of the commonwealth until it is once again the third world power. Perhaps the gravest danger of war today is that we live in a two-power world, which is of necessity a highly dangerous condition. If the commonwealth were a third world power it would be an influence for peace. I think the people of the nations of the commonwealth are more peace-minded than our neighbours to the south. That is because of our geographical situation. I do not blame the people of the United States a bit for their attitude but the fact is—and everyone here knows it—that the people of the commonwealth are more peace-minded than either the people of the United States or the people of Russia. Perhaps if we had a strong commonwealth again we could give a lead in the settlement of these disputes. We are not in a position to do so now because of the weakness of the various nation members of the commonwealth who are all more or less camp followers in the United States camp.

[Mr. Green.]

The Canadian policy on this question, as announced by the Secretary of State for External Affairs a few days ago, has been to be on both sides. He made a speech on September 25—

Mr. Speaker: Order. The hon. member's time has expired.

Some hon. Members: Go on.

Mr. Green: I am sorry. I thank hon. members for allowing me to finish. In that speech he was dealing with the United States-Canada relations, and he used very significant words in explaining that the—

Mr. Speaker: Order. Has the hon. member unanimous consent to continue?

Some hon. Members: Yes.

Some hon. Members: No.

Mr. Lesage: Go on.

Mr. Green: He referred to the fact that Canadian troops going to Europe were to serve with commonwealth troops but that the airmen going to Europe were to serve with the United States air force. Of course that was confirmed today by the Minister of National Defence (Mr. Claxton). The Secretary of State for External Affairs used these words: "So that Canada as usual would be on both sides." I am sure that is a grave mistake. I think the time has come for Canada to review the direction that she is taking and to give a lead in rebuilding the commonwealth. That would be of far greater advantage to the United States as well as to ourselves and to the other members of the commonwealth; the greatest support the United States could get would be from a strong and united commonwealth. Canadian policy from now on should be directed to the rebuilding of the commonwealth.

I would remind the minister that one of his predecessors at Washington, one of the greatest living Canadians and one of the greatest members of his own party, Right Hon. Vincent Massey, has made various significant statements in Canada on this policy. I hold in my hand a quotation from a speech he made in Vancouver on November 15, 1946, and with this I close. It is entitled: "Canada's place in a troubled world." He said:

We have, in my belief, far greater influence in the world as a member of the British family than otherwise would be ours. We have, in a sense, a double status. I am quite sure from any experience that I may have been able to gain that the fact that Canada appears on the international scene, not only as an important country on her own account—which we are—but also as a member of a great association gives her both enhanced prestige and increased importance.

I suggest that at this time our greatest contribution to world peace would be to take a lead in rebuilding the strength of the British commonwealth.

Mr. T. H. Goode (Burnaby-Richmond): Mr. Speaker, I have eight minutes before the adjournment hour, and that will be plenty of time for me to say what I have to say. I have no wish at this time to speak about national affairs.

We listened this afternoon to the hon. member for Coast-Capilano (Mr. Sinclair) who, I thought, made the finest speech I have heard in this House of Commons. I wish to take a different trend altogether, and to speak on behalf of a young lad who today is in Oakalla prison farm, which is situated in my riding. This young man is under sentence of death. I leave for the west tonight, and this is the only opportunity I will have to speak a word for him. I am pleased to note that the Secretary of State (Mr. Bradley) is in his seat, and I am sure he will take some notice of what I am going to say for this boy, who was sentenced to death as the result of a very serious crime. At that time he was sixteen years of age. He stood trial. An appeal was lodged on his behalf, but the appeal has been lost. Tonight at the age of seventeen he is in Oakalla prison farm, but with very little to look forward to.

Because of my interest in the prison farm and in boys' work there I have had the opportunity of meeting Francis Stephen Sykes a number of times. I have found him to be a boy who, while perhaps realizing what he has done, finds it rather hard at this time to comprehend the magnitude of the offence. I do not think I can plead that a boy of sixteen years does not know what he is doing; but I can say this, that not only is there a failure on the part of the boy to realize the immensity of his offence, but also that his community, his church and his school should study the position in which that boy is placed tonight.

I know that these events and affairs are subject to the regular red tape. I know it may take some time before a decision in the matter is reached, and I do not know what that decision will be. I do know, however, that it is the duty of the Secretary of State eventually, through the different processes, to arrive at a decision in a case of this kind. I ask the Secretary of State, indeed I plead with him, to speak to the Department of Justice and to the cabinet with a view to ultimately bringing about a commutation for this young lad.

I am rather in agreement with the imposition of the death sentence as we employ it in Canada. It is my view that if older men commit capital crimes, then they should be subject to the proper sentence of the law But when we have before us the example of a young lad of sixteen, without help from his parents and the community in which he lived, I think that not only we as members of the House of Commons, but the people in his community, those who are in charge of his school and his church, could be considered just as responsible as he is.

Again I urge upon the Secretary of State, if any words of mine can help this boy, to give perhaps a little closer attention to the final decision than he perhaps would have given had I not spoken.

On motion of Mr. Campney the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, were we fortunate enough to conclude this debate tomorrow, the first order of business would be resolution No. 15 on the order paper, to introduce a measure to amend the Railway Act.

At seven o'clock the house adjourned, without question put, pursuant to the order of the house passed on October 12, 1951.

HOUSE OF COMMONS

Friday, October 19, 1951

The house met at 1.30 p.m.

KURT MEYER

INQUIRY AS TO RELEASE FROM INCARCERATION IN CANADA, ETC.

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I should like to direct a question to the Acting Prime Minister regarding a newspaper report respecting General Kurt Meyer. In so far as his incarceration is concerned, was he released or transferred under an order in council, and has there been any communication to the effect that he will now take his place in any army being formed in western Germany?

Right Hon. C. D. Howe (Minister of Defence Production): I am sorry that neither the Minister of Justice (Mr. Garson) nor the Minister of National Defence (Mr. Claxton) is in his place. I am sure that they could give a more detailed statement. In the meantime I can only say that Kurt Meyer is merely being transferred from one custody to another. There is no question of release. However, I will call the question to the attention of the Prime Minister (Mr. St. Laurent) and endeavour to have an answer for my hon. friend on Monday.

Mr. Diefenbaker: Perhaps the minister would say whether or not this was done under order in council, as there seems to be quite a bit of secrecy about the matter.

Mr. Howe: I am told that it was done under order in council—I did not happen to be in council the day the order was passed, but I think it was yesterday.

Mr. Fleming: Was any request received from any other government for such order in council?

Mr. Howe: I am sorry, I am not in a position to answer this question. This is not a matter that is related in any way to my department, but I will endeavour to have all these questions answered on Monday by the appropriate minister.

Mr. Coldwell: Because of the importance of the matter, will the minister say whether he is still under the control and the jurisdiction of Canada or whether his incarceration has been transferred to the jurisdiction of another country?

Mr. Howe: I will call that question to the attention of the government.

INCOME TAX

RULING OF INCOME TAX APPEAL BOARD PERMITTING DEDUCTION OF CERTAIN EXPENSES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, on Monday last I directed a question to the Minister of Finance concerning a recent decision of the income tax appeal board to the effect that expenses of lawyers attending conventions of the Canadian Bar Association are deductible for income tax purposes. At that time I asked the minister if steps had been taken to extend the same privilege to members of trade unions and other comparable groups. The minister said that he would answer the question later.

Hon. Douglas Abbott (Minister of Finance): I had forgotten to answer the hon. member's question. Of course it is one of law. I have not examined the decision of the income tax appeal board; but I assume the board must have decided that the lawyer in question incurred these expenses as necessary expenses in earning his income. If a member of a trade union is in the same position in deducting expenses, and if he can say that his attendance at a trade union convention was necessary, incidental to the earning of his income, then I assume that as a matter of law the court would hold the same thing. However, it is purely a question of law.

Mr. Knowles: May I ask this supplementary question: Does not the minister feel that the law should be changed so as to make sure that all these different groups are treated alike?

Mr. Abbott: No, I think it is strictly a question for the courts.

ANGLO-EGYPTIAN TREATY

DEFENCE OF SUEZ CANAL—STATEMENT BY MINISTER

On the orders of the day:

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, yesterday the Prime Minister indicated that I would make a short statement on the developments

in Egypt, and I am very glad to do so now. It was also suggested yesterday by the hon. member for Vancouver-Quadra (Mr. Green) that there had been some strange delay in dealing with this matter, in so far as bringing it before the House of Commons is concerned. I do not think there has been any undue delay, as the chronology of events will indicate.

On October 15, Monday of this week, the United Kingdom High Commissioner saw officials of my department and brought them up to date on the events which had transpired in Egypt over the week end. Unfortunately, on that day I was absent, in Kapuskasing, returning from there the next day at noon. Upon arrival in the House of Commons at 1.30 I found a question from an hon. member which I felt I could not deal with appropriately at that time.

Then on the next day, Wednesday, after we received further information from the United Kingdom government, the questions was discussed in cabinet. We also had an exchange of views with regard to it with Washington.

On Thursday, October 18, the views of the Canadian government in respect of this matter were transmitted to the United Kingdom government and also to the government of the United States. On that occasion—yesterday—I was in a position to make a short statement; but in view of observations then made it was felt that possibly the very short statement I had in mind should be elaborated somewhat. That longer statement I shall make today.

I believe, if hon. members wish to understand the complete significance of what has been transpiring in Egypt, it might be desirable to give very briefly a short historical background. It must be remembered in the first instance that even when the protectorate in Egypt was terminated in 1922 and Egyptian independence was proclaimed, the questions of the Sudan and British defence interests in Egypt remained unsolved issues, and were the subject of differences between the two governments until 1935, when the invasion of Ethiopia brought war to the very borders of Egypt and led directly to the signing of the 1936 Anglo-Egyptian treaty.

This treaty, which was to run until 1956, was designed to put an end to the military occupation of Egypt, and to replace it with a permanent alliance for mutual assistance both in times of peace and war between the United Kingdom and Egypt. That treaty also authorized the maintenance of United Kingdom troops in the Suez canal zone—and I quote these words "until such time as the parties agree that the Egyptian army is in a position to ensure, by its own resources, the liberty and entire security of navigation of the canal." That treaty, the 1936 treaty, also continued the administration of the Sudan under the Anglo-Egyptian Condominium Agreement of 1899.

During the war years—that is the years of world war II—the treaty, through the facilities in Egypt which it placed at the disposal of the allies, played a very important role in the attainment of ultimate victory over the axis powers. As the tide of war receded from Egypt, however, the popular Egyptian demand for the removal of all remaining limitations on independence was revived and led to an inconclusive reference of this matter to the United Nations security council by Egypt early in 1947.

With the return of the Wafd government to power in Egypt in 1950, it became the declared objective of Egypt to achieve the complete evacuation of United Kingdom troops from the canal zone and the unification of the Nile valley, including the Sudan, under the crown of Egypt. Rejecting a revision of the treaty with the United Kingdom, and finally rejecting more recently a place of equality in a system of collective defence for the whole Middle East area, the Egyptian government has pursued its national aims to the point reached a few days ago, when it abrogated its treaties with the United Kingdom.

It was implicit, in the recent decision taken in Ottawa a few weeks ago to invite Greece and Turkey to accede to the North Atlantic treaty, that the defence of the Middle East is vital to the successful defence of Europe and the north Atlantic area, as was clearly shown during world war II. It was for the same reason that it was also decided to establish a separate command in the Middle East which, through the peacetime co-operation of the states in the area and those states directly concerned in the defence of that area, could make adequate preparation for its successful defence in time of war.

Those states directly concerned, and which were invited to participate in the Middle East command, included Australia, New Zealand and South Africa. These proposals, which were submitted to the Egyptian government before the denunciation of the treaty, would have superseded the treaty and would have terminated the present United Kingdom regime, under which it had responsibility for the security of the canal zone. These proposals were rejected by the Egyptian government, and that rejection was followed very shortly by the action taken last week.

So far as the Canadian government is concerned, it regrets exceedingly the action taken by the Egyptian government to repudiate the Anglo-Egyptian treaty of 1936—action

all the more regrettable in view of the fact that alternative arrangements were under discussion with the Egyptian government at the time the repudiation took place.

The Secretary of State of the United States has already characterized this repudiation and, indeed, also that of the agreements of 1899, regarding the Sudan, as without validity. We agree with that view.

The situation which has developed in the Suez canal zone is highly inflammable and can become dangerous to general peace. For that reason the Canadian government joins other governments in expressing the earnest hope that every effort will be made to avoid any breach of the peace and to achieve a satisfactory arrangement for the security of the area.

The government has welcomed the assurances which we have received from the United Kingdom that, as we would naturally expect, they are doing their best and will continue to do their best to avoid incidents and violence. The Canadian government considers it of major importance for the security of the free world, indeed for the maintenance of peace itself, that no action should be taken to alter by force the present regime of responsibility of the United Kingdom for the defence of the Suez canal zone. These views have already been communicated to the United Kingdom government.

PENSIONS

VETERANS—STATEMENT AS TO INCREASE

On the orders of the day:

Hon. Hugues Lapointe (Minister of Veterans Affairs): Mr. Speaker, earlier in this session I replied to inquiries in connection with an increase in the basic rate of disability pensions paid to veterans under the Pension Act by stating that the government had had the matter under consideration and that an announcement would be made on the subject at an early date.

In accordance with the recommendation of the last special committee on veterans affairs the government has given further consideration to increasing the basic rate of pensions for pensioners under the Pension Act. I now wish to inform the house that it is the intention of the government to introduce at this session legislation dealing with this matter.

Consideration has also been given to the War Veterans Allowance Act, in particular to its relationship with the new social security legislation to be introduced by my colleague, the Minister of National Health and Welfare (Mr. Martin). The government has come to the conclusion that it is advisable to have this legislation studied by a special committee on veterans affairs before submitting it to the house. Accordingly it is intended that such a committee will be set up as early as possible after the regular 1952 session opens in order to deal with the War Veterans Allowance Act. I may say that changes to the War Veterans Allowance Act subsequently enacted could be made retroactive to the first of January 1952, which is the general date for the putting into effect of the provisions of the new old age security legislation and Old Age Assistance Act.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I am sure the members of the house will welcome the fact that the government has on further consideration decided to deal with this subject. I notice that the minister said that legislation will be introduced during the present session to deal with the matter, but he has not indicated the nature of the steps that are to be taken. It certainly would avoid unnecessary discussion on this subject if the minister would indicate that a decision has been taken to deal with this matter on the basis of an over-all increase in the basic rate which has been pressed for by hon. members for some days.

Mr. Lapointe: Whatever legislation is to be brought in will be made known to the leader of the opposition and other hon. members at the time. I do not think that it is necessary for me to go further into the matter. Any debate on this particular phase of the matter should take place at that time.

Mr. M. J. Coldwell (Rosetown-Biggar): May I ask a supplementary question. In view of the fact that the new social security legislation will have some effect upon war veterans allowances, why is this committee not being set up at this session so that it could study the new social security legislation?

Mr. Lapointe: For one reason, the new old age security legislation has not yet been introduced. Until that legislation is before the house it would not be in order to consider changes in any other act administered by my department. As the Minister of Finance (Mr. Abbott) points out, that legislation would have to be disposed of first. I might say that in considering this question the government was of the opinion that the work performed by the parliamentary committee which sat during the last session covered adequately the question of an increase in the basic rates of pension. It was thought desirable during this short session that some positive steps be taken following the sittings of the committee. I might say that the various veterans organizations have indicated to me that they share this view.

Mr. A. J. Brooks (Royal): I wonder if the minister could tell us at this time the proposed percentage of increase?

Mr. Abbott: Wait and see.

Mr. Lapointe: That will be a question of government policy which my hon. friend will learn about in due time.

OLD AGE SECURITY

APPLICATION TO VETERANS OVER 70 YEARS OF AGE

On the orders of the day:

Mr. G. K. Fraser (Peterborough West): Mr. Speaker, I should like to address a question to the Minister of National Health and Welfare, consequent upon the statement just made by the Minister of Veterans Affairs (Mr. Lapointe). Is it his advice that every veteran 70 years and over presently receiving a war veterans allowance should make an immediate application for old age pension? Should they put in those applications now instead of waiting?

Hon. Paul Martin (Minister of National Health and Welfare): I am hoping that I shall have an early opportunity to introduce the new old age security legislation and I feel that that would be the proper time for my hon. friend to pose his question.

EXTERNAL AFFAIRS

LIST OF DIPLOMATIC INSTRUMENTS COMPLETED IN 1951

Hon. L. B. Pearson (Secretary of State for External Affairs): May I ask unanimous consent to revert to motions in order that I may table a list, in English and in French, of diplomatic instruments completed in 1951.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed, from Thursday, October 18, consideration of the motion of Mr. Robert Cauchon for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto of Mr. Drew, and the amendment to the amendment of Mr. Coldwell.

Mr. R. O. Campney (Vancouver Centre): Mr. Speaker, I rise to make a few remarks regarding the somewhat extended comments which the leader of the opposition (Mr. Drew) made on Monday last with respect to the Department of National Defence, with which I am associated as parliamentary assistant to the minister. Before dealing with that I should like to deal with two or three points that have been raised by previous speakers in respect of which I may be able to give a little enlightenment.

Speaking in this house on October 16 my genial friend, the hon. member for Cape Breton South (Mr. Gillis), raised a question about the administrative machinery having to do with advice to soldiers being discharged from the service as to their rights and benefits. In particular he cited two cases which had come to his attention. I might say that the two cases which he mentioned specifically are being investigated.

I should like to make the observation that the procedure generally is, as I am informed by the department, that personnel officers are attached to all depots through which soldiers are discharged in order to advise them exactly as to their rights and benefits and also to act as liaison between the Department of National Defence and the Department of Veterans Affairs and any other department which might be of interest to returned men.

On October 17 the hon. member for Melfort (Mr. Wright) asked whether troops returning to Canada are sworn to secrecy. The answer is "no".

Speaking in the house on October 17, the hon. member for Prescott (Mr. Bruneau) and the hon. member for Brandon (Mr. Dinsdale) made reference to airports in their constituencies which had been operated during the last war but which so far have not been reactivated.

In reply it might be of interest if I stated generally that the practice in the selection of sites for Royal Canadian Air Force training bases is that all relevant factors of ex-bases are very thoroughly and carefully considered before decisions are made. Some of the principal considerations are, first, the cost of rehabilitation, which of course is a very necessary factor; second, and equally necessary, the speed with which rehabilitation can be effected; and third, the proximity to other existing stations of a type similar or complementary to the air bases proposed to be reopened. I am sure that both gentlemen who made remarks with respect to ex-air bases in their constituencies will appreciate the necessity in the public interest of examining prospective air bases in the light of these circumstances, and I am sure that they will both keep the claims of their respective airfields well before the department in the future.

Returning now to the remarks of the leader of the opposition (Mr. Drew), I am sure that every member of the house is in full accord with the tribute he paid to the Canadian forces in Korea. Canadians serving in the

Korean theatre, on the land, in the air or at sea, have upheld the traditions of the Canadians who served in the first and second world wars and have brought new lustre to those traditions. It is no surprise to us that this should be so, but I do think it is a source of pardonable pride and very great gratification to every member of this house.

I wish I could be as fully in accord with the observations of the leader of the opposition which followed the one to which I have referred, but I am afraid that in the main I must take issue with them because I feel they are somewhat unfair, very sweeping and possibly even a little bitter in their purport.

Before I leave the question of our forces in Korea, I should like to interject at this point that I think I express the feelings of all returned men in the house, and I dare say all members of the house, when I say that I am gratified that the very urgent and serious question of an increase in pensions for our disabled war veterans and the matter of war veterans allowances are going to receive early consideration from the house. I think it is to the credit of the government and will give great satisfaction to veterans organizations everywhere.

It seems to me that the leader of the opposition started his remarks with some very sweeping statements. For example he said, as recorded on page 24 of *Hansard* for October 15:

> After an expenditure of more than $3 billion since our rearmament program began, we have surprisingly little in the way of first line forces in being, ready to go into action.

Again at page 25 he said:

> Three years have passed since we were told we were starting our rearmament program.

On the same page, after referring to the expenditures for defence, he says:

> What are we getting for it? That is what we have a right to know.

In passing I would observe that three years have not elapsed—because they will not elapse until the first of April, 1952. Nor did we expect to spend $3 billion during the past three years. What we anticipated was an expenditure of approximately $3 billion before March 31, 1952. Apart from that, however, we all know that when the rearmament of our country in its own defence was first contemplated it was just a question of making a beginning. World conditions were not unduly pressing, but in the middle of 1950, with the advent of the Korean war and the development of our undertaking under the North Atlantic treaty, our rearmament was necessarily and properly greatly accelerated.

To epitomize the remarks of the leader of the opposition, it would seem to me his chief complaint was that the government had not been giving enough information to the Canadian public and to the house. I think it must commend itself to hon. members, and I hope to the leader of the opposition, that a great deal of information with regard to the Department of National Defence, as in the case of the Department of External Affairs, cannot be made public. The government must determine where in the public interest it should draw the line. That is a responsibility of government. It is a matter of government policy, and I do not presume to make any comment on that particular fact. However, I think it should be understood and accepted that such is the case and that the degree depends on the decision of the government.

I think the leader of the opposition knows very well that in the United Kingdom, Canada and other countries of the commonwealth it has not been the practice to make public such information as, for example, the number of operational air squadrons, where they are, what they are equipped with, how many there are in a squadron or what their state of readiness is. Neither is it the practice in any of these countries to give any information with respect to the location or the set-up of radar screens and radar stations. However, the house has been told that it costs $6 million to set up a radar station and put it into service. This type of information regarding the plans for the building of such stations is not made public. There are many other things of the same nature. In other words, the end results of our defence preparations are in many cases the very things that cannot, and I think in all fairness should not, be made public. In fairness to the department and the government I do not think that such information should be made public.

I do not know of anything that would be more detrimental to our defence effort than to make this type of information public, either wholly or in part. It would certainly be very useful to our enemies for two reasons. In the first place they pick up all the information they can in Canada and in any other country that is their enemy. They pick it up piecemeal as best they can, where they can and when they can, and then try to piece it together. I cannot think of anything that would be more harmful to our interests and more helpful to theirs than if we were to make authoritative statements from time to time about the number of fighting squadrons we had here, the number

of radar stations we had there, or the number of submarine chasers we had some place else.

It would do two things. First of all it would serve as a check on such information as they are able to gather and assemble from various sources. Certainly some of this information can be found out. There is no question about it. People who live in a part of the country where a radar station is being erected at least have a good suspicion of what is going on, but the efforts to get all such information correlated would certainly be greatly facilitated if we were to take the attitude that we will depart from what is the accepted practice and give out all information about our defences to anybody who wants to know.

Secondly, and perhaps more important is that it would also serve any enemy as a check on the effectiveness of their espionage system.

At page 25 of *Hansard* for October 15 the leader of the opposition said:

> In a recent series of responsible and, I believe, unchallengeable articles appearing in one of the most reliable newspapers in this country—

Obviously he is describing the Toronto *Globe and Mail*, but I suppose he must have his little joke. I do not think he could really have been serious. In any event I continue the quotation:

> —it was stated unequivocally by their military writer—and he is an exceedingly competent military writer—that as of October 1 there are only two fighter squadrons ready to go into action.

This followed quite a broad attack on the preparedness state of the Royal Canadian Air Force. When such a statement as that is made, for reasons that I have mentioned, it cannot be categorically answered and it will not be categorically answered. I can, however, say that it is very wrong, and that it is misleading like so many of the other statements in this series of articles which were written by Mr. Hornick of the Toronto *Globe and Mail*. As the leader of the opposition, judging from the statement which I previously quoted, appears to regard Mr. Hornick as an exceedingly competent military writer, perhaps he would be interested to hear—and perhaps the house would also—what Mr. Hornick had to say about the Royal Canadian Air Force as late as last April. On the 25th day of April this year Mr. Hornick wrote this article in that same reliable newspaper, the *Globe and Mail*. I think we should pay particular attention to this article because it is only a few months old. He wrote:

> In less than one year the R.C.A.F.'s rate of expansion has tripled. The entire complexion of Canada's junior fighting service has undergone an astonishing change. Strength has increased, squadron formation has accelerated, training capacity has multiplied, equipment delivery has been expedited. The old peacetime concept of a nucleus air force has completely vanished. Already the framework of the 1953 striking force is well advanced. Like the other armed forces, the R.C.A.F. swept into the world's armament race with little forewarning.

I do not know whether anything further is necessary with respect to Mr. Hornick's unchallengeable article. I guess you pay your money and take your choice.

Mr. Drew: Mr. Speaker, I am following this with great interest. It might help if the hon. member would explain in what way those two statements differ. There is a vast difference between a framework and squadrons in action.

Mr. Campney: I think the difference between those two statements is this. As I read the series of statements, which I have not quoted in full by any means, it strikes me that if the situation in the Royal Canadian Air Force was as Mr. Hornick stated it was on April 25 in the *Globe and Mail*—and as everybody knows it has been making steady progress since that time—then the remarks he made as late as October cannot be in accordance with the facts, which as I have stated they were not.

Coming to the question of the information that can be made available, as I say, every government must take the responsibility as to what degree of information should be given in the public interest. If we look at the statements that the Prime Minister (Mr. St. Laurent) has made in this house, at the many statements that the Minister of National Defence (Mr. Claxton) has made in this house, in great detail, and at the white papers that have been tabled—during the last session and brought up to date recently—and the many, many hours that we spent on defence estimates, I think that hon. members will agree that this house does not lack information.

However, information must be kept up to date and I have attempted to select some figures in order to give a statement of fact which it seems to me might be helpful in bringing the situation up to date for the members of the house with regard to what is going on in the department.

During the two and a half years since April 1, 1949, the strength of the Canadian forces—including the three branches—has more than doubled. In other words, it has risen from something like 41,500 to something over 84,000. Of those 84,000, over 35,000 have joined the services since the Korean war began in June, 1950. While these

figures certainly form no basis for complacency, as many more men are needed, I believe they show, in a general way, continued and steady progress. But doubling the strength of the armed forces requires much more than just doubling the payroll. It means the reconditioning of training establishments, married quarters and other accommodation which was used in the last war. It means expanding a good deal of that accommodation, and it means the acquisition of new property and the construction of entirely new accommodation. These things take time.

In that connection it might be of interest to the members of this house if I told them that, in addition to the repair and the reconditioning of this existing accommodation, the construction of over 8,600 units of permanent married quarters at a cost of approximately $10,500 per unit has been entered upon; and of these 5,100 have been completed to date and 3,500 are in various stages of construction. As to airfields, it has meant the acquisition and expansion at considerable expense —because they are expensive; the cost runs into many millions of dollars in each case— of 20 airfields and airtraining schools to take care of the influx of troops, bringing to a total of 66 the number of airfields and aircrew schools in operation. It has meant the expansion or reopening of 12 army camps to accommodate army recruits and new formations, raising the total number now in operation to 22. In the navy it has meant the expansion of five existing shore establishments and the construction of two entirely new ones, additional to those put back into use of the existing ones, so that there is now a total of 35 naval establishments on shore.

I mention all these items—and there are many others—because it seems to me that we had to start at the beginning, and the beginning was to establish a plan. You cannot turn out trained, fighting sailors, soldiers or airmen without having sound training plans. It is not exactly a parallel analogy but it is somewhat analogous to the construction by the aluminum company in British Columbia of a plant which would cost something like half a billion dollars, most of which will have to be spent before they can turn out a block of aluminum. We have to have all these things done first, and I am giving these figures to show that they have been done or are being done very quickly.

I should like to go a little further. I should like to take the three services and put on *Hansard* for the benefit of hon. members a few facts with regard to them. In the last two and a half years the army has increased from approximately 19,000 to about 45,000. Out of this increase of 26,000 the 25th Canadian infantry brigade now fighting under the flag of the United Nations in Korea and its replacements have required 10,000; the 27th brigade which, subject to the approval of this house—and with regard to which the order in council was tabled yesterday seeking that—will shortly proceed to Europe, will, with its replacements require 8,000; and the remainder of these 26,000 have reinforced the ranks of the other training and administrative units required to serve the increased fighting formations and as the organizational basis for mobilization in an all-out emergency.

Here I should like to correct the leader of the opposition in another particular when he states, as he did, as reported at page 25 of *Hansard:*

> . . . The airborne brigade is being sent out of Canada with no trained airborne brigade to take its place. If the explanation for not sending the airborne brigade was valid in the first place, what is the reason that we do not need a trained airborne brigade at this time?

In this connection, I am informed that the original mobile striking force to which the hon. leader of the opposition referred was especially trained for the territorial defence of Canada. It has not been sent, and it is not intended that it will be sent out of Canada. The facts are these: A number of trained men from this force are being sent to Korea for battle experience. These are, in turn, being replaced by battle-experienced veterans from Korea in such a way that the number of trained paratroopers in Canada shall not at any time fall below an acceptable level. This has been made possible by the fact that since the outbreak of hostilities in Korea the program has been steadily producing trained paratroopers. The arrangement now in effect in no way weakens our own defence but rather toughens it by incorporating some elements of battle-hardened troops from Korea.

May I now turn to some statistics with regard to the navy. On April 1, 1949, the navy had a total strength of approximately 8,000. Today that strength has risen to roughly 12,000. On April 1, 1949, the navy had about 15 ships in commission. Today there are in commission 28 ships, together with 28 other vessels ranging from auxiliary tankers to harbour vessels which are not commissioned ships. In addition, there are 24 other ships under construction at the present time, 7 of which are escort vessels. Furthermore, the contracts for another 7 escort vessels and 10 smaller craft have been let. A large program is already in progress looking to the rearmament and refitting of existing Royal Canadian Navy ships in strategic reserve. In this connection more than 34 frigates and minesweepers have been brought

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out of reserve and at present are being reconditioned. As you know, since June, 1950, five destroyers have been employed in Korean waters. Of these, three have been at all times on duty there.

Turning for a moment to the Royal Canadian Air Force, may I say that in 1949 there were 14,500 men in that force. Today, we have 27,500. Major projects in the earlier stages, of course, have been the reactivation of the airfields, provision of accommodation and the creation of training facilities, and all other incidentals necessary to and attendant upon the expansion of this service. On the training side, the objective is to train each year a total of 1,400 aircrew from other countries in the North Atlantic Treaty Organization. We are now training men from Belgium, France, Holland, Italy and Norway as well as the United Kingdom. In addition, the desire is to train 1,900 men for Canada.

It may be of interest to the house if I tell hon. members that between 600 and 700 pilots, navigators and wireless operators, which constitute aircrew, and over 4,000 ground crew have thus far been trained in Canada by the Air Force. In addition it has trained or is training approximately 250 aircrew for NATO countries. It will be readily appreciated that a tremendous expansion in training facilities and aircraft procurement has been necessary to achieve this end, as well as the provision of adequate airfields.

But the Royal Canadian Air Force has advanced in quality as well as in quantity. This has meant the spending of a considerable amount of money for the development and production of the most advanced types of aircraft. Every member of the house will know and appreciate that that involves a long period of time and large expenditures before returns become definitely and consecutively available.

It seems to me that the two principal objectives of the Air Force should be, and I believe they are, first to train aircrew for new squadrons to be equipped with the latest and most modern fighting equipment; secondly, to provide such modern aircraft in substantial numbers as quickly as may be possible. To provide for the training of these pilots, wireless operators and navigators, Canada has purchased Mitchells and Mustangs, as well as other types of aircraft, which, although they are not the latest types of aircraft, are particularly valuable and more economical for the operational training of fighter pilots. Against the time when new planes are available in greater quantity, they serve an extremely useful purpose.

To meet the requirement for short-range defensive fighting aircraft Canada has, as hon. members know, adopted the F-86E, which is making a name for itself in Korea. Apart from the United States, Canada is the only country in the world producing this aircraft. They are being produced at a rate which is limited only by the supply of equipment manufactured in the United States. As regards the production of the second type of plane, the long range all-weather fighter, the CF-100, progress has been somewhat slower. I understand, but I am not sure, that further information on this particular subject may be available later in the day. As I understand it, the development stage has been passed and I think the hon. member for Port Arthur (Mr. Howe) received the first service CF-100 with an Orenda engine a couple of days ago. It is expected that from now on deliveries will be continually increasing.

In his remarks on Monday, the leader of the opposition stated, as reported on page 25 of *Hansard*:

> Canadians have been told that we have developed the finest anti-tank gun in the world, that we have the world's most advanced anti-submarine vessels, that we have the world's most powerful jet engine, that we have the world's best all-weather fighter.

I made a search but I was unable to find—if I am wrong I can be corrected—any record or indication, either in *Hansard* or in the department, of any such statement as that having been made by the minister or any official of the department. I ask you to note this, because the statement covers a wide field. By chance it did happen that in trying to find some source for this statement I perused an article by Mr. Hornick in the Toronto *Globe and Mail* of October 8, just a week before the leader of the opposition delivered his speech. In that article I found this quotation:

> . . . the vague boasts that since the war this country has developed the world's finest anti-tank gun, the world's most advanced anti-submarine ship, the world's most powerful jet engine, the world's best all-weather fighter.

The only difference between the two statements is that the boasts had become less vague within the week which elapsed between the delivery of the speech by the leader of the opposition and the appearance of this article by Mr. Hornick in the *Globe and Mail*. The vagueness has gone, and it is now an unequivocal statement. Incidentally, the similarity between the statements raises a train of thought as to whether the hon. leader of the opposition finds Mr. Hornick inspiring or whether Mr. Hornick finds the leader of the opposition inspiring. Perhaps they are both inspired by some superior medium acting through two media, the press and parliament.

Mr. Sinclair: It may be a pen name.

Mr. Campney: Well, I do not wish to indulge in any vain boasting. I think I can say in fairness and in honesty that the Department of National Defence is developing excellent equipment in all these fields. That is not peculiar to the Department of National Defence of Canada; I think it is true of all—it ought to be—government departments which are carrying on the rearming of the different countries of the world.

The department is using its utmost endeavours—and I believe with considerable success—to maintain the position of Canada, and if possible to assume leadership in many of these fields. I do not think we should boast about it, but I think we have a splendid record. If the record does become known, and it should become known, it will abundantly demonstrate that. To the extent that we succeed I think the department deserves the gratitude of Canada, and to the extent that it tries it certainly has the support of every hon. member. I know there are going to be disappointments; there have been; but in the main, from such knowledge as I have of the department, I feel we are progressing better in that direction than a good many other countries.

It was my privilege last month to attend the meeting of the North Atlantic treaty council here in Ottawa. I should like to interject here that the delegates to this treaty council ranged all the way from ranking ministers and in some cases prime ministers of the North Atlantic treaty countries. The appointments and the arrangements for this conference apparently were most impressive to all the delegates attending. Our own Department of National Defence fittingly provided a system of instantaneous translation, which was used throughout the conference, and which I think had not been used heretofore at NATO council meetings.

While the proceedings of the conference were secret, yet I think I may say that the attitude of the delegates of other countries indicated that they at least were most appreciative of the efforts that Canada is making in regard to this undertaking, and they felt that we are making a great contribution to the common cause on which all of our freedoms depend.

In these circumstances it seems to me that the Department of National Defence, under the very able and industrious leadership of the minister, ought to have the sympathetic consideration and the support of this house, and that the department should be able to rely on that and not have to feel that any person or element of people is unreasonably critical; critical if you like, but not unreasonably critical of the very honest effort that is being made in the face of many difficulties to meet the existing situation which grows more perilous every day. That is why I do not think, in fairness to the house or to the Department of National Defence, a statement such as the leader of the opposition made in his remarks of Monday last, as reported at page 25 of *Hansard*, should be made. There, after having paid his tribute to Canadians in both world wars, he said:

> It is unworthy of their great achievements and their valour, to say nothing of their sacrifice, that the people of Canada should at any time be lulled into a state of complacent optimism by boastful statements unrelated to the facts.

I submit in all fairness that that statement is completely unrelated to the facts.

Lastly, in dealing with the observations of the leader of the opposition, I should like to make a brief reference to his request that the government should appoint a committee on defence expenditures.

The type of committee, if any, that this house may appoint is a matter of policy, and I do not propose to comment on it one way or the other; but I should like to observe, Mr. Speaker, that we did have a committee last session, a committee on public accounts, which, as we know, is a committee set up by this house to examine into expenditures. That committee sat last session, and in accordance with the wishes of the opposition groups, it spent the greater part of its time investigating the affairs of the Department of National Defence for the fiscal year ended March 31, 1950. Well, that was an early stage of the defence preparation. There was before that committee however over $380 million worth of defence expenditures, and I think that is about equal to the ordinary expenditures of Canada before the war. These accounts, contracts and all the details were included in 65 pages of the public accounts. I know a little bit about the committee because I happened to be a member of it. The leader of the opposition was a member of it.

Mr. Sinclair: He never attended it.

Mr. Campney: So far as I am aware, and I was there for most of the meetings, he was not present. The committee met first on March 1, and concluded its sittings almost four months later, on June 28. During the intervening period it held 27 meetings, of which 19 meetings were entirely devoted to the examination of the activities of the Department of National Defence.

The deputy minister of that department was under continuous examination throughout twelve consecutive sittings, and other officials of the department, as well as the manager of the Canadian Commercial Corporation,

were also examined. At the request of the committee the Minister of Defence Production (Mr. Howe) appeared before the committee. Altogether, over 600 pages of evidence were given, and over a hundred pages of tables and documents were produced, and filed as appendices to the proceedings, of which over 90 pages represented material prepared by the Department of National Defence.

A great deal of interesting information was obtained by the committee, and so far as I know none was improperly withheld. In fact, in its report to the house, at page 693, the committee said:

> All witnesses asked for have been heard, all documents requested were produced, and no trouble was spared by Messrs. Drury, Low and Ross to satisfy committee members with detailed answers to their questions.

As matter of fact, and as perhaps a pertinent comment on the real interest of the official opposition in actually inquiring into and studying defence expenditures, it should be stated that the committee was forced to adjourn on four occasions for lack of a quorum, and in fairness I may say that the poorest record by far was that of the members of the official opposition.

Actually, on June 21 when an adjournment for lack of a quorum became necessary, it was noted that at the time of the adjournment those present consisted of 17 Liberals, 1 C.C.F., 1 Independent, and not a single Progressive Conservative. The Progressive Conservatives were evidently taking their cue from their leader, who didn't come at all.

In any event, it was a good thing to have had the committee, as it afforded an opportunity to inquire into and investigate over $380 million worth of expenditures, the methods that were followed in making these expenditures and the efficiency of the departmental officials.

It is also noteworthy that as a result of the four-month sessions of the committee, no irregularities were disclosed or found—in fact, none were alleged. No waste of public moneys was established and no economies or changes in procedure were recommended.

I think the house should be made aware of what went on in that committee and the time that was spent in the investigation. I am speaking only for myself, but it seems to me that any government must take responsibility for policy in respect to defence as in anything else, but the expenditures and the propriety of these expenditures, the honesty with which they are made, are subjects of parliamentary inquiry at any time, and were all through last session in this very house.

I have endeavoured to show that this most important matter of national defence is important to all of us; it is important to every citizen of this country, and probably will become increasingly so. This department, with which I have the honour to be associated in a minor capacity, is, under the excellent leadership of its minister, and under very difficult and changing conditions, doing a sound job for the people of Canada, and a job which I believe merits the respect and the support not only of every member of the House of Commons but of all the people of Canada as well.

Mr. Green: Has the hon. member a report with respect to the reserves of the three forces?

Mr. Campney: I am sorry that I have not those figures here at the moment.

Mr. D. A. Riley (Saint John-Albert): Mr. Speaker, I wish to add my heartiest congratulations to the mover (Mr. Cauchon) and the seconder (Mr. Simmons) of the address in reply. The evidently careful preparation of their speeches and the able manner in which they delivered them is but further indication of the excellent way in which they continue to represent their respective and important constituencies.

Like other hon. members who have preceded me in the debate, I should like to express a word of appreciation of the gracious manner in which Their Royal Highnesses The Princess Elizabeth and the Duke of Edinburgh have consented to visit my riding. The people there, in common with those throughout New Brunswick, are looking forward with keen anticipation to the visit to take place on November 6. I know local committees are expending great efforts in their endeavour to ensure that as many as possible of the children in the different cities in which visits will be made and as many as possible of the veterans and of the people generally will have a chance to catch at least a glimpse of the royal couple.

I feel that those in Ottawa who are in charge of arrangements, those who perhaps are guiding the tour, should co-operate in every possible way, always having due regard to the health of our royal visitors, so as to ensure that the efforts of those committees in trying to give as many as possible a glimpse of the royal couple will be successful.

I was pleased today to hear the announcement by the Minister of Veterans Affairs (Mr. Lapointe) because, in common with most members in the House of Commons who are conscious of the deep debt we owe to our veterans, I have been urging that something be done to increase the basic rate of pension. I am confident that if and when an increase in the basic rate is put through it will be as generous as have been increases

in the past. There have been graduated increases from the time when pensions were instituted in 1914, and I hope the increase now proposed will be in line with what has taken place in the past.

There are many matters of varying degrees of urgency I should like to draw to the attention of the house, and it is with deep regret I realize that the limited time allowed during this debate will not permit me to deal with them as effectively as I would have liked.

As a citizen of the Atlantic provinces, born in one, educated and settled in another, and ever keenly conscious of the many problems confronting all of them, I cannot help being alive to that part of the speech from the throne dealing with the great lakes-St. Lawrence deep waterways project. There seems to be a feeling abroad that violent opposition will be offered to the legislation instituting this project by many of the maritime members, when such legislation is brought before the house. There seems to be keen interest in the corridors of the parliament buildings and in the various offices of government, as well as a great deal of conjecture as to what attitude will be taken by maritimers toward the proposed St. Lawrence deep waterways project. As a member representing the largest single maritime constituency, in terms of population, let me make myself abundantly clear at the outset that I am not opposed in principle, but that I heartily approve in principle the St. Lawrence seaway project, as well as the hydroelectric development project which will no doubt be connected with it. I could scarcely reconcile any other attitude with the precepts of liberalism to which I have adhered very closely, precepts which have long guided my political conscience in determining what is best for the nation and its people.

When I say I agree in principle with the idea of the seaway, I am compelled to add that there are many aspects of it which must be carefully analysed and examined, and weighed most judiciously, before we proceed. At the risk of boring the membership of the house I should like to refer back to a speech I made at the last session of parliament, in the course of which I expressed interest in a more even development in Canada, a subject which was introduced at the last dominion-provincial conference held here in Ottawa in January of the present year.

It was stated there that large concentrations of industry in particular parts of Ontario, with little industry elsewhere in Ontario, created grave problems, and that a development of Canada with large concentrations of industry in some provinces, but with correspondingly small concentration in others, created an equally grave problem.

As part of its program the conference was requested to study ways and means whereby it could be provided that the country could proceed in a more even fashion, and that industry and natural resources could be developed more evenly. This expression of what seemed to be real concern for a more even development of our country came, not as one might expect from a maritimer, or from a citizen in a western province, but rather from the premier of Ontario. I was heartened by his words, and by what appeared to be his sincere regard for those sections of the country which were not as extensively populated or as highly industrialized as his central area. Having this in mind I feel certain that the proposals which I intend to put before this house today will have the support and approval of the premier of Ontario.

The events leading up to the Canadian decision to launch on its own, in the event that the United States government does not deem it advisable to proceed at this time, the seaway project remind me that these events followed closely upon the events leading up to the bogging down of the Passamaquoddy tidal power project. I was pleased that the hon. member for Royal (Mr. Brooks) and the junior hon. member for Queens (Mr. MacLean) both made mention of Quoddy, as we have come to call it in a popular fashion in the New England states and the eastern provinces of Canada. It proves that they also, even though belonging to another political party, are fully conscious of the great problems confronting the maritime provinces and see the relative importance which this bears to the St. Lawrence seaway project.

I should like to congratulate the junior member for Queens upon his maiden speech. We were both born in the area surrounding Charlottetown and I do not think he need yield place to anybody in having made his maiden speech. Although I do not agree with everything he said, and I know he would not expect me to, I believe in giving credit where credit is due.

For those who are not familiar with the background of Quoddy I shall endeavour to outline briefly its history, having in mind that the rules might prevent me from doing this in a thorough fashion when the proposed seaway legislation is being debated. In 1926 the Dexter P. Cooper Company was formed with the objects of constructing dams across the Cobscook bay in the state of Maine and Passamaquoddy bay to impound the waters

touching the shores of the state of Maine and the province of New Brunswick. This company was incorporated in both the United States and Canada. While wide powers were granted to the company, under the Canadian legislation there were provisions which stated that the construction of the dams must be commenced within the next three years and that the plans must first be submitted to certain ministers of the crown for their examination and approval.

At the time the government of this country was naturally concerned with the possible effect of the building of the dams on the New Brunswick fisheries. The adjacent waters, including those in the constituency of the hon. member for Charlotte (Mr. Stuart), contained the greatest concentration of young herring to be found anywhere on this continent or, as he has often stated, probably anywhere in the world. These are the fish that are processed into herrings. Those fisheries give employment to thousands of people and the net annual returns run into millions of dollars.

An international commission was set up but it had only a limited time at its disposal to determine what effects the proposed dams would have.

They found that the weir fisheries for young herrings inside the confines of Passamaquoddy bay and Cobscook bay would be greatly reduced but these fisheries represented only 2·5 per cent of the annual catch of the whole area. They went on to say that without further investigation they were not in position under the existing circumstances to indicate the extent of the effect upon the fisheries outside the bay of the construction of the dams. They stated that this could not be foretold. However, they did state that there was little probability of there being any serious effect upon the fisheries along the coast of Maine or surrounding Grand Manan island, which is a large island in the bay of Fundy the inhabitants of which are almost totally dependent upon the fishing industry.

The original plans for Quoddy were conceived by an outstanding engineer, Dexter P. Cooper. This gentleman lived on Campobello island upon which the late President Roosevelt had his summer home. This island is at the mouth of Passamaquoddy bay. It was he who first studied the possibility of harnessing the great tides of the bay of Fundy in that area. His plans were drawn up with skill and imagination, they were tremendous in scope, and were designed to use a series of island barriers to control the mighty flood of water and to put to work one of the largest single undeveloped areas of power existing on the North American continent.

[Mr. Riley.]

Lying behind these dams would be two large basins of water, one having an area of about one hundred square miles in Passamaquoddy bay and the other approximately thirty square miles in Cobscook bay. The difference in the water levels between these two basins would average nineteen feet and power would be generated by turbines in a large dam between the two basins. The flow of water would be continuous and unfailing. The controlled operation of the tidal gates would maintain a continuous although somewhat varying difference in the water level for twenty-four hours a day. When completed the project would have a theoretical capacity of twenty billion kilowatt hours per year. Latest estimates show that the capacity would actually be three billion kilowatt hours per year, which would result in there being made available one million horsepower per year.

Having this in mind, is it any wonder that the power-starved people of the maritime provinces look with somewhat dim approval upon the launching of the seaway project before effective steps are taken to determine the feasibility of Quoddy and other proposed power projects in the eastern provinces which would tend to increase our productive capacity, develop our home markets and largely eliminate the necessity of our having to appear before transportation bodies with our hats in hand asking for preferential freight rates?

The late President Roosevelt, who spent his summers on Campobello island in the province of New Brunswick, was also struck by the immense potentialities of Quoddy. He thought it could provide New England and the maritime provinces with a never failing source of cheap power. Here let me again point out the parallel. Strenuous efforts were made to interest the Canadian government in the development of this international project which, if feasible, would obviously accrue to the benefit of both countries, but at the time, just as is happening now in reverse the Canadian government did not see fit to provide funds sufficient to enable the project to get started.

To continue with this parallel, the United States government then decided to embark on another but all-American and smaller project. President Roosevelt felt that if they could get the project under way in this manner—and mark again the parallel—the Canadian government could more easily be persuaded to take part. The all-American project was admittedly less feasible, less practical from an engineering standpoint and with less power potential, but it was so laid out—and mark once more the parallel—that it could be readily adapted to an international

project, an international plan for joint development, should the Canadian people decide to share in it.

In 1935 the war department of the United States of America, under the federal emergency relief appropriation act, made available a certain amount of money to commence the project, and work was carried on under the guidance of the United States army through 1935 and well into 1936. Unfortunately since that time no further funds have been available and the project has lain dormant. But the village of Quoddy, situated on the shores of the state of Maine overlooking our Canadian bay of Fundy, stands out as a grim reminder to the people of the New England states and the maritime provinces that here, but for the lack of a display of interest by the Canadian government, was the commencement of a great international power project that could have improved the economic status of millions of people on either side of the border.

President Truman himself has constantly stated his complete approval of the international Quoddy project. I note that the other day our own Prime Minister (Mr. St. Laurent) discussed with him the possibility of a joint venture on the seaway project, and I am wondering if President Roosevelt did not at that time suggest to the then prime minister, and through him to the Canadian people, that because he was so wholeheartedly in support of the Quoddy project perhaps the American people would like to see some official display of interest in Quoddy. I know that on September 27, in the course of a press conference at the White House, the President of the United States reiterated his full support of Quoddy and stated that he would like to see it get under way. Is it any wonder, therefore, that the congress of the United States of America has seen fit to turn a cool shoulder to the efforts put forward to interest that legislative body in international co-operation on the seaway?

On November 9, 1948, the whole Quoddy matter was referred to the international joint commission by the governments of both countries. In 1949 the commission appointed a board consisting of a couple of representatives from each country to carry out a preliminary investigation. In March, 1950, a report was made by the board to the commission to the effect that the Passamaquoddy tidal power project could be physically engineered, constructed and operated, that determination of its economic feasibility must await a full scale survey, and that such a survey would cost approximately $3,900,000, the cost to be borne equitably by the two countries.

Since that time what has happened? On March 8 of this year the hon. member for Charlotte posed a question to the Secretary of State for External Affairs (Mr. Pearson). He asked if there had been any report yet from the commission, and the Secretary of State for External Affairs answered as follows, as found at page 1025 of *Hansard*:

> In reply to the hon. member for Charlotte I would say that the international joint commission made its report to the two governments on October 23, 1950, recommending that a further investigation would be necessary to enable it to make recommendations concerning the feasibility of the Passamaquoddy project, and has estimated that such an investigation would cost $3,900,000. The report suggests that the cost might be apportioned between the two countries in proportion to the benefits that each country would derive from the completed project. This report is still under study by the interested federal authorities, and has been referred to the government of New Brunswick.

No mention was made in the reply to that question of the fact that the board, which reported to the commission, had stated that the project could be physically engineered, constructed and operated. That was in March of this year. Apparently the authorization of the expenditure of a minor portion of some $4 million is still under consideration by our Canadian officialdom and has been for nearly a year, while at the same time we seem to be fully prepared to go ahead with the expenditure of hundreds of millions of dollars in launching the St. Lawrence seaway project on our own as an all-Canadian venture.

Earlier this year following discussions with interested parties in the state of Maine, I endeavoured to arouse some official interest in Ottawa in the Quoddy project but I did not meet with very much encouragement. In the meantime I understand that with the aid of new sonic devices, United States government engineers have been active in the Passamaquoddy area and it may be that the pitifully small amount of $4 million, estimated as the cost of the completion of this survey may be considerably reduced through the use of this new apparatus. Even if this is so, and even if the government of the United States is willing to pay the complete cost of the survey, I maintain that it is the duty of the Canadian people to express some official interest in it through our government and to appropriate our share of the funds necessary to determine once and for all if the Quoddy project is feasible, and particularly from an economic standpoint.

There are tremendous investments of capital in the fisheries of that area and it must be determined, to the satisfaction of both the fishermen and the processors about the bay of Fundy, along the gulf of Maine,

and particularly in the Passamaquoddy and Cobscook areas, that the power project will not affect their livelihoods too adversely.

I must say, Mr. Speaker, that it is a disturbing thought for all of us from the maritimes, sharing as we do a warm spirit of fellowship with our neighbours across the border, that we are not able to convince the Canadian people that our country should endorse and encourage the completion of the Quoddy project. With the knowledge that the hon. members of this house have of conditions in the maritimes and also with the keen interest they have displayed in our many problems, I should like to ask them this question. Is it fair to expect the people of our Atlantic provinces to enthuse over the proposed seaway project when but little or no interest is shown in Quoddy and other power projects promoted in an intelligent manner by the people from our part of the country? If the government of our country will officially endorse the completion of the Quoddy survey, pay our share of the cost and give some form of assurance that, if feasible, Canada will be prepared to proceed to bear its share of the burden of the construction of the project jointly with the United States of America, then I am certain that there will be a much better feeling promoted in the congress of the United States of America for a joint seaway plan and that the people along the Atlantic seaboard of our country will have from peoples in other sections of the country more ample evidence of good faith in their development.

I know that this may appear to hon. members as another plaintive cry from the maritimes. But I wish to assure them that for generations our people have clung to their farms and their small industries. We do not propose to give them up and to move further inland. But unless something is done on a national scale to assist us in our efforts to develop what we know to be provinces rich in potential resources, there remains a dim prospect for our children who will be coming along in the future.

Mr. H. R. Argue (Assiniboia): Mr. Speaker, at the outset I should like to join with the others who have congratulated the mover (Mr. Cauchon) and seconder (Mr. Simmons) of the address in reply to the speech from the throne. I think that each of them did credit to himself and to the constituency which he represents.

I was indeed interested and pleased to hear the announcement made by the Minister of Veterans Affairs (Mr. Lapointe) this afternoon that legislation would be brought down at this session to deal with the war disability pension. In the last few weeks I have had the same experience as the other members of parliament who have been approached by veterans organizations in their constituency, asking them to impress upon the government the need for an increase in veterans pensions and the war veterans allowance. In a time like this when our country, joined with other countries, is engaged in an effort to maintain democracy in the western world, it seems to me that one of the best things we can do to promote democracy at home is to see that those young Canadians who in two past wars made great sacrifices have not made those great sacrifices in vain but that the Canadian people will, through their government, compensate them, by an appropriate increase in their pensions, for the drastic increase in the cost of living over the last few years.

While we welcome the announcement of the Minister of Veterans Affairs, I think it is all the more necessary for individual members of parliament to impress upon the government the need for a generous increase in the war disability pension before the announcement is made. Most of us know that once the announcement is made as to the percentage increase, little can be done at that time to have the announced amount increased. I should therefore like to impress upon the government the desirability of granting the veterans' full demand that the war disability pension should be increased by 33⅓ per cent at this session, and that the war veterans allowance should be increased to $50 for a single person and $100 for a married couple.

In the speech from the throne one of the important announcements is that the St. Lawrence seaway project is to be gone ahead with by Canada, if necessary, alone. Like the hon. member for Saint John-Albert (Mr. Riley), I too am in favour of the St. Lawrence seaway project as such. I feel that the people of the prairies also will favour the building of the St. Lawrence seaway. But to me it seems strange that the government should not have given the same consideration to the construction of the South Saskatchewan river dam, a project of great importance to the people of Saskatchewan; it is one that will mean great power development, some protection against recurring droughts and, we hope, the starting of new industries in that area. The announcement in regard to the South Saskatchewan river dam is not that the government here is prepared to pay its share and go ahead. The only reference to it is that a commission has been appointed and that studies are under way. The people of Saskatchewan will support the St. Lawrence seaway project as long as this government will at the same time commence construction of the South Saskatchewan development

project. The St. Lawrence seaway project will cost eight or ten times as much as the South Saskatchewan project. I have no complaint whatever to make about the development of the St. Lawrence seaway, but I plead with the government that, when they start the construction of the St. Lawrence seaway, they at the same time start construction of the South Saskatchewan dam.

In the speech from the throne I noticed an announcement that I welcomed. It was to the effect that legislation will be brought in to implement that part of the report of the royal commission on transportation which suggested the payment of a $7 million subsidy to help cover the cost of the gap in the railroads going through northern Ontario. That is a subsidy, Mr. Speaker. We in this group have moved an amendment to the motion for an address in reply to the speech from the throne asking the government to implement price control and subsidies. The government says it is opposed to price control. I know this government is not opposed to subsidies. They are paying many subsidies to many industries. The gold mining industry is being given $9·5 million. There is freight assistance on feed grains coming to Ontario and Quebec, which last year amounted to $16·5 million. I feel the government should do something more in the way of paying subsidies to the railways. Certainly other parts of the report of the royal commission on transportation will not necessarily result in an equalization of freight rates for the people on the prairies. The ink on the report of the royal commission was scarcely dry when the board of transport commissioners once again granted the railway companies another 12 per cent horizontal increase in freight rates. With that further increase in freight rates, competition from the trucks becomes more keen. The railways lose additional freight traffic. Almost all of the new automobiles manufactured in eastern Canada which come into our province are coming in by truck. The railways have lost that important source of revenue, because they have priced themselves out of the market.

As the railways lose their most lucrative freight to trucks, additional freight rates become necessary and the railways then lose further freight revenue. It is just one big merry-go-round. So far as I can see the only solution to the problem is the solution advanced in the Saskatchewan government's submission, namely, that a much larger subsidy should be paid to the railroads to enable them to keep freight rates down to the point where the railways are handling larger traffic with subsequently increased revenues.

I am sure everyone in the house is conscious of the results of inflation. In a period of inflation the strong do not suffer. It is the weak who suffer; the old age pensioners; the labourer who is unorganized; people who are crippled and others who must live on a government annuity or other fixed income. Those are the people in our economy who are suffering because of the present inflation. The cost of the defence effort has not been equally spread amongst the Canadian people. In the last year there has been a severe redistribution of purchasing power amongst the people of Canada. The weak have less with which to buy the necessities of life. Today big corporations have as much or in some cases more. If this government has turned its back on price controls, as it has, then other means to cope with the burden of inflation are necessary.

Since the last increase in the old age pension, which brought the old age pension up to $40 per month, the increase in the cost of living has made that pension worth $33.57. If we are to maintain the purchasing power of the old age pension, then that pension should be increased to at least $50 per month. Back in 1945 this government implemented the family allowance. I believe everyone must agree that the family allowance legislation was good legislation. It was a right and proper thing to have a redistribution of purchasing power in order to assist parents with families, particularly those with larger families. While the government implemented the family allowance and established a minimum payment of $5 per month per child and a maximum payment of $8 per month per child in 1945, since that time they have taken back a goodly part of those payments. The $5 granted in 1945 is worth $3.16 today. The $8 is now worth $5.07. If the government did no more than maintain the value of the family allowance, the minimum payment should now be $8 per month and the maximum payment $13 per month.

If the government will not deal with inflation through price controls it must deal with inflation through another method, by a redistribution of purchasing power to assist those who are less able to help themselves meet the increased burden of inflation. To me it is strange that a government that had price controls during the war, which we all agree worked very well, should now hold up its hands in holy horror every time the C.C.F. suggests that this same government should once again implement price controls. On Monday we heard the Prime Minister (Mr. St. Laurent) make an argument that while Britain had tried price controls and subsidies

they were not very successful. There was no advantage in Canada trying the same kind of control that had failed in Britain.

I noticed he referred to a pamphlet "This Cost of Living Business" put out by the Labour party. He said it was interesting and valuable reading. The Prime Minister went on to quote profusely from the pamphlet to support his argument that in Britain price controls were ineffective. If that pamphlet is as interesting and as valuable as he says, then I think the Prime Minister should have also quoted this part of the pamphlet referring to the advantages of price controls and subsidies, the advantage of maintaining utility goods and the advantage of rent controls. Speaking of price controls the pamphlet says at page 6:

> Had it not been for price controls, the cost of living would now be very much higher than it is.

In other words, while price control was not 100 per cent effective in the United Kingdom, nevertheless if the government had not had price control the cost of living would have been much higher. I believe the same thing could be said about Canada. Had the government attempted price controls in Canada, it might not have been able to hold an absolute freeze but it would certainly have prevented the runaway inflation we have today. Speaking of subsidies the pamphlet says that subsidies have, to some extent, shielded Britain from rising world prices. If subsidies have proven to be one of the most effective ways of reducing the cost of living, that is what our amendment asks for, food subsidies. The Prime Minister says this is a valuable pamphlet, and the pamphlet says that one of the best ways to keep down the price of food is by the use of subsidies.

If the Prime Minister had wanted to learn something further from the same pamphlet he would find that it says:

> The control of rents is a vital part of the control of the cost of living. Rent is the first charge on almost all wage earners' income. High rents mean less to spend on other necessities.

What did the government do in regard to rents? They handed them back to the provinces. While some provinces have attempted to maintain rent control, they are not very successful, because there are ten authorities handling rent control when there should be only one.

The United States have tried price control. While the administration there is solidly in favour of price control, they have difficulty in getting the legislation approved by congress. The point is that in the United States the administration is in favour of price control and has implemented it as far as possible. Their price control, while not completely effective, nevertheless has been of great help to the United States people. Mr. DiSalle, head of the office of price stabilization, has said that from February 15 to June 15 of this year the United States cost of living increased by 9/10 of 1 per cent. In Canada within the same period the cost of living increased by 5 3/10 per cent, between six and seven times as rapid an increase in the cost of living in Canada without price control as in the United States where price control has been attempted.

This government is not faced with the same difficulty in getting its legislation made effective in law as is the administration in the United States. I believe that once again in Canada price control could be made more effective than in the United States. We did it during the war. In August of 1942 the Canadian cost of living and the United States cost of living were approximately the same; they stood at approximately 117. When we compare that with the cost of living in 1945 we find that in Canada the cost of living was approximately 120 and in the United States at the same time it was 130. In other words, within that three-year period in Canada our price controls were almost wholly effective, in spite of the fact that the United States cost of living index had increased by more than 10 points as compared with our own. When figures are produced which show that the United States attempt to control prices has been reasonably effective, I believe that if the Canadian government did the same thing they would be even more successful than the United States government.

The first thing the government should do to deal with inflation is to bring about another redistribution of purchasing power by increasing the old age pension to $50 a month; by increasing the amount of family allowances from $5 and $8 to $8 and $13; and then in order to withdraw from circulation excess purchasing power, the government should increase the corporation tax. I believe they should also increase the income tax on people in the higher brackets. That is, those who are able to pay should have their taxes increased, and conversely those on fixed incomes, the old age pensioners and people with large families, should have their incomes increased. To maintain the cost of living on a stable basis the government should reimplement price controls, using whatever subsidies are necessary in order to make those controls effective.

The government is now embarking on a campaign to sell savings bonds to the Canadian people. That is a necessary part of any government move to hold down the cost of living and prevent inflation, but I say that

the government bond sale will not be very successful without price controls. There is no incentive today for anyone to buy a government bond that will pay over a period of years 3·21 per cent interest when the value of that bond is decreasing at a rate much greater than the interest being paid. I believe the people of Canada are willing to save, and are prepared to save, if they can get some real assurance from their government that these savings will have their purchasing power maintained. In my opinion the only way a savings campaign can be made effective is for the government to implement price control, to tell the Canadian people that they will do everything possible to prevent a further decrease in the purchasing power of the dollar. If that were done, then I believe Canadians will make a real effort to save.

We in this group believe controls are necessary. The United Kingdom government believes controls are necessary. The United States government believes controls are necessary. Only the Canadian government shuns price control. If Canada would adopt price control and work jointly with the governments of the United States and Great Britain I believe that there would be a much better chance of curbing inflation throughout the world and bringing stability in economic affairs to people in all the democratic nations.

Before I sit down I should like to mention controls in respect to another matter. I notice by the speakers' list that the Minister of Trade and Commerce (Mr. Howe) will be making a statement when I sit down. When he does I should like him to give some consideration to the request of the Saskatchewan wheat pool, made in Regina on Tuesday of this week, I believe, asking that the wheat board quotas on wheat be reimposed. The minister has brought forth figures to show that there is very little milling wheat in country elevators. The minister has said that there are lots of box cars. It is not a matter of getting the wheat off the farms on an equitable basis; it is now a matter of getting out of the country elevators and out of the terminals to the market adequate quantities of good milling wheat. I do not know what the situation is throughout the three prairie provinces, and I have no reason to believe that the figures given by the Minister of Trade and Commerce are not correct. All I can say is that within my constituency there is very little surplus elevator space. There is real congestion. Some farmers have been able to market a good deal of their grain, while other farmers have been able to market very little. My own personal experience is as follows. I was able to get one truckload of wheat into my own local elevator point. The next day I was able to get another truckload of wheat into another elevator point a number of miles further away. Before I left I tried unsuccessfully to get another truckload of wheat into an elevator some 25 miles away from home. All three points are now plugged. Farmers who were fortunate enough to harvest early were able to deliver substantial quantities of wheat. I was in one town in my constituency that in six weeks has not had a box car for grain, other than a few coal cars that were used for grain after they had been emptied. I am told that at that point all the wheat that has gone into that elevator, since the opening of this crop year, has been last year's wheat they were unable to market at that time, and that they have been able to market very little of that.

Therefore I would ask the minister to take into consideration reimposition of the quota at those elevator points in western Canada where space is at a premium, and where many farmers have not marketed even their six-bushel quota. There may be a majority of points where there is lots of room and no need for a quota. I am not complaining about that. All I am asking is that wherever a quota is needed, to distribute available elevator space fairly among producers in an area, at such points the quota should be re-established.

Right Hon. C. D. Howe (Minister of Defence Production): Mr. Speaker, my first statement is one of sincere congratulation to the hon. member (Mr. Cauchon) who moved that this house extend its thanks to His Excellency for the speech delivered at the opening of the session, and to the hon. member (Mr. Simmons) who seconded the motion. Both spoke in the best tradition of such speeches.

For some months now the leader of the opposition (Mr. Drew) and others, including certain newspapers, have stated flatly that our defence production program is falling behind and not likely to achieve the objectives set out by this government. As minister responsible for this program I wish to state categorically that, in my opinion, which is based on a detailed knowledge of the preparations, as well as some considerable experience in this type of program, we are making good progress. In due course the record will speak for itself but my purpose this afternoon is to give hon. members the story of our achievements to date, and some indication of what can be expected within the next few months.

The defence program on which we have embarked in discharge of our treaty obligations, and our national responsibilities, falls into two main parts: the direct military program on the one hand and the vitally important resource development program on

the other. An appreciation of Canada's defence efforts can only be obtained by considering both of these important contributions to the objectives of the North Atlantic treaty. We are not at war; we are not preparing for war. We, in company with our allies, are strengthening our common defences and expanding our resources so that in the event of an emergency then we could sustain the great effort we would have to make. The fact that resource development is more palatable to any country than armament production does not in any way detract from its usefulness or its importance towards the common end. It would not be proper for us to concentrate all our efforts on one, or on the other; the two must go hand in hand.

But first let me deal with the direct program of the Department of National Defence. The amount of cash appropriated by parliament for the Department of National Defence and the Department of Defence Production during the fiscal year 1951-52 is $1,729 million. National defence appropriations total $1,614 million, including $166 million for mutual aid. The Department of Defence Production appropriations are $115 million. Of the total of $1,729 million about $1,108 million has been made available for construction, production and procurement through the Department of Defence Production. The remaining funds are required for military pay and allowances, maintenance and other services not provided through the Department of Defence Production.

In addition to this cash disbursement authority, parliament has also authorized the entry into commitments which would enable the government to initiate production now in order to complete its $5 billion program by 1954.

Orders for defence goods, excluding capital assistance and stockpiling, placed during the first half of this fiscal year amount to a value of $1,122 million, as compared with some $760 million for the whole of the previous fiscal year. Placements rose from $464 million in the first quarter of 1951-52 to $658 million in the second quarter. I have available a table giving details of orders placed which could be included in the *Hansard* record if hon. members so desired.

Some hon. Members: Agreed.

Mr. Howe: The table is as follows:

TABLE I

ORDERS PLACED FOR DEFENCE BY THE FEDERAL GOVERNMENT ON CANADIAN ACCOUNT
For the Fiscal Years 1949-50, 1950-51 and First Half of 1951-52

GEOGRAPHICAL DISTRIBUTION OF DEFENCE ORDERS

$ millions

Country in which orders were placed	1949-50	1950-51	1951-52		
			First Quarter	Second Quarter	Total First Half
Canada	204	623	274	472	746
United States	15	128	188	183	371
United Kingdom	5	8	2	3	5
Total	225	759	464	658	1,122

ORDERS PLACED BY PROGRAM

$ millions

Program	1949–50	1950–51	1951–52		
			First Quarter	Second Quarter	Total First Half
Aircraft	70·6	299·7	167·3	265·9	433·2
Shipbuilding	4·1	76·9	68·4	32·0	100·4
Tank-automotive	12·4	64·6	59·0	19·9	78·9
Weapons	0·7	19·2	19·1	29·5	48·6
Ammunition and explosives	2·4	19·6	16·6	44·0	60·6
Electronics and communication equipment	16·6	84·1	21·3	95·0	116·3
Construction and building maintenance	28·7	67·7	49·9	57·5	107·4
Other programs including: fuels and lubricants, clothing and equipage, medical and dental equipment and supplies, etc	89·3	127·7	63·0	114·5	117·5
Total	224·8	759·5	464·6	658·3	1,122·9

Expenditures for deliveries and progress payments made in the first half on this fiscal year amounted to $267 million. In addition, outlays for capital assistance were $26 million. The rate of disbursement, however, has been increasing rapidly during recent months. Expenditures during the first quarter of the present fiscal year averaged $25 million per month, but during the second quarter rose to about $70 million per month. Disbursements will be greatly accelerated over the next twelve months, and may approach an average of $125 million a month or an annual rate of $1,500 million. The peak rate of expenditure will probably be reached early in 1953.

Production of defence goods in Canada for export will also increase rapidly during the remainder of the current fiscal year. According to present schedules it may be in the order of $40 million a quarter by the middle of 1952.

When I spoke in this house on June 14 of this year I reviewed in some detail the status of our major production programs, including aircraft, electronics, ships, guns, ammunition, and mechanical transport. I now propose to review these programs again to record our progress since that time.

The Canadian military aircraft program, as presently planned, will cost approximately $1,200 million. This amount is equivalent to roughly one-third of the total Canadian defence procurement program. Several types of aircraft are being manufactured or rebuilt.

Production of the F-86E Sabre jet interceptor fighter is already well under way. One hundred and twenty-two of these aircraft have come off the production line, as of the beginning of this week, and 72 of these have been delivered to the R.C.A.F. Future delivery schedules depend primarily upon the rate at which we are able to obtain engines from the United States.

This week at the A. V. Roe plant I turned over to the R.C.A.F. its first Canadian-designed and built CF-100 aircraft. Reports have appeared in some quarters claiming that there has been unwarranted delay in the production of the CF-100. The people originating these reports apparently have not realized that until recently A. V. Roe has been engaged on a program of development rather than on one of production. Furthermore, it should be recognized that design, experimentation, and tooling up for production of the latest types of jet engines and aircraft cannot be accomplished overnight. Moreover when compared with similar projects in the United Kingdom and the United States, the record of the CF-100 has been an enviable one. It has taken us less time to get this aircraft and its Canadian designed Orenda engines from the drawing board into production than was the case with the Canberra in England and the Scorpion in the United States.

Static tests operation of the Orenda engine was first successfully carried out in March, 1949. A pre-production contract for the CF-100 was let in November, 1949, for the developing of this aircraft to the point where it could be put into quantity production. The first development aircraft flew in March, 1950, fitted with Rolls Royce Avon engines. The completion of the aircraft equipped with Orenda engines now turned over to the

R.C.A.F. marks the culmination of a most difficult but successful development program.

The production program is just now getting under way, and full scale production is necessarily still many months off. It should be remembered, however, that in producing a plane such as the CF-100 it is not enough to establish a production line in the aircraft plant, although obviously that is no small job. It is also necessary to ensure a satisfactory flow of the great number of complex components that go into such a plane; and to obtain the required parts, A. V. Roe Company has placed a large number of subcontracts from Winnipeg to Halifax. In many instances, Canadian suppliers of the different parts that will go into the CF-100 and the Orenda must enlarge their facilities or open up new plants in order to meet A. V. Roe's requirements. Typical examples of such expansion include Canadian Steel Improvement Limited in Toronto which will produce steel and non-ferrous forged blades; Rotax (Canada) Limited at Scarboro turning out fuel systems for the Orenda engines; Cockshutt Plow's new development at Renfrew for the manufacture of combustion chambers; Light Alloys Limited new foundry at Haleys which will make magnesium castings and forgings; the Fleet Manufacturing Company which will produce wings at its Fort Erie plant, and Chatco Steel Products Limited supplying tail assemblies.

Until these components, many of which are being produced in Canada for the first time, are available in sufficient volume, quantity production of the CF-100 is clearly impossible. Despite these obvious facts, certain individuals persist in criticising the CF-100 program. This, of course, is not new. The same type of criticism was levelled at the North Star when it was at about the same stage of production. Hon. members will agree that there is not an aeroplane flying today that has a record comparable to the North Star.

The F-86E and the CF-100 are two major aircraft projects, but there are other important programs being undertaken in this field. The Harvard primary trainer will start coming off the production line before the end of this month. At the present time we are purchasing the engines for this plane, but by next summer we expect that Pratt and Whitney of Canada will be producing engines in their new Canadian plant just outside of Montreal.

The Beaver general purpose aircraft is now being manufactured in Canada in substantial volume for the United States air force.

[Mr. Howe.]

Tooling up is under way for the manufacture of the T-33 jet "Shooting Star" type trainer for the Royal Canadian Air Force, production being scheduled for next year.

In June I advised the house that Canada would participate in the production of the United States twin-engine trainer, the Beechcraft T-36A. This is a brand new plane. The prototype has yet to be built and flight-tested. Full scale production is therefore not expected to get under way before 1953.

In addition to these production programs we are now engaged in the reconditioning and modification of Lancasters, Harvards, Mitchells, Expeditors, DC-3's and Avengers. This work is being done at Edmonton, Winnipeg, Toronto, and St. Johns, Quebec. In addition, aircraft maintenance and repair is being carried out at these cities as well as at Vancouver, Calgary and Halifax.

Outlays on the construction of naval vessels and repair and maintenance being undertaken on behalf of the Royal Canadian Navy will result in expenditures of from $150 to $200 million between April 1, 1951, and March 31, 1953. In addition contracts are being discussed with Canadian manufacturers for torpedoes to a value of some $39 million.

In January I mentioned that contracts had been allotted for one icebreaker, 14 minesweepers, 14 escort vessels and 5 gate vessels, as well as a number of harbour craft.

Of the 14 minesweepers on order, 7 are scheduled for launching by late fall 1951 and the remaining 7 by early spring and summer of 1952. Eight ships are scheduled for sea trials during the spring and early summer of 1952 and the remaining 6 for midsummer and early fall of the same year. Four of the five gate vessels will be launched before freeze-up and two of them will finish their sea trials by the end of the year. The fifth gate vessel will be launched in the spring of 1952.

The first of the escort vessels is scheduled for launching by the end of next month, two more for launching in the spring of 1952, two in the fall of the same year, five during 1953, and four by the spring of 1954.

The bulk of contracts for scheduled items such as turbine engines, auxiliaries, and other components have been let to manufacturers in this country.

I also mentioned last summer that we were converting and refitting thirty-four minesweepers and frigates. Inspection of these

vessels has now been completed and preliminary work is under way. Hull repairs are well advanced on most ships.

Destroyers are also being modernized for antisubmarine work and expenditures are being made for the seaward defence of the principal Canadian harbours.

The guns and ammunition program presents particular difficulties. Having taken the decision to standardize on United States type guns and ammunition as far as is practicable, we have had to make a detailed study of the various types of ammunition and weapons in order to determine which we can usefully produce in this country. This involved securing from the United States detailed plans and specifications. It has also been necessary to make arrangements for production experts from this country to visit the various arsenals of the United States in order to survey production methods and techniques. Despite the fact that we have enjoyed the greatest co-operation from the United States military authorities, this has been, of necessity, a time-consuming operation. Nevertheless some considerable progress has been made.

Production is already under way on 50 calibre ammunition and 3·5 inch and 2·25 inch rockets for Canadian armed forces. Deliveries of the 3-inch 50 calibre gun to the United States and Canadian navies will begin in December. By the end of the current fiscal year production will have commenced on the antisubmarine mortars and on practically all the large and medium calibre guns, mortars and ammunition required by our armed forces.

The guns and ammunition programs are expected to accelerate throughout 1952 to peak production in the fourth quarter of next year.

Two explosive plants, one manufacturing picrite and the other a number of explosives including RDX/TNT and rifle powder, are already in production. TNT, cannon powder and double base powder will be in production in Canada early in 1952. Phosphorous and hexachlorethane are also being made to government specification, the latter principally for export to the United States. The timing of this program is expected to coincide in the early stages with the requirements of Canadian shell-filling plants.

At the last session we had a very frank discussion concerning the desirability of seeking standardization of small arm weapons and ammunition among the NATO countries. A complete study of this question is now being undertaken by the principal NATO countries, and in the meantime we have no alternative but to suspend production of weapons and ammunition of the smaller calibres.

Last April I released a statement in which I advised that preparations were being made for the partial manufacture and complete assembly of ¼ ton, ¾ ton and 2½ ton military trucks in Canada. These orders were placed with our three major automobile manufacturers and I am delighted with the progress which they have been able to make in such a short time. This week I had an opportunity of visiting both the Chrysler Corporation plant in Windsor and the General Motors plant in Oshawa to examine the first trucks which they have produced. Authorization has also been given to the Ford Motor Company to commence production of the ¼ ton 4 x 4 jeep, which we hope will be coming out by next December.

At the General Motors plant, a 2½ ton 6 x 6 military truck is now in production and will be coming off the line at the rate of 7 vehicles a day by the end of next month. This vehicle is practically a duplicate of the kind that is being produced for the United States forces. It can be equipped with a snorkel breathing device which enables it to ford water up to five feet in depth. It is bigger and faster than the 6 x 6 vehicle that General Motors built in the last war and much easier to operate. All the vehicles are fitted with towing attachments and controls for operating trailers. It is planned that several thousands of these trailers will be produced in Canada in the near future.

At the Chrysler Corporation in Windsor I had the opportunity of seeing the first of the ¾ ton 4 x 4 military trucks coming off their assembly line. In these two plants we have established a source of United States-type vehicles that can be expanded quickly to meet any scale of production required by our armed services.

Naturally we are continuing to place orders with Canadian manufacturers for commercial-type vehicles and for the repair and maintenance of existing equipment.

The total Canadian electronics program as now tentatively outlined amounts to $560 million. Of this $110 million represents electronic gear to be installed in F-86E and CF-100 aircraft. The remainder includes expenditures for receiving and transmission sets and radar equipment for all three services.

Anti-aircraft fire control radars are already under production for the Canadian armed forces. Twenty-four sets have already been delivered. Deliveries of the one-mile infantry pack set are expected to begin by December. There is every possibility that we will receive additional orders for these types of equipment from one or more of our NATO allies.

Canadian plants are now being called upon to produce the bulk of the equipment to be installed in the North American radar screen and to furnish the equipment necessary to complete the network of communications vital to the defence of this continent. Because of the development required in this program before production can be undertaken, it is unlikely that its full impact will be felt by industry until the last months of 1952.

Contracts presently being administered or in process of being placed by Defence Construction Limited will amount to $440 million in the three fiscal years between April 1951 and March 1954. These outlays provide for the erection of radar screen buildings and supporting facilities, airfields, barracks, training facilities and quarters for married personnel. Outlays will probably reach a peak about the middle of next year. Deliveries of scarce building materials, such as structural steel, reinforcing bars, and wire mesh, while presenting a problem in individual cases, are not expected to cause serious delays in the realization of this program.

Contract awards since the incorporation of Defence Construction Limited late last year have amounted to $146 million. Fifty-three million dollars' worth of new construction has now been completed.

Another of our major activities has been in the field of machine tools. The Department of Defence Production has purchased nearly $17 million worth of tools in the first five months of the present fiscal year. Over $2½ million worth of these orders have been placed in Canada, approximately $1½ million in the United Kingdom, and over $12½ million in the United States and other countries.

These tools, when purchased by the department, are made available to Canadian contractors holding government contracts. Since they are bulk purchased it means not only a saving to the government in purchase price, but it also helps to obviate long delays which would otherwise be inevitable in the various production programs.

[Mr. Howe.]

The $300 million clothing and textiles program is making rapid progress. Peak production rates of essential primary textiles have already been achieved. By the end of the calendar year the government will have received over 16 million yards of cotton textiles, 4½ million yards of wool fabrics, and over 6 million yards of synthetic textiles. In the case of wool fabrics, this excellent performance was possible only because the government, realizing the urgent need of entering the raw wool market to secure adequate supplies, purchased eight million pounds of raw wool and tops. As a consequence, firms with defence contracts were able to begin production at once on military orders.

Now that primary textiles are coming forward in an increasing flow, the second part of the program, converting fabrics to garments, can be accelerated. Schedules of production so far outlined call for the delivery by the end of the calendar year of one million pairs of wool socks, 550,000 wool shirts, 250,000 cotton shirts, 150,000 suits of army battle dress, and 400,000 wool blankets.

The production of military boots and shoes is also proceeding at a high rate. We expect to get from the factories by the end of December, 1951, over 300,000 pairs of boots and 140,000 pairs of shoes.

In these few minutes I have been unable to do more than outline some of the major aspects of our direct military production program. I hope however that I have said enough to convince you, as I am convinced, that we are well on our way to the achievement of the objectives laid down by the government earlier this year.

In addition to the production of military end items, Canadian industry is pursuing another program which I am firmly convinced is of equal importance. I refer to the development of the many strategic materials which are to be found in Canada. None of us know how long this rearmament period may last. But it is obvious that if we are to maintain and expand our own industries, while at the same time making available to our allies strategic materials that are in world-wide short supply, we must do everything possible to develop these materials as rapidly as possible.

As the program is now planned, nearly $1½ billion will be spent on the development of basic resources of iron ore, non-ferrous metals, petroleum and bulk chemicals for the period 1950-1955. This figure will probably be even higher because of other projects still

in the planning stage. In addition, $1 billion will be spent on the development of hydro-electric power.

In many instances our resources have been left untouched in the past because of the high cost of exploitation. Rising prices and physical shortages are now changing the picture. Due to more favourable cost-price relationships, projects can now be considered feasible that were formerly uneconomic. We all realize the seriousness of inflationary trends in the price structure. Nevertheless we should not overlook the fact that with present prices and the prospect of continuing high levels of demand, it is now possible to bring into production certain important sources of urgently needed supplies that would otherwise remain undeveloped.

Another factor is that businessmen have found that investment in Canadian industrial expansion is a sound proposition. Political stability and good working relationships among government, industry and labour combine in providing an atmosphere favourable to investors. Whether it comes from Canada, the United States, or farther afield there is, I think, little doubt but that the capital needed to bring Canada's resources into production will be forthcoming.

Furthermore the fiscal measures taken by the Canadian government encourage resources development. Income tax concessions include a three-year tax free period for mining companies after they start commercial operations. Exploration, prospecting and development expenses incurred by oil corporations or by mining companies, are also deductible, until such time as the project starts to operate on a commercial basis. Generous allowance for depletion is deductible in computing both corporation and personal income taxes. Mining and petroleum enterprises are not subject to deferred depreciation, a measure which was introduced to check inflation and reduce non-essential investment. In addition, the government is prepared to grant accelerated depreciation where it is felt this is necessary to encourage further basic expansion.

In certain urgent cases capital assistance is granted to speed up development. This has been done in connection with the reactivation of the Emerald tungsten mine in British Columbia and to defray part of the cost of building a railway to a new nickel-copper mine in northern Manitoba. In addition, special priority assistance is given to industries developing other basic resources. Approved projects receive priority treatment in procuring scarce materials such as structural steel, copper wire and other items that are now under an order-approval system of allocation.

A great deal has been said about the details of our resource development program and I will not repeat it now. However, with the permission of the house, I would like to have two tables included in the *Hansard* record.

If there is no objection, I will ask that these two tables be placed on *Hansard*.

Some hon. Members: Agreed.

Mr. Howe: The tables are as follows:

DEVELOPMENT OF STRATEGICALLY IMPORTANT RESOURCES IN CANADA

TABLE I

SELECTED INDUSTRIES

Investment in Development and New Building and Machinery 1950–1955

(Millions of Canadian Dollars)

Industry	Investment		
	1950 (Actual)	1951 (Preliminary)	Value of Expansion Projects Now Being Undertaken for Completion in 1955 or before.
Aluminum Smelting	$ 3·4	$ 18·2	$233
All other non-ferrous metal smelting, refining and processing	19·2	5·0	150
Iron Ore Mining	5·7	23·8	226
Primary Iron and Steel	15·7	66·9	88
Petroleum and Natural Gas:			
(a) Exploration and Development(1)	62·4	70·9	300
(b) Transmission and Refining	21·5	37·7	213
Chemical Products(2)	32·8	64·3	127
TOTAL	160·7	286·8	1,337
Hydro-electric Power	344·5	403·8	1,200

(1) Excluding Acquisition of Land Rights.
(2) Including Petro-chemical Projects.

TABLE II

SELECTED MINERALS

Estimates of Total Production Capacity 1950–1955

(Thousands of Short Tons Unless Otherwise Noted)

Material	Actual Output 1950	Estimated Capacity 1950	Estimated Capacity 1955	Percent Increase Capacity 1950–1955
Petroleum (Crude) 1000's. bbls/day(1)	80	80	250	210
Primary Aluminum	395	415	603	45
Iron Ore	3,617	3,617	19,000	430
Copper (All forms)	262	272(2)	300	10
Lead (All forms)	170	190(2)	205	8
Zinc (All forms)	311	320(2)	406	27
Nickel (All forms)	123	137	155	13
Tungsten (WO_3 Content)	0·001	0·001	2	.....
Cobalt	0·313	0·313	0·600	95
Magnesium	1·8	5·0	5·0	0
Ilmenite	100	100	550	450
Primary Steel Ingot	3,300	3,700	4,400	21
Elemental Sulphur	.....	.....	81	.....

(1) Maximum economic rate—annual average.
(2) Based on the highest quarterly rate of output during 1950.

Without burdening the house with too many figures and statistics I have tried to give an appreciation of the progress to date of our defence procurement. No program of this size can be expected to proceed without difficulties. Of course we have our difficulties, but the progress we have made to date is, I believe, such as to justify considerable satisfaction.

Let me remind the house again of the nature of our program. It is not a program designed solely to produce great quantities of war material in short order. There is a large element of insurance in it, since we are building now for production levels much in excess of anything that is included in the present planned procurement. For example, our program includes fourteen destroyer escorts to be produced during a period of three years. We are, however, building a plant for the production of the propulsion machinery that would be capable of producing at more than this rate in a single year. Again in the aircraft program we are building plants that are capable of doubling or trebling present output of engines and airframes. In the explosives field, we are rehabilitating the Valleyfield plant of Canadian Arsenals so that it will be capable of producing at least double the currently planned rate of production. Many other examples could be given, but it is clear that a program such as this is unlikely to appear spectacular in the early stages by any statistical measurement of output.

[Mr. Howe.]

In his report to the President of the United States on his third quarter of 1951 production, Charles E. Wilson stated that his defence production program is now emerging from the tooling stage. That is about the position of the Canadian production program. We are now placing orders at a rate approaching $200 million per month, and we are making actual cash outlays for procurement at the present time of $70 to $80 million per month. Within the next twelve months we will undoubtedly reach a rate of expenditure of between $100 and $125 million per month.

I make no apology for the present status of the program. I am satisfied that we are making good progress toward the sensible goals we have set, and I am confident that we will achieve our objectives.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, it is not my intention to deal with any of the questions relating to national defence or defence production today, as I understand there is a motion which will be given consideration on Monday, in connection with which by agreement it was understood defence would be discussed. I am speaking again in this debate primarily because, before the vote is taken on the subamendment, I wish to deal with it and the position I propose to take with regard to it.

I wish, however, to deal with one or two other points that have come up and which, it seems to me, have a bearing on the whole discussion that has taken place, particularly on the position that the members of this

house should take in regard to what is unquestionably the most vital domestic problem before us and one which is being skated over rather lightly by those who have suddenly come forward from the government benches to discuss the subjects that may be brought forward in this debate.

The debate opened with reference to the cost of living and the inflation which is the other side of the same problem; and many of the hon. members of this house have sought to impress upon the government the urgent need for some action which will stem the rising cost of living. There has been every indication that the members of this house would welcome any indication by the government of any effective measures they have to put forward in addition to those which have already been presented. It appeared to me that some significance might be attached to the fact that in the speech from the throne the government said steps would be taken to deal with this subject which was of concern to the government as well as to the people of Canada. When the Prime Minister (Mr. St. Laurent) rose in this debate, however, he indicated quite clearly that at the present time the government has no intention of taking any steps which have not been indicated to this house and, through this house, to the people of Canada. In the statement that has just been made to the house there was one brief reference to something which has an extremely important bearing on the urgency of this problem. I think I am quoting the exact words when I say that the Minister of Defence Production (Mr. Howe), who has just spoken, said that it is doubtful if the full impact of these orders will be felt by industry until the later months of 1952. That, in itself, emphasizes why it is so necessary that everything be done at this time to prepare for the pressures that are still to come. If it is true, and I am sure it is, that the heaviest inflationary pressures are still to come, then this is the time when, through legislation adopted by this house or through orders in council passed by the government under the extremely wide powers of the emergency legislation already in force, this subject should be tackled without further delay.

If the cost of living can mount to this extent before the heaviest inflationary pressures have been felt, then it needs very little imagination to contemplate what may happen when these heavier inflationary pressures do come in 1952. At the time I introduced the amendment to the motion calling for the adoption of the speech from the throne, I pointed out the arguments we have already made in this house on a number of different occasions, and emphasized the fact that we have at no time suggested there was any simple or magic formula, but rather we have pointed out that this is a complex problem and that there are a number of ways in which it may be tackled, if it is to be tackled at all. We emphasized the fact that the first and most direct way to deal with this is to strike at the base of the inflationary pressures by reducing all possible non-defence expenditures by the government. Economists in this and every great commercial country have emphasized over and over again, but more particularly in recent months, that there is no place where inflation can be dealt with so effectively as in the case of government expenditures, which not only exercise great inflationary pressures but also offer an indication to the people themselves of the attitude taken by government toward this problem.

It is not at all surprising that the people of Canada do not yet share that sense of urgency which they felt in years not long past, when the government itself offers no evidence of its belief in that urgency by doing some of the things that they are asking other people to do. The Minister of Finance (Mr. Abbott) advises other people to economize, advises other people to save wherever they can, and points out the obvious and homely truth that a combination of many little savings will amount to a great deal. Far better than advice of that kind would be an example by the government itself, by the Minister of Finance and others, that the government believed in many little savings, and that it believed in the effect of the cumulative total of all the savings it undoubtedly could make at this time.

During this debate the Prime Minister and others on the government side have given no indication of their recognition of the disastrous effect of the inflation that has already been felt by those living on pensions and small fixed incomes. The Prime Minister compared prices as he found them in Washington and Ottawa. But one of the things the Prime Minister did not notice was one of the explanations which has been given to us for the present change in the balance between money spent by United States visitors in Canada and Canadian visitors in the United States, and the sudden increase in the amount spent by the people of Canada in the United States; that is the fact that the things the Canadian people like cost less in the United States. They are making use of the exemption and buying all they can when they visit that country. There is no hon. member in this house who has had occasion

to go to the United States within the past year who does not know that most things that people buy in the way of clothes, shoes and the ordinary little things that help to make life more pleasant in the home are substantially cheaper in the United States than they are in Canada. Those are the things that go to make up the total cost of living, as well as the basic things that are included within the limited items embraced in our cost of living index.

Yet although for so many of those items the costs are less in the United States today, the average wages in that country are much higher. The proportionate relationship to the cost of those things that most people accept as the ordinary amenities of life today is, therefore, much greater for the people of Canada than merely the comparative figures between the cost in Canada and the cost in the United States actually demonstrate. For these reasons we need not only take the figures issued by the dominion bureau of statistics which show the cost of living in Canada as higher than that of the United States. We have the evidence of those people who are going to the United States and availing themselves of the exemption in order to buy goods cheaper there than they can buy them in Canada. If that is so—

Mr. Abbott: They are bringing them in duty free.

Mr. Drew: Certainly they are bringing them in duty free, and they are bringing them in duty free at the price they paid for them in the United States.

Mr. Abbott: Is my hon. friend advocating the abolition of tariffs?

Mr. Drew: Mr. Speaker, I was very interested to hear the Minister of Finance speak on this subject, because he has given advice on so many occasions as to how inflation can be dealt with that I feel sure the members of this house would welcome further statements by him as to some new ways he has discovered for tackling this problem.

Mr. Abbott: No, I was just wondering whether my hon. freind advocated the abolition of tariffs.

Mr. Drew: I do at least afford the Minister of Finance the belief that he wishes us to take his words seriously. I would point out to him it is a serious reflection upon his understanding of the subject we are discussing when he makes a comment of that kind. What I was comparing was the price of articles in the United States and in Canada. That has nothing whatever to do with tariffs. It has to do with the price at which people buy these articles in the two countries; it has to do with the fact that Canadians can buy some articles in the United States at lower prices than are charged for the same articles in Canada. That was exactly the subject the Prime Minister was discussing. He was not talking about tariffs; he was talking about comparative prices between the United States and Canada, and that is what I was talking about. Apparently the Minister of Finance did not listen to the Prime Minister the other day when he was speaking on this subject.

Mr. Abbott: The leader of the opposition (Mr. Drew) is talking about articles on which there are no tariffs.

Mr. Drew: Perhaps the Minister of Finance is a little more rested now than he was the other day. We would not have expected those impatient interruptions which we listened to had we not known that he had just arrived back from Paris and was extremely tired and a little irritable.

Mr. Abbott: I did not interrupt once that day.

Mr. Drew: The minister did not get up, but he spoke constantly without getting up.

Mr. Abbott: No, I just answerd questions, nothing else; not a single word.

Mr. Drew: The Minister of Finance is the one who after all has the major responsibility for the financial affairs of the government and for many of its economic activities, and no doubt is consulted before decisions are made as to the way in which this problem will be tackled from time to time. The Minister of Finance is well aware that the cost of living in Canada has exceeded the cost of living in the United States, because he has had the advantage of advice received from the Bank of Canada, which has stated that to be the case.

I propose to deal with certain points raised at the opening of this debate, points which have not yet been met or dealt with by the government. I pointed out that since we were not going to have a budget, not even the baby budget which the press speculatively spoke about for a while, thinking that some opportunity would be afforded to remedy the mistakes of the government in their budget policy this year, the only way we could bring many subjects before the house was to put them forward as recommendations to the government. I expressed the hope that the absence of any reference in the speech from the throne to an adjustment of veterans pensions did not mean that the government was closing the door to a reconsideration of that subject. I am sure that hon. members generally will welcome the statement made by the Minister of Veterans Affairs (Mr.

Lapointe) that the government is reconsidering this subject. Hon. members, however, would have welcomed much more a statement as to what the government is actually going to do. The minister was not prepared to indicate to us whether there is to be an overall adjustment of pensions in keeping with the cost of living, or whether this is simply to be a modification of the earlier legislation adopted, to which so much objection has already been taken. However, the fact that the government has reconsidered its position —and quite obviously it did not intend to deal with this or there would have been a reference to it in the speech from the throne —on the question of veterans pensions will be welcomed by hon. members. They, I know, hope that this legislation will be brought down at an early date so that full consideration may be given to it and an opportunity afforded to fully explore the effectiveness of the new legislation with which we will be called upon to deal.

Then another point I brought forward was that there should be a committee on defence expenditures. I am not going to deal at any length with the speech made this afternoon, which appeared to be a little behind the actual movement of events. The fact is there is reason to hope that we are going to have a committee on defence expenditures. Such a committee is something for which we have been pressing for a considerable time. If that committee is set up, as I hope it will be and as the Prime Minister indicated it certainly would be at the next session and possibly at this, then we shall have achieved a great deal by our continued insistence upon the setting up of that committee.

I wish to point out that such a committee has no resemblance to the muzzled public accounts committee which has been denied the opportunity really to examine the business of this house and of this government.

Mr. Robinson: You were a member and you were not there.

Mr. Drew: I was a member of the public accounts committee, and I know exactly just how much the public accounts committee is permitted to examine. When the hon. member who spoke this afternoon quoted with a pious declaration of approval what the public accounts committee had said, he omitted to state that it was a majority report and that under the rules which apply to that committee no minority report is permitted. The fact is the public accounts committee has been completely muzzled in regard to any effective examination of the current state of our defence affairs. When it was decided that the officials and officers of the Department of National Defence were not to be permitted to give any information after March 31, 1950, I believed that there were other activities which could be more usefully pursued than delving into ancient history of that kind at that particular time. I can assure the hon. member, however, that if and when this other committee is set up he will have no reason to complain of my attendance at that committee. I can only interpolate that at a time last year when we did succeed in obtaining some information, before the clamps were put on, the hon. member who seems to object to my absence this year seemed to object very much to my persistence on the earlier occasion, or even to my presence, for that matter. However, we will now look forward to the setting up of this committee on defence expenditures. I look forward to it both for what it can accomplish and for the evidence it does furnish that little by little we are returning here in Canada to parliamentary responsibility.

Another point that I raised was in regard to housing. I again pointed out that it would not be possible for us, under the device that has been employed to limit debate, to introduce a motion on that subject, but that I hoped the restrictions would be removed and the green light given to a real housing program in this country. Since then we have had a statement by the minister responsible for housing, but it falls far short of providing the kind of program that will produce the houses needed for the rapidly accelerating demands of the people of this country as well as the new people who are being invited into Canada by this government and are now coming in increasing numbers.

Then, also, I put forward the request that the government should indicate, and I expressed the hope that the Prime Minister would so indicate that afternoon, that it would introduce legislation to repeal the 25 per cent increase in the sales tax, the excise tax on electrical and other household equipment, and other things that really are necessities in this modern life of ours. The Prime Minister has given no such assurance, and there is no indication that the government has any thought of removing those unnecessary and extremely inflationary taxes.

I also urged that the Prime Minister indicate that the government would take steps to remove the unnecessarily severe restrictions on credit, and in that way release some of the purchasing power of the people to buy those things which are available to people who want them, if the appropriate credit arrangements can be made. We have had

no assurance in that respect and, on the contrary, have every reason to believe that no such plans are contemplated by the government at this time.

Then I repeated my request that the government agree to the appointment of a committee or commission to inquire into the cost and organization of government. In doing so I repeated a request which has been made many times before. On this occasion, however, I did it with hope based upon the discovery by the Minister of Finance that many small savings sometimes add up to substantial savings, and in the belief that an inquiry of that kind might well produce very profitable results for the government and people of Canada. We have had no indication that the government has been willing to change its views in that respect.

In all the discussion that has taken place, and in all the answers given, there has not been the slightest evidence that the government recognizes that, by a combination of inflation to which it has contributed, by restrictions and by excessive taxes it has imposed, many people in Canada today face an extremely disastrous situation. When I use the word "disastrous" I am reminded that the word "calamity" has been employed by the Prime Minister to describe just such a situation as that which we now face. For those reasons I would still hope the government might give some indication that it is prepared to recognize the seriousness of the situation and to take some of those steps which definitely would help in tackling the whole problem of inflation.

I wish now to deal with the subamendment. In presenting the amendment to the motion for the adoption of the address in reply to the speech from the throne I introduced, on behalf of the party with which I am associated, a motion which is in positive rather than negative form. Just before moving the amendment I said this:

> So often members say, "Oh, I would have voted for that amendment if there had not been included in it a number of details with which I do not agree, although I agree with the main purpose of the motion." The motion I am about to move leaves no such possibility, and I hope that the members will vote upon it recognizing that fact. I hope that the members of all parties in this house who believe that something effective should be done will support the motion. It carefully avoids all other controversial issues, and asks the members for a vote on no other question than whether or not the government will now tackle the problem of inflation in a way which will assure the general welfare and security of all Canadians.

[Mr. Drew.]

Then I introduced a motion which dealt only with that one subject. Instead of expressing regret, instead of expressing censure, the amendment was in these words:

> We respectfully represent to Your Excellency that in the opinion of this house adequate steps should be taken to combat inflation and deal effectively with the high cost of living.

That amendment was introduced so every member in the house who has found in his own constituency a demand for action to deal with inflation and the high cost of living could vote for it, without at the same time challenging the government, which in the ordinary course of events he may support. The Prime Minister made the statement that he left it to Mr. Speaker to decide whether this was a want of confidence motion, and suggested that if it was not, then it might not be in order. May I say at this point that that is indeed a strange proposition in procedure, because I have yet to find any suggestion that a positive motion is not always just as much in order as a negative motion. Motions are made from time to time, and accepted by the government, which ask for amendments to legislation or resolutions, and where additions are made enlarging such motions or legislations.

The question whether this is or is not a motion of want of confidence is surely one of interpretation which can be settled by the member who moved it, when he says that in this case it is not to be regarded as a want of confidence motion but as an opportunity for members of the House of Commons who have heard the views of people in their constituencies to say to the government, "We want action now. Whatever action is taken, we want it taken without any further delay". That has been done on other occasions, and I believe it can be done on this one with advantage to the people of Canada.

On earlier occasions, moving amendments to the motion for the adoption of the address in reply, invariably we have included a number of subjects. If we had been drafting a similar amendment in this instance we would have included these various subjects to which I have referred today, and would have put each one of them in the amendment. We did not do so because, as I said, it is carefully drawn to introduce no subject other than this one question: Do you ask the government at this time to take action to deal with inflation, without further delay? Because it is drawn in that way, and because it deals effectively with the one question we have put forward, then it is not my intention to agree to support anything that enlarges or widens the amendment itself.

There are, however, other reasons why I would take that position, and with which I should like to deal at this time. We have made it clear that we believe there are a number of subjects that should be before the House of Commons. We have made it clear that we think there are a number of ways in which inflation can be tackled. We have pointed them out, as we have pointed them out on other occasions. First, reduce the cost of government. Second, increase production in every way possible by removing the restrictions that are today limiting production. There should be a real building program that will give the people of this country the houses they need. We should carry forward development programs that will employ the resources of this country. We should do those other things that have been suggested as ways of tackling this problem. Yes, we should adopt such selective controls as are necessary to hold down the prices of the particular materials or supplies which the government is setting aside for defence purposes. We have pointed out that when the government suddenly steps in to buy large quantities of any kind, immediate and heavy inflationary pressures exert themselves on the remainder. We have said that flexible and selective controls should be applied to those particular things.

We have been told that selective controls are not possible. We have been told by the Minister of Finance over the radio and elsewhere that you must either have controls over everything or not at all. The Minister of Finance has a short memory because he should remember a publication issued by this government in 1945 entitled "Canada at War, a Recapitulation". Issue No. 45 of 1945 stated:

> For the first two years the board followed a policy of selected controls.

Having made that statement, the book issued by the government went on to extol the virtues of that system and what it had achieved. It should be recalled that this government expressed its own faith in selective controls by the fact that during the first two years and more of the war they were applied only to six different types of requirements. We have been told by the government itself that that worked well and effectively until the all-out demands of war called for a wider system of control.

Those are the kind of controls that we have been urging, that we still urge. We do believe that if it is competent for the government to say how much of any particular requirement in the way of raw materials or otherwise shall be set aside for defence purposes, it is equally competent for the government to say that in relation to what remains the price shall not rise above a certain point until it can be demonstrated that it should do so in the interests of the country and national defence. That is a different thing from wrapping around the business of this country at this time rigid and over-all controls. Nowhere at any time in anything I have said in this house or outside can my words be interpreted as seeking the application of controls of that kind at this time.

The subamendment raises the question of price controls. When we examine what is meant by the subamendment it becomes necessary to examine the explanation that has been given, to examine what those who moved that subamendment really meant by the terms they used. The rules of this house make it necessary to draft motions, amendments and subamendments in a strict form which often limits the use of the words to the point where the motion, amendment or subamendment becomes little more than a peg upon which to hang an explanation which describes what is actually intended.

On earlier occasions we have explained what we meant, and have pointed out what we thought should be done to deal with inflation. We expected and we do expect those explanations to be taken as our statement of what our earlier amendments have meant, just as we expect our statements to be taken now as to what we mean by the amendment we have presented. It is necessary in the same way to examine the explanation that has been given of the subamendment.

To an extent that has certainly not been true since I came into this House of Commons the members of the party which has put forward the subamendment have made it perfectly clear that what they are asking for are over-all and rigid controls such as constitute part of their idea of socialist planning for the country. That emerges from the repeated criticism of free enterprise and the capitalist system which has appeared in the discussions of these past two days. It may be all very well for some of those hon. members who have made these statements to say that they are on record with regard to their position, but the fact is that they have changed greatly. When they suggest inconsistency in the position we have taken in regard to controls I must say that it does provide a real source of amusement to find people who have been so inconsistent worried about the alleged inconsistency of others.

We have had the representatives of the socialist party talking in this house as though

they were the exponents of free enterprise, completely forgetting the dogma of the Regina manifesto. We have heard assurances in this house that they were not asking for the imposition of continuing controls. It seems that something has happened, that something has changed. I think something has changed. I think the change is a return to the Regina manifesto and a desire to implement a plan of over-all controls such as was contemplated by that manifesto when it was originally prepared. Let us go back to that manifesto and see how remarkable the statements are. Having regard to the evils of the present system the manifesto says:

> We believe that these evils can be removed only in a planned and socialized economy in which our natural resources and the principal means of production and distribution are owned, controlled and operated by the people.

The whole manifesto makes it clear that when they say "owned, controlled and operated by the people" they mean owned, controlled and operated by the state. Then later on the same page we find these words:

> What we seek is a proper collective organization of our economic resources such as will make possible a much greater degree of leisure and a much richer individual life for every citizen.

Those are attractive words. Those are words which bear a surprising similarity to certain words in another manifesto which was issued nearly a hundred years ago. Those words set out a belief in a strictly planned and regimented economy.

On September 4 of this year an extremely important speech was made by the president of the American Federation of Labor, Mr. William Green, speaking on Labour day at the Toronto exhibition. In that speech he stated unreservedly that the one hope for freedom of organized labour is the free enterprise system. He came out unreservedly, as the head of one of the great labour organizations on this continent, in support of free enterprise as the way in which organized labour could best assure its rights in the years ahead. Then he used words which I should like to read:

> Let us sink our tiny differences and stand together for the free enterprise system, which means freedom for labour to organize and for the rights of employers. Let us dwell on the bonds that hold us together rather than the barriers which divide us.

That was a great speech on an important occasion by a great labour leader. He came out unreservedly for free enterprise as the system under which labour itself could best reach the objectives which it seeks to attain. His speech immediately came under criticism by the officials of the socialist party, and they took occasion to criticize the assertion that labour would best attain its ends under the free enterprise system. No matter what may have been said in the past about the acceptance of that system with certain modifications, we have heard some criticism of the free enterprise system in this house during the present session. Let me make it perfectly clear that, along with the other methods that we have put forward, we believe that where pressures are creating inflationary rises in certain materials going into defence production, it is the duty of the government to take the steps that are necessary to hold down the prices of those materials that remain. We believe if that is done it will present the chain reaction that flows from sudden increases in prices of these particular materials.

But we will certainly have no part or parcel of the socialist idea of over-all controls wrapped around our economy. We will have nothing to do with it at any time. We wish to make it abundantly clear that when the members of the socialist party criticize us for having advocated the abolition of controls at the time we were going forward into what appeared to be a normal period of increasing peace and security, they are only doing so because they wanted indefinitely to continue controls such as have always been a part of the planned economy they advocate. Certainly we advocated the withdrawal of controls. The point I have sought to make, and that I make now, is that we want to see controls removed as soon as possible. We have controls today. We have the widest possible type of controls. We have undefined controls under emergency legislation which the government obtained by a majority vote in this house last spring. We have controls, and the sooner we adopt such measures as will counterbalance the effect of these controls on supplies at the source, the closer we will be to the day when we can again remove all controls.

There is one way and one way alone to end inflation. That is by production; but there are other steps that must be taken before that is achieved. It has been said, and properly so, that neither price controls nor any other controls can end the threat of inflation. That is true. It may also be said that no battle and no war was ever won by defence fortifications, and that has been abundantly proved. The Maginot line became a state of mind; and while I recognize—and I say this with the utmost sincerity—the belief that the socialist members of this house have in the effectiveness of over-all controls in a planned economy, I suggest that controls of that kind are simply the application of the Maginot mind to our economic system. Instead of looking on defence measures or protective measures simply as

temporary devices behind which the forces of a free economy can be marshalled to move forward into greater periods of production in the years ahead, they regard them as an end in themselves. Certainly defence lines are necessary. Every man who has seen active service knows there are occasions when only the erection of earthworks, or trenches in depth, or barriers of some kind, will hold the enemy back while forces are mustered who can move forward at the time when victory is possible. The same holds true of the economic struggle in which we are engaged. It may become necessary to take defensive measures which are not desirable in themselves and which should be removed as soon as possible, but these defensive measures may become necessary just as earthworks or other defences become necessary in battle. Behind these temporary defences let us build up our forces; behind these defences let us combine production for civil and military requirements, and when the time comes once again there can be the free play of prices which in the end is the one hope of lower prices with better goods to the people of this or any other country.

It is in that light, and that light alone, that we have put forward our arguments with regard to selective controls of a flexible nature, selective controls which on earlier occasions were extolled by this government that now seems to be so concerned about them. It is for the reasons I have put forward that we seek a straight vote on the motion we have placed before the house. Will the members who have come back from their constituencies with information from their people say to this government on a straight request of this kind: We want action now; we want action to hold down the cost of living and to stop the spiral of inflation? That is what we have asked that the members of this house should vote upon; and having eliminated from our motion any amplifying references we do not believe it appropriate that we should accept a rewriting of that motion at this time.

I should like to say just a word or two with respect to the government's position in this matter. The government is not very clear as to just what it does mean. When it obtained these immense emergency powers last spring it said it was obtaining them because it had now become necessary to be ready to introduce price controls if the necessity should arise. They obtained this wide legislation on that assurance, and if they did not intend to exercise these wide powers for the restraint of prices by some device then they had no right to obtain such powers at all from this house. But the difficult thing to understand is why this government has changed its opinion so much. Back in 1945 the present Prime Minister had this to say, as reported in *Hansard* of November 23, 1945, at page 2452:

> The immediate price increases resulting from the hungry market and the removal of subsidies on such key commodities as milk, bread, butter, cotton textiles, would accumulate rapidly as workers sought to protect themselves through wage increases, as producers raised their prices in response to rising wages and material costs, as buyers scrambled for goods and shelter to protect their individual needs, and as the speculative tendency gained momentum. It would be difficult to say how high the cost of living would go before the inevitable collapse. At first, higher prices in the United States and in other countries would stimulate increases here. Later perhaps price levels of the United States, if that country maintained some measure of control, might provide a ceiling.
>
> Nevertheless it seems to me clear that the increase in the Canadian cost of living before the recession set in would be very substantial, and the consequences of this would appear to be serious. The weaker producer groups in the community would be unable to increase their incomes to compensate for the higher cost of living.

May I repeat that sentence:

> The weaker producer groups in the community would be unable to increase their incomes to compensate for the higher cost of living. Savings of the whole Canadian people would depreciate. The returned service man would get poor value for his gratuity and re-establishment grant. Dependents of those fighting men who, unfortunately, did not return, would face serious privations. Pensioners and others who have made provision for their old age, through life insurance or other means, would find that that provision would be imperilled and their security materially lessened.

Then let me refer to the statements that have been made to the effect that controls which would hold down prices of supplies where the government is obtaining them for defence production—and those are the only supplies I am referring to—would limit production. May I recall this speech of the Minister of Defence Production (Mr. Howe) as reported in *Hansard* of March 27, 1947, at page 1813:

> The primary question that was asked of me was whether controls had hampered production. I can conscientiously say that since I have been associated with controls, which is from their inception, controls have never been permitted to hamper production. In fact, controls at the moment are greatly stimulating production in several important lines.

As recently as this spring the Minister of Defence Production reiterated his statement that controls of that kind did not limit production. Then we come to the Minister of Finance, who is reported in *Hansard* of April 1, 1947, at page 1938 as follows:

> . . . the government seeks an extension of its powers to control these prices, supplies and rentals for one reason and one reason only, namely, to continue to give the ordinary people of this country, the farmers, the fishermen and the workers in the cities and towns, a fair break in the transition period. During the war our policy was to prevent

inflation and to provide and enforce a fair distribution of goods which were in short supply. Prices were held under a pretty rigid price ceiling; but that policy worked. We are more than ever convinced that this over-all price ceiling policy was the only policy which could have worked successfully.

I think the whole course of events in this modern world changed in June of last year when the attack on Korea once more presented us with a new period of suddenly expanded defence production. The moment that attack came, then it was necessary to recognize that once more we were in a transition period and that once again we must take whatever steps were called for to protect the people of this country from the impact of events of that kind.

I have presented to this house a motion which I am satisfied every hon. member can conscientiously vote for, if he has come back to this house with the belief that the people in his own constituency want immediate action to deal with the cost of living. But to recall the famous words of a cartoonist who was more popular in the first world war than in the last one, may I suggest that the members of this house say to this government at this time: With your knowledge and experience—which you do not place at too low a level, in your own estimation—and with the experts you have to assist you, if you know of "a better 'ole", go to it. If you know of a better way to deal with this problem, let us know what it is.

In the speech from the throne we were told that the government was going to do what was necessary to deal with the cost of living. What we ask now is that the government do something to deal with it. The government has the experts. The government is in a position to call together representatives of labour, of farm groups, of the banks, of the financial houses, of the commercial enterprises, of every activity in this country and to say to them: We are confronted with a situation which, to use the word of the Prime Minister, is a calamity. How are we going to deal most successfully with this calamity? We are prepared to hear your advice and to the extent that you convince us, to act upon it. The situation is serious. Many people in this country are in a most critical position today with regard to meeting the bare necessities of life. It is true that there is a tremendous amount of money in this country today, as was stated yesterday by the parliamentary assistant to the Minister of Finance, but the trouble is that at the present time that money is being channelled off into more and more limited areas. If something is not done to deal with the inflation with which we are now confronted, and to deal with it effectively, those who have no way of meeting this threat, those who have no way of riding the tide of inflation—and that is the majority of Canadian people—will find their actual buying power decreasing while wealth increases in the hands of those who are in a strategic position to take advantage of inflation itself. That would bring to this country discontent, distrust and dissatisfaction at a time when we should be seeking co-operation in every possible way we can. That would sow the seeds of distrust and disharmony at a time when we should be following and listening to the wise words of Mr. William Green, to whose speech I referred. I repeat his words:

Let us sink our tiny differences and stand together for the free enterprise system, which means freedom for labour to organize and for the rights of employers. Let us dwell on the bonds that hold us together rather than the barriers which divide us.

On that note I close these remarks and express the hope that the members of this house, without any extension of the motion, will vote for that motion which asks the government to act now in a spirit of co-operation so that together, as representatives of the people of Canada, we may persuade the government to take action which is greatly needed in the interests of all Canadians at this hour.

Mr. J. J. Smith (Moose Mountain): Mr. Speaker, I take part in this debate in the hope that I might add something to it. I am under a considerable handicap since I have a bad cold, but it is mostly in my throat and I hope it will be possible for me to speak loudly enough for all those wishing to hear me to do so. I should like to join with those who congratulated the mover (Mr. Cauchon) and seconder (Mr. Simmons) of the address in reply to the speech from the throne. It was not my good fortune to be here when those gentlemen performed their tasks, but I have heard both of them in action before and I am quite sure that the kind remarks that have been directed towards them were well deserved.

I do not know whether it is my misfortune or privilege to follow the leader of the opposition (Mr. Drew). However, that is the way it happens. I suppose that in doing so I may be permitted to refer to some of the statements he made. He suggested that the government should cut down on non-defence expenditures. I am going to suggest to the government that if they pay heed to the leader of the opposition and cut down on expenditures such as public works, they should commence in the constituencies represented by Tories. I agreed with him when he suggested that the one way to curb inflation is to increase production. Yesterday the

hon. member for Coast-Capilano (Mr. Sinclair) pointed out that Canada was increasing her production and was going to continue to do so to a very great extent. As yet I have not heard that statement challenged.

The leader of the official opposition has called upon all members to support the Conservative motion. He also said there was no intention of rewriting it. I have not heard of anyone who wants him to rewrite it. Let us see what the motion says. It is found on page 32 of *Hansard* and reads:

> We respectfully represent to Your Excellency that in the opinion of this house adequate steps should be taken to combat inflation and deal effectively with the high cost of living.

If that was not a motion of non-confidence I believe even the Prime Minister could vote for it. There is nothing in it.

To me, Mr. Speaker, one of the most interesting things in the speech from the throne is the mention of the implementation of the Turgeon report on rail transportation. To the people in western Canada that is important. I am quite sure I am not the first member from western Canada who has advocated that, nor am I the first member from my constituency to do so. We in western Canada buy our implements and other products from central Canada, while much of our produce is shipped to eastern Canada. However, we buy our machinery and automobiles f.o.b. the point of manufacture. We must pay the freight. The producer of grain in western Canada pays the freight on the grain to the head of the lakes. We believe there should be an equalization of those freight rates. We believe the $7 million subsidy recommended by the commission would be a help to the railways to pay for that dead haul over northern Ontario, and would have a beneficial effect.

Much has been said, Mr. Speaker, about price controls. I am glad to note that the Progressive Conservative party has abandoned its call for price controls. I recall speaking to one of my constituents shortly before I left. The newspapers in our section of the country were forecasting a stormy debate and demands by the C.C.F. and Conservative parties for price controls. They have not been entirely correct. This gentleman came to me and asked me if I thought the newspapers were correct. He was not a supporter of mine, but was a Conservative. He said he hoped that the Conservatives would stop demanding price controls. He reminded me of an address he had heard the Minister of Finance (Mr. Abbott) deliver over the radio. I did not hear it, but this gentleman told me he thought it was very good. The address had reminded him and a lot of Canadians of things they had forgotten.

There are a few lines of that address which I should like to put on the record. The minister said:

> Do you remember that you were not allowed to build anything beyond the simplest sort of shelter without getting a permit from Ottawa? Do you remember that no one could open a new store or start a new bakery or slaughter livestock for sale without getting a licence from the prices board and that we had to stop all exports of livestock to the United States? Do you remember that you could not buy a car, a stove or a new tire unless you proved a dire emergency and got a government permit? Do you remember having to keep track of a great variety of tickets and coupons in order to get 30 per cent less sugar than you now use, and only enough gasoline to drive about 100 miles a month? Do you remember that your wages and salaries were frozen and that you could not quit your job or take a new job without getting a permit from a government official?

I cannot persuade myself, Mr. Speaker, that a majority of the people in my constituency want to go back to a system of that kind. I am sure that in a state of emergency, were it to last but a short time, they would not mind; but recently the Prime Minister has said we will have this inflation with us as long as we have this defence program, and that we would likely have a defence program for at least a generation. Well, another generation is quite a long time to be getting permits from government officials to buy the things you need.

I should like to refer to a statement made—I do not know whether or not it was intentional—by the member for Souris (Mr. Ross). He was referring to the price of grain, and the return to the farmers in the United States and Canada. At page 131 of *Hansard* he said:

> There was a difference of just $1 per bushel and that is much too great.
>
> An hon. Member: They may get more.
>
> Mr. Ross (Souris): I think they will. However, I would point out that the initial payment for this crop was reduced by 20 per cent over the initial payment of a year ago.

I do not think that is quite the fact. The initial price of wheat this year is the same as it was last year.

Mr. Ross (Souris): On last year's crop.

Mr. Smith (Moose Mountain): The hon. member said it was 20 per cent lower this year than last year. If he wishes to take one date in October and the other in March, then he may be correct.

Mr. Ross (Souris): Mr. Speaker, for the purpose of the record, I did not check *Hansard* very closely. I said there was a reduction of 20 cents per bushel on the initial payment on last year's crop.

Mr. Smith (Moose Mountain): It is a misreport; I am glad the member has explained it. I repeat that the initial payment on the price of wheat this year is the same as last year, namely, $1.40.

Mr. Ross (Souris): It is $1.60.

Mr. Smith (Moose Mountain): Possibly the hon. member for Souris and I can get together privately. We have many private talks; we are on very good terms. We come from the south, and if necessary we will call in the Minister of Trade and Commerce (Mr. Howe). Then I'm sure the hon. member will be convinced.

Mr. Ross (Souris): And take his word for it.

Mr. Smith (Moose Mountain): Well, I have found it very good. I wish to speak for a few moments about the condition of the farmer in western Canada. Having said that the initial price of wheat has been $1.40 for the last two years, since 1946 western farmers have received approximately $1.80 a bushel basis Fort William. That is what they received last year, and my guess is that we will receive the same figure this year. As the hon. member for Souris says, we have had $1.60, but it is quite likely that there will be another 20 cents. I made that prediction in this house last March, and I think it will not be too far out. Some hon. member said that $1.80 is too low. Well, $1.80 is not too bad provided that the things we have to buy stay in line. The main thing in my opinion, so far as the farmer is concerned, is machinery. In my district it costs about as much to equip a section of land with the necessary machinery to farm it as it does to buy the farm, including the buildings. Therefore that is very important.

Are we going to ask for a higher price for wheat? I am not in favour of doing that, Mr. Speaker, because if we did we would be joining the labour force in asking for higher wages, and it would be like a dog chasing his tail; we would be getting no place. But we are interested in keeping the tools that we need to produce the wheat in line. As I have said, this year we will receive about $1.80 for wheat, which is about the same as we have received since 1946, but machinery has gone up considerably. In many cases it has almost doubled. I do not know whether that increase is justified. There are only two things that go into the cost of machinery or any article you wish to take, and they are labour and services. These have gone up almost double. Someone should look into this thing and see if that increase is necessary. It is true that the farmers of eastern and western Canada can buy machinery in the United States, since machinery is duty free.

I was very much interested yesterday in the remarks of the hon. member for Coast-Capilano (Mr. Sinclair) and what he had to say about the problem of monopolies, combines and cartels. I do not know whether a cartel exists in the machinery industry, but I should like to know. It is fair for any hon. member representing a farming constituency to ask the government to make an investigation and find out. I do not know whether the hon. member for Lake Centre (Mr. Diefenbaker) can persuade the Minister of Justice (Mr. Garson) to check over this combines thing or not. I do not know whether it would work here, but I think it is fair for me to ask that an investigation be made.

Let us see what the hon. member for Coast-Capilano had to say yesterday. As reported at page 162 of *Hansard* he said:

> I learned a good deal this summer about combines, cartels and monopolies—indeed this has been a very beneficial summer for me—at the United Nations. If there is one country in the world which has tried to wipe out cartels, combines and business monopolies, it has been the United States of America—and this goes away back to Teddy Roosevelt's time.
>
> The Americans have found that no matter how they attacked the problem of monopolies, combines and trusts in their own country, international cartels have to be attacked internationally. With that in mind they put forward a resolution before the United Nations to have an international commission which would deal internationally with cartels beyond the reach of any individual government. I, as the Canadian representative, was glad to second that resolution.

I have read that to the house to show that so far as machinery is concerned, if these things do exist within the machinery industry there is nothing that this government can do alone, but it certainly can do something in co-operation with the United States.

During this debate many comments have been made about the differences between prices in the United States and Canada. You can take many ranges of articles, and I should like to know when they were not much cheaper in the United States than here. I live only 33 miles from the international border. Since the middle 1920's I have crossed that border at least eight or ten times a year. On many occasions we have been tourists down there for forty-eight hours, which gave us the right to bring back many commodities. As I was driving home last summer I stopped in Minneapolis, and I found there were less bargains there at that time than at any previous time I had visited the United States. My wife made that remark, and she is a pretty canny shopper. We always went down there, and in the 1930's it paid us to go down and shop in the United States. Last year I found that although on many articles there was some difference, taking the whole range of goods such as clothing, tools and so on there is less difference today than there was in previous years.

I should like to speak for a minute or two on pensions. My remarks will be shorter

than they would have been because of the minister's announcement that legislation will be introduced at this session to deal with the increase in basic pensions. This summer I had the privilege of attending many Legion branch meetings. I found that at all those meetings the Legion boys were very fair. They discussed the committee that dealt with the pension last spring, and at all times they were very fair. They presented a brief to the government asking for an increase, which they got only in part. I think the Legion, if it might be called a pressure group, is one group in Canada that is definitely not radical. To substantiate that statement I would remind the house that less than a year ago—I believe it was last March—the Canadian Legion presented a brief to the government, and to most if not all members of parliament, in which they asked for conscription. The government turned down the brief, and told the Legion that at that time it was not in the best interest of the country. As far as I know there has never been a peep from any member of the Legion in Canada protesting against that decision. I mention that only to indicate that the Canadian Legion is a very fair organization.

Then may I refer briefly to the Canadian Broadcasting Corporation. The C.B.C. is owned and, I understand, operated by the government. As a Canadian taxpayer, if called upon to do so I shall be pleased to pay taxes to give an increase to pensioners. On the other hand we are being taxed a considerable amount of money to keep the C.B.C. in operation; but unless some of those pro-communist programs are cleaned out, then as a taxpayer I shall not be in favour of making any further donations by way of taxes to maintain the C.B.C. I wish the minister were in his seat, but I have no doubt he will have the opportunity to read what I say. Not long ago I listened to a program over the C.B.C. that, I suggest, was unfit for the ears of my children. If it was, then my mother made a sad mistake in bringing me up. I say that program was anti-religious and therefore pro-Russian. It is high time that stuff was cleaned out of the air, especially when the taxpayers' money is being used. This is a free country, and any anti-religious individual who wishes to speak may do so. That is just fine with me, so long as he pays for his own time. I do not want to pay for it through taxation.

A few days ago one of my colleagues from Quebec, the name of whose constituency I have some difficulty in pronouncing, suggested that western farmers were compelling some easterners to eat horse meat. I understand it was eaten in Belgium during the war, but I was not aware that the western farmers of Canada had forced them to do so. Indeed, I think any suggestion of the kind would be incorrect. The same member also called upon the government to restrict the export of meat to the United States. Let me say to the hon. member and, in a kindly way, to the government, that if it does decide to restrict farmers to a greater extent by way of controls, and at the same time not to control wages and profits, there is quite likely to be a row in Liberal ranks.

I do not wish to take further time of the house, Mr. Speaker. There are many problems in my constituency, but they are purely local. I have found in the past that it is not necessary to discuss such matters in the house, but that it is more satisfactory to go to the appropriate minister and have them ironed out. I see no reason why I should follow a different course at this session.

I believe I have said enough to indicate clearly how I shall vote. Definitely I shall oppose the amendment.

Mr. Hees: Why?

Mr. Smith (Moose Mountain): Because there is nothing in it—other than a motion of want of confidence.

Mr. Hees: You do not want action?

Mr. Smith (Moose Mountain): I believe in a man exercising his franchise; but when I vote for something I want to have something to vote for.

Then, as I said before, so far as the sub-amendment is concerned, I cannot convince myself that the people in my constituency will want to go back to a controlled set-up, in which we have to get permits from some government agency even if we want only a few gallons of gasoline, especially if it may last for a generation.

Mr. G. M. Murray (Cariboo): Mr. Speaker, it gives me great pleasure to follow an hon. member from western Canada in this debate and to say also how much we appreciated the speeches of the mover (Mr. Cauchon) and the seconder (Mr. Simmons) of the address in reply. I would refer particularly to the remarks of the seconder, who is my deskmate, and who comes from the Yukon and Mackenzie river area. He has a most pleasing personality, and a most efficient way of looking after the interests of his constituents and serving them in the House of Commons.

I was pleased to hear the announcement this afternoon respecting veterans pensions, following the very strong representations from certain veterans from British Columbia, the Yukon and other parts of western Canada.

We are delighted the government has made the decision to give a better deal to the veterans in this country.

Up in this corner of the house we are not altogether forgotten. Perhaps we are a modest outfit, those of us who sit here on the back benches, but from time to time we do produce results. Perhaps this would be the appropriate occasion to refer to the fact that one of our number has gone forth to meet the forces of unrighteousness in Ontario. We extend to him our good wishes in the gallant struggle he is making to re-establish the Liberal party in Ontario.

We wish well another member of the house, one from Quebec, one who sat over here in the corner and who is now leading the Liberal party in that province. Precedent has been set. The premier of Nova Scotia came from the House of Commons, and I have no doubt that the rump will do its part to provide premiers for all the provinces, should vacancies occur.

May I compliment the new members who have been elected to the House of Commons. The speeches they have delivered have been of a high order, and I feel sure the house will be strengthened from the new blood added. Of course at the moment they are unfortunate in being in the opposition. However, anyone who follows history in Canada must know that sudden changes take place from time to time, and that on occasions those who have appeared to be strongly entrenched have had changes in fortune. I remember being around the city of Ottawa away back in 1911, when there was an overwhelming majority in the government benches under the leadership of Canada's great statesman, Sir Wilfrid Laurier. At that time it was commonplace to hear people say that the then leader of the opposition lacked the quality of leadership, that he lacked genius, that he lacked eloquence. In short it was said that he was stuffy, an ordinary man. They were referring to Sir Robert Borden. It must have been most surprising to them after the election of 1911 when this man, Sir Robert Borden, who had been regarded as an example of mediocrity by so many people prior to the election, suddenly blossomed out as one of the great statesmen of the empire, and contributed in no small measure to the fortunes of Canada and of the whole empire during that period of time. All we sometimes need is the mantle of authority and the right background, as well as to have the right friends, and there you are. I urge the newcomers to the house to be of good cheer, to not despair. Undoubtedly their day will come. They should be not weary in well doing.

The hon. member for Queens (Mr. MacLean) made a most excellent speech. I was particularly intrigued by his reference to the experience he had with swine in Prince Edward Island. He told us how a hog had reproduced, but the smaller one in the litter was not getting a very good break in the feed line. Apparently there was not much inflation at that point for the little one who sought nourishment. I have been told by responsible ranchers in the Peace river country that with grain plentiful and other facilities available swine can be fattened for five cents per pound. The people in Prince Edward Island should bear that in mind. If they do not find the going so good in the garden of the gulf they should go west and north and settle down on some good land in the Peace river country. They could carry on the livestock industry in a big way, particularly the raising of hogs, and become really prosperous.

I think these comparisons about what a thing is worth in the United States and Canada are endless and do not get us anywhere. One thing I have noticed in going through the farm lands in Montana, Minnesota, North Dakota and other states is that the prices of farm lands are phenomenal. I know you can buy land in the Peace river country very cheaply, and it is equally fertile. I acquired some land the other day at $2.50 per acre, and from the standpoint of fertility I do not think anything in the Ottawa valley can better it. It is good deep loam and has all the qualities which should make for great productivity in the way of mixed farming.

We do not need to take second place to the United States. It may be that some articles of ladies' lingerie or other frivolities are cheaper, but I have never been able to get hold of a tweed suit in the United States that did not cost three times what one would cost in Vancouver or Winnipeg. If I want a pair of shoes I buy them in Canada where I can buy a No. 11 pair that will last me three times as long as the shoes I might buy in the United States, even though they might be two bits cheaper in Seattle or Portland.

British Columbia has been heard from to some extent this week. We are fortunate in having a good delegation from British Columbia. It is a happy thing for British Columbia that we have. I was particularly pleased with the speech by the hon. member for Coast-Capilano (Mr. Sinclair) who most ably presented the case for his minister, his department and the government. I was also

pleased with the remarks of the parliamentary assistant to the Minister of National Defence (Mr. Campney) who did so well this afternoon. In making such a valuable contribution to the debate these gentlemen have carried out an unselfish task. It would have been quite easy for them to stand up here and make speeches calculated to win friends and influence people from a purely political angle. However, they chose to deal with the policies of the government and did not descend to the discussion of parochial things which might have brought them kudos, as they would have been able to point out the various things which they had accomplished for their ridings.

One of these gentlemen is a Rhodes scholar. This afternoon we have had some references to history. The leader of the opposition (Mr. Drew) referred to Karl Marx and so forth, and mentioned that one of our representatives was a Rhodes scholar. There are a number of hon. members who are Rhodes scholars and they, as well as other Rhodes scholars who are in professions or business, have added much to the quality of Canadian citizenship. However, no one seems to have referred in recent years to the man who instituted these scholarships, Cecil Rhodes. He was a man who improved things in his time. History says that he was a great empire builder in South Africa. He died a young man in the midst of his activities. He has been condemned, particularly by the socialists, as having been a menace to humanity and as one who had done much that could not be praised. But he saw into the future in a very practical manner and he did things which are of benefit to us today, not the least of which was the institution of these scholarships for Canadians and others who are able to qualify.

I looked up the record of Cecil Rhodes. This was coincident to the reference by the Secretary of State for External Affairs (Mr. Pearson) to Egypt. I was surprised to find that in 1891 Rhodes claimed to be a Liberal. At that time he gave a campaign donation of £5,000 to the Liberal party. The fact that he had made this contribution was a matter of some comment, although it was not a scandal. The party of Gladstone needed support just as parties in Canada today need support. Rhodes made this contribution to the Liberal party and when there was criticism he revealed to the world why he had made it. In letters to the *Spectator* in London he said the Liberal party was ruining itself by its little England policy. There may be danger that Canada is ruining itself by its little Canada policy. That is my interpolation. Rhodes went on to point out that there seemed to be a desire to scuttle out of Egypt. In 1891 he desired to see Britain remain in Egypt to control that part of Africa. He desired that because he was planning to build the Cape to Cairo railroad. He was also planning, and subsequently completed, a telegraph line from the Cape to Cairo. The influence he brought to bear on the British cabinet resulted in the British forces remaining in Egypt, and the peace of the world today is probably dependent upon the decision he made at that time. In a further letter he said that he was glad to send a contribution, that the future of England must be liberal, liberal perhaps to fight socialism.

It was singular that the leader of the opposition should have referred to Marx this afternoon. One hundred years ago Marx was indeed launched on a great revolution. I happen to represent the constituency of Cariboo in this house, and it is an interesting sidelight that around 1858 it was the miners of Cariboo, together with miners in California and South Africa, who caused Karl Marx to pause in his tracks, and postponed the coming of socialism for one hundred years. These people in the constituency of Cariboo, in California, Australia and South Africa, went into the gold-mining business, and suddenly there began to appear from these distant places a flood of gold, a flood of wealth. Of course some people would not call gold wealth but at that time it was a very necessary thing to the industry of Great Britain. It was poured into strong boxes in London, into the Bank of England, and on the strength of that gold the commerce of England was maintained, extended and strengthened throughout the world. Her industries were built up, the wealth of the people was supported. and the coming of Karl Marx's dictatorship was postponed for well over one hundred years.

In Canada today we can take a leaf out of the life of Rhodes and the contribution he made. Following his example we should develop the resources of the western and northern parts of our country, so ably referred to by the hon. member for Yukon-Mackenzie River (Mr. Simmons). We should build railways, we should extend highways, we should open up new mines, new sources of oil, timber and farm wealth right here in Canada. If we do that we will stem inflation and make ourselves very strong. We have had academic discussions about the spiral of inflation and the fact that prices are too high. Prices will always be too high in great cities. The trouble with us in Canada is that we

have built too much within the cities and have neglected to develop the great valleys that lie outside. No wealth is made on Sparks street, St. James street, or Bloor street. A lot is spent there.

Mr. Sinnott: Or Bay street.

Mr. Murray (Cariboo): Or Bay street. The economy of the country has been under too much dictation from these great urban centres. Right in Ottawa young people in the civil service and so on who are enjoying good salaries, not large but at least regular, cluster around the centre of the city. They must live in apartments. They must not depart from the paved streets. I suggest that we could start right here and disperse the population to some extent. Suburbs could be established where people could have half an acre of land, a garden and breathing space. There was a day when it was not a disgrace for a woman to milk a Jersey cow and provide a little new wealth in that way. Today, however, we must buy such things out of tin cans, and if we buy milk from the commercial dairies the prices are very high. They are bound to be high, and they will not be any lower until we pay more attention to the development of the rural sections of this country, our natural resources and more especially our farming resources.

The hon. member for Yukon-Mackenzie River referred to transportation and the need for the extension of airways through the northern part of the country. I think that is most essential. In working out our plan of defence of the country I hope that young pilots may be developed in large numbers to man aircraft for purposes of either war or peace. During the recess I covered a large area of this country by air. I visited my friends at Whitehorse and at other places along the way. I travelled some 4,000 miles by air, flying by day and resting at night at flourishing mining camps or industrial centres scattered through the wilderness between Hudson bay, Dawson city, Yukon, and Kitimat on the Pacific coast. Wherever we stopped there were payrolls. Men were working mining gold, silver, copper or lead. I spent some time at the uranium mine and the new city being built there. It is not served by a highway or railway. It has an airfield and our plane was the first commercial plane to land there. We saw thousands of men at work in the area we covered. They were profitably employed. Nobody was complaining about high prices, and there was a flourishing condition of affairs where the natural wealth of this country was being extracted from the soil and pumped into the economy of Canada. We went to Fort McMurray and saw the vast oil sands there, which have not yet been tapped. We are told by technical men that these oil sands contain the greatest reserve of oil existing in the world. After that we went to Redwater and other places where natural gas and oil are being extracted from the earth. Why should we worry about Iran when we have this vast potential supply of oil right in the back yard of Canada?

We need a railway running north from Prince George. When I was here last we had three trains a week on the Canadian National Railway lines between Prince Rupert and Jasper. So great has been the industrial development along that line, in the mills and other industries, that the Minister of Transport (Mr. Chevrier)—and he can tell you this himself—had to put on a train a day each way in order to accommodate the tonnage which is originating very largely in my own riding and in that so well represented by the hon. member for Skeena (Mr. Applewhaite). In that area the Canadian National Railways was regarded for many years as a liability. There were only three trains a week and some of them were not very well occupied. However, such development is going on that it is necessary to institute additional service.

It is not so long ago that the main line of the Canadian National Railways was considered to run from Vancouver to Edmonton. Today the section of the Canadian National Railways that promises to pay better is that from Prince Rupert to Edmonton. We need an extension of the railway north from Prince George into the Peace river country to take care of that region, which has already greatly developed. We also need a railway from Hines Creek westward into the Peace river country. More than all other transportation facilities, we need a railway to link us with the northern frontiers of this continent by way of northern British Columbia, the Yukon and Alaska. Rhodes saw very far into the future. He saw the necessity for the development of the black continent.

Who is today pointing into the future here? We do not need to see into the future to know the defence emergency exists right now which necessitates the building of a railway from here up into Alaska. At the time that I speak of, the world was more or less at peace and it was thought that provision should be made for what might happen in the far distant future. Poised on the other side of the Pacific are some millions of armed men who are at war with us. We may call it a cold war or we may call it a local affair in Korea. But I am here to tell you, through my experience from travelling in Asia and from having met war lords and others on the other side of the Pacific, that the white race are in for fifty years of it, not for a

few months or a few years. I will give you an estimate of fifty years before peace will ever be established in the Pacific. With every month that passes new battalions and armies are being raised in China, Russia, Mongolia and those other places. They are poised over there ready to attack you when the opportunity offers.

I am not making a sensational statement because I made that statement once before the last war and said there was a grave danger of the Japanese coming over and attacking us and placing armies upon American soil. But that thought was laughed at. I even went to the trouble of getting out a book on the subject; but the number of readers found for it hardly paid for the ink. Some day I am going to sell it as a rare edition because it gave warning in good time of the Japanese menace, and the Japanese menace is still with us. There is a lull. But where old Buddha sits over there with his arms folded, time is not of the essence as it is with us. They are not in a hurry. They will take it easy. Not so long ago we had the Prime Minister of Pakistan walking up this carpet, and speaking with us, and foregathering with Mr. Speaker. Who could have thought that an assassin's bullet would have brought him down within a few short weeks? The world has been narrowed down. The things that happen in Asia are now of local interest to us, as are the things that happen in Africa. I say if we are going to be strong in Korea, that is all very well; it is also all very well to be strong in western Europe. But to be strong right here in Canada is more important than anything else. I hold in my hand a book which was written by Richmond P. Hobson, entitled "Grass beyond the Mountains" published by Lippincott. It is a book setting forth the agricultural resources of this country around Vanderhoof, the ranching possibilities and so on. It is also a best seller. Mr. Hobson was the son of the late Admiral Hobson of the United States navy, who accepted the surrender of the Spanish fleet along with Dewey at Manila. He is a young American who came up into that country and took up some of this land which can be bought very cheaply. He has a well organized and successful ranch, something that looks as though it might have come out of Hollywood, and which he carved out of this country down south of Vanderhoof, starting with a small investment. There are literally millions of acres of such land from Vanderhoof north waiting for people to take them. Let us send the soldiers to Europe, but let us go and bring some of these Europeans over here and put them down on that land.

If I have any condemnation to offer of this government today, it is that they are not making it definite that immigrants coming into this country go to the natural industries and keep out of the cities. It is not in our interests to bring immigrants to Canada, allow them to infest the cities and build up populations that are already too large. We do not need more jewelers, milliners or people to do needlework and so on. We need people on the dairy land, on the farm land and in the timber lands of this country. I say that we should start now to bring about a mass movement of population into these vacant valleys of the north. Extend the highways and these other transportation systems, the railways and airways, as the hon. member for Yukon-Mackenzie River (Mr. Simmons) has pleaded with you to do. Let us do that; and let us build this railway to Alaska. Let it not be said many years from now that we scuttled Alaska; and let us not allow the United States of America to scuttle Alaska.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, up to the present time no concrete, workable suggestion has been presented for dealing with the present high price structure. The Conservatives offer no new suggestion at all. All their ideas have been tried. The government in power seems to think they will not work. The C.C.F. proposes controls and subsidies. The main tasks that they would face would be, first, where to get the money from; second, how to maintain adequate motivation to produce; and third, how to avoid loss of freedom from regimentation.

It will be my purpose, if I have sufficient time, to attempt to give at least one suggestion whereby we might possibly find the way out of the difficulties which confront us. As reported at page 42 of *Hansard*, the Prime Minister (Mr. St. Laurent) said:

> We are not all agreed as to what are the best methods of meeting it. I am sure that all of us will be glad to hear from other hon. members what their suggestions are, and I feel sure that their suggestions will be made in the same objective spirit in which I have tried to make clear the government's position.

I hope the Prime Minister will prove by his acts that he meant every syllable of every word that he uttered. Up to the present time he has not shown much of a disposition to listen attentively to the suggestions that Social Crediters have made. But he will find, before it is too late, I hope, that the Social Crediters were right all along, only he had not grown enough to be able to see it.

Social Credit principles, appropriately applied, offer the only possible means of solving the dangerous problems of our times. How might we summarize those problems?

We might do so as follows: First, how can men assure adequate markets for the production of this age of potential abundance, this age of increasing use of machines, technological skills and solar power? Second, how can men ensure adequate prices, stable, and at the same time stimulating to both producers and consumers? Third, how can men, first, bring into optimum use the productive resources of all countries and, second, enable all peoples equitably to partake of the good things the world's resources can produce? Fourth, how can men provide for the preservation of order, while men discover, agree upon and apply principles that can bring about endurable and enduring solutions to the three problems I have enumerated?

Those problems may sound simple but they are just anything but simple. What right now has us on the very verge of absolute destruction in this world is that men cannot agree as to how to answer those questions. No one except Social Crediters can offer a suggestion as to how they might be solved.

Now, some of the particulars, parochial maybe we can call them, involved in these general considerations are such questions as: How are we to safely bring down the prices of all commodities without having them go down too fast and too far, thereby causing disastrous and discouraging losses or even a depression? Second, if we do not or cannot bring down prices far enough, how are we to bring up the incomes of pensioners and others to alleviate the painful deprivation now being suffered by far too many of our people? Third, how can we establish, finance and maintain a Canadian Marshall aid plan to assure ourselves of the British and other European markets, while at the same time providing much needed aid to Canada's Atlantic pact associates? Each of these problems has to be solved if we are going to be on anything like a stable foundation.

Most men of intelligence and good will could rather hopefully approach these problems if they could have available to them the money they require, especially United States and Canadian dollars. Social Credit proposes to attack the economic problems of our day exactly from the point of view of money, particularly where and how the money can come from which is necessary to the adequate production and equitable distribution of the goods and services which the resources available to mankind now render it possible for man to produce.

Social Credit proposals are fundamentally based upon the proposition that much as in former times the king created the community's money and, in the main, spent that money into circulation, so in our times the government, through the Department of Finance, ought to create the money the community needs and spend into circulation as much of that money as is necessary to permit people to consume as much as they desire of the goods and services they can produce.

Social Crediters maintain that the only real backing of money is goods and services; that the dollar is merely a ticket or claim to goods and services; that, therefore, where goods and services are available for purchase and are not being bought with the dollars in circulation in consumers' hands, the Minister of Finance (Mr. Abbott) could, and in duty bound should, create new money much as the king once did. This money he should spend into circulation in such amounts, and in such ways, as will enable potential consumers to consume what they want of the said goods and services available for consumption.

During the early months of 1951 I gave considerable attention to the matter of the soundness of government money, created by the Minister of Finance, to be spent into circulation without creating a debt. On April 19, 1951, as recorded on pages 2196 to 2202 of *Hansard,* I asked many questions. The answers to those questions, if they had been honestly sought, honestly given and frankly faced, would have proven to the Prime Minister and the Department of Finance positively that the Social Credit attitude on the economic problems of our day is right. Did we get answers to those questions? No, not one. Did the Minister of Finance even condescend to pay attention to them? Never once. Did the Prime Minister give any evidence that he even knew those questions were asked? Never at any time. Then the responsibility rests squarely with the Prime Minister and the members of his finance department if they fail to solve the problems confronting them. It is just as simple as that.

On April 30, 1951, as recorded on pages 2519 to 2526 of *Hansard* I quoted Right Hon. Reginald McKenna. I believe I shall put those words on the record again. They are vital. They apply to the situation today. They apply to Canadians right now. Right Hon. Reginald McKenna was giving a report to the shareholders of the Midland Bank, of which he was chairman in the year 1936. On January 30, 1936, he said:

> Additional currency, however, can now be furnished by the authorities, if they choose to exercise their powers without reference to the Central Bank's holding of gold. Thus the 19th century, which brought into general use a means of payment hitherto scarcely known outside London, brought also the machinery whereby it could be subjected to intelligent control. We learnt that a shortage of money may be just as vicious in its effects as an excess, though deflation has still a touch of virtue about it in the minds of many people. Nevertheless

it is becoming more and more widely recognized that greater productivity calls for an increased supply of money, for otherwise prices will fall, business will stagnate, and the growing productive capacity will be unused. For money to be truly "sound" there must be enough of it to finance an ordinarily growing volume of trade, yet not so much as to give rise to an inflationary movement of prices.

Members who are listening to me will recall that at one time the Prime Minister, in a quotation which I shall put on *Hansard* later if all goes well, declared that we have now inventories of goods on hand. We are afraid of them. He did not say that, but nevertheless a good many people are afraid of them.

I shall not refer at the moment to a number of other things which I said on April 30, 1951.

On May 1, 1951, as recorded on pages 2558 to 2563 of *Hansard* I read an account of the Finance Act of 1914, going right back into Canadian history. I read from the Canada Year Book for 1932 a footnote which reads as follows:

> The Finance Act, 1914 (5 Geo. V, c. 3) makes provision in case of war, panic, etc., for the issue of dominion notes against approved securities; this emergency arrangement was made a permanent feature by c. 48 of the Statutes of 1923.

I read then a statement from the report of the royal commission on banking and currency for Canada published in 1933. I read a statement made by Mr. Fielding, a great Liberal finance minister of former times, when in 1923 he was reintroducing the finance act of 1914. This is found at page 2559 of *Hansard*, and I quote:

> In introducing the new legislation Mr. Fielding, the Minister of Finance, made the following brief explanation of its purpose:
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> "The act (Finance Act) was adopted as a war measure, and no doubt was exceedingly useful in the financial operations during the war. It may be said that the war being over we no longer have any need for the act, but experience has shown that the act is still required; indeed, I am inclined to think that something of the kind will have to become almost a permanent part of our financial system."

May I suggest, Mr. Speaker, that our experience during the last twenty years has shown conclusively that we do need such an act. It is the lack of that act, and the use thereof, that is one of the main causes of our trouble in Canada right now.

On that occasion I stressed that there must be plenty of production in order to justify the creation of debt-free money and the putting of it into circulation. I quoted from the Right Hon. Minister of Trade and Commerce (Mr. Howe) when he said on April 9, 1951, as recorded at page 1762—that statement I will repeat:

> I am sure that we can get along quite comfortably as consumers and still engage in a substantial defence effort. A few things may in the course of time become unavailable or relatively scarce, but standards of living will remain high. Unless all-out war comes, Canadians can continue to live well.

I quoted that statement and later requoted it, and commented on it; but the Prime Minister failed to pay any attention whatsoever to that striking remark from his great Minister of Trade and Commerce. The Minister of Trade and Commerce was telling in words just as plain as words could possibly make it that Canada was in a surplus supply position; that we did not need to have any rise in prices because of scarcity of goods. Consequently we did not need to adopt any measures that would be the old orthodox type for reducing inflation.

On May 3, as recorded at page 2671 of *Hansard*, I suggested the issue of $400 million to $500 million debt-free money rather than the imposition of one of the burdensome taxes then being proposed by the minister, taxes that the supply position of Canada at the time did not warrant. The Minister of Finance (Mr. Abbott) never said a word to indicate that there was a shortage of goods in Canada. He did not prove the shortage of one single commodity in this country. I draw the attention of all hon. members on both sides of the house to the fact that up to the present time not one of all the Liberal apologists has ever risen and shown that any commodity in Canada is scarce, and he cannot do it now. The result is that he can give no justification for any rise in prices. That is the first thing. I marvel that they are allowed to get away with this thing.

Mr. Browne (St. John's West): Is steel not short?

Mr. Blackmore: Probably steel may be short at the present time. I will go into details with the hon. member later, but I can give him evidence to show that there is steel on the Montreal market right now that cannot be sold in Canada. I would not be prepared to go into it in any great detail. But suppose steel is short. That does not mean that potatoes are short, or that stockings are short, or any one of a hundred and one things that the Canadian people live on are short. That is the important thing to bear in mind.

On May 22, as recorded at pages 3303 to 3305 of *Hansard*, I discussed the Guernsey island experiment of 1812 to 1829. The Guernsey island government issued state notes debt-free, not backed by any specie, and spent them into circulation, £3,000 of them, in order to build a market house. They built the market house, and they had that market house at no financial cost. A statement of that fact

fell on most hon. members as a song of little meaning—yet that story has tremendous meaning for our time.

On May 23, as recorded at pages 3314 to 3318 of *Hansard* I dealt with the greenback experiment in the United States. I pointed out how Lincoln issued $450 million of greenbacks with no backing but the credit of the United States, no debt, and spent them in the conduct of the civil war with no abnormal disadvantageous economic effects.

On June 4, as recorded at pages 3710 to 3713 of *Hansard* I discussed Canada's civilian supply position, giving many details, and I quoted the Minister of Trade and Commerce once again, but once more you would have thought that someone had been whispering from Mars instead of my telling about the condition actually existing in Canada. Even a lot of the wisest people did not let the significance penetrate into them.

On June 14, at pages 4130 and 4131 of *Hansard* I indicated the desirability of having a department of civilian production. I believe that any government would be wise right now to establish a department of civilian production to make sure that production is being carried on of all the adequate needs of Canadians and the needs of our exporters to help the people abroad. I do not think that matter is being taken care of with desirable efficiency at the present time.

On June 20, as recorded at page 4350 of *Hansard* I discussed the famous Bradbury monetary device of Britain in world war I, what the Bradbury was and what the Bradbury did, and I quoted from the fine book called "Currency, Credit and the Exchanges" published by Dr. William A. Shaw in 1926. I quoted a number of passages. If hon. members will just read those passages and seriously contemplate them, and read the book of which they form a part, they will get a new vision with respect to this whole monetary question which is confounding us, this whole distribution problem. May I read the passages which I put on *Hansard* at that time. The first quotation as recorded at page 4351 of *Hansard* of last spring reads:

> The treasury may, subject to the provisions of this act,—

That is, of the act which introduces the Bradbury. I continue:

> The treasury may, subject to the provisions of this act, issue currency notes for £1, and for 10s, and those notes shall be current in the United Kingdom in the same manner and to the same extent and as fully as sovereigns and half-sovereigns are current and shall be legal tender in the United Kingdom for the payment of any amount.

[Mr. Blackmore.]

That is the kind of thing the Dominion of Canada treasury would do under a finance act like the one of 1923. I read this quotation from page 15:

> At the instigation of the treasury, therefore, the British legislature was consciously instituting a new form of currency. Whence was the idea of such a currency derived? In this matter it is necessary to distinguish. The innovation, whether deliberate or accidental, did not consist in the denomination. One-pound notes were well enough known in England as well as in Scotland, for they were issued by the Bank of England from 1797 to 1825. The real innovation consisted in taking away from the banks the right of issue of this emergency currency. The issue of it was reserved to the state, and the banks were employed only as distributors.

There again is a statement of tremendous importance to us if we want to find our way out, if the Prime Minister really wants to find a way out. I believe he does if he can only get out through the thick shell of orthodoxy which surrounds him.

From page 66 I read this quotation:

> The episode of the British treasury note experiment transcends in importance any other event in the economic experience of the modern world. On the practical side it has emancipated us from the grip of an imperfect gold currency system and of a costly and cruel bank rate system. In comparison with such an achievement the erection of the federal reserve system in the United States is halting and imperfect. But the treasury note episode has not merely this practical value. It has an equally significant import in the domain of theory. By its means we have evolved the true theory of money, and in the light of this theory our currency and banking legislation need no longer be the process of blindfold groping and experimenting which it has been in the past.
>
> This theory of money rests upon one basic principle—namely, that goods purchase goods. In this axiom the word "goods" is used for brevity's sake as comprehending all economic goods or services which, as possessing economic value, possess thereby exchange value.

One more tremendously important statement! It backs the Social Credit contention absolutely to the very last degree!

Then from page 71 I read the following quotation:

> By such a chain of reasoning I think it will be clear that a community's purchasing power is the totality of its exchangeable goods, and that in the case of a paper currency the community's currency is simply a function and not a value or an addition to total values.

I read these quotations carefully and commented on them, to some extent, on June 20. Then I read from "The Theory and Principles of Central Banking" published in 1930 by Dr. William A. Shaw, who is one of the greatest authorities in the world, being secretary to His Majesty's treasury. Apparently my efforts were lost on the Prime Minister. He was too busy. His colleagues did not have time to go and tell him about it.

On June 30 I endeavoured to corner the Minister of Finance and his department, to make him come out and talk the way he should. The Minister of Finance just was not available. He did not come in, and his parliamentary assistant closed his mouth. He did not dare talk. The great authorities he had with him from the Bank of Canada, the top ranking authorities, did not dare utter one single syllable. Here are the questions I asked. These questions are already before the House of Commons and I am now putting them before the house and the country once more, as questions that simply must be answered if we are to be honest with the people who sent us here. They are:

1. A dollar created today by the treasury of Canada without debt or interest, and spent into circulation, much as was each of the 26 million dollars created by the treasury of Canada during world war I, and spent into circulation—such a dollar would be a sound dollar today, provided there were in Canada enough goods for such a dollar to "chase," would it not?

2. Notwithstanding the Bank of Canada Act and the Bank Act of Canada, it would be feasible for this parliament to pass an act similar to the Finance Act of Canada, 1914, or that of 1923, granting the treasury of Canada the power to issue state dollars, without debt or interest, and spend those dollars into circulation, would it not?

3. Possessing the power conferred by such an act, the treasury of Canada could soundly issue debt-free and interest-free, and scientifically spend into circulation, enough dollars into the hands of Canadian consumers, or potential consumers, so as to so supplement the dollars the consumers would be obtaining from sources available to them under our present system, as to enable Canadian consumers to buy Canadian goods and services to the limit of their desires, or to the limit of Canadian productive capacity, whichever limit might be arrived at first, could it not?

4. Would it not appear that a logical means of scientifically spending such newly created debt-free dollars into the hands of consumers and potential consumers would be to compensate either manufacturers or retailers for giving a discount in the price consumers would have to pay, thereby in effect counteracting inflationary influences by buying lower prices?

5. Would it not appear, furthermore, that another logical means of scientifically spending such newly-created dollars into circulation would be to provide consumers with direct issues of consumer purchasing power resembling cost of living bonuses, thereby counteracting deflationary tendencies by, in effect, purchasing markets.

Those questions remain, and unless the Prime Minister and his Department of Finance will speak up and answer them honestly, frankly and unwaveringly, then I declare he did not mean what he said in the quotation I put on record at the beginning of my remarks.

The Prime Minister said, as reported at page 41 of *Hansard:*

The ideal state would be a proper balance between purchasing power and supplies; but none of us—except perhaps the hon. member for Lethbridge (Mr. Blackmore)—has the formula by which to maintain that proper balance at all times.

Mr. Blackmore: Hear, hear.

And Mr. Blackmore is prepared to say that, "hear, hear", to the end of time. Mr. Blackmore is also prepared to back that statement, any time, anywhere.

Now, the formula to which the Prime Minister referred should, I think, be read into the record, so that all may read it. I shall read from a book, a copy of which I think is in the library, called "Douglas Social Credit for Canada" by W. A. Tutte, published in 1934 in Vancouver. Mr. Tutte is the author of "Economic Madness" and "The Path to Sanity." We are suffering from economic madness, and we are seeking the path to sanity now. I quote from page 13 of the book. It says:

As indicated in the preceding chapter, the financial system, with all its defects as pointed out, is automatic in function. Accordingly, anything presuming to replace it should be equally automatic, and furthermore, if the defects are to be remedied the "rule of thumb" principles which govern the present system, e.g., bankers' decisions, must be replaced by mathematical accuracy.

The remedial proposals devised by Major Douglas under the name of Social Credit are logical and simple, yet wholly effective. They would eliminate poverty and depression forever within a few months.

They consist of three basic reforms:

1. National money—Transfer of control of currency and credit from the hands of the banking system to the people through the agency of their government;

2. The just price—A scientific, compensated retail price system, the incidence of which would apply over the whole nation and not differ in respect of different industries or different commodities, in order to obviate inflation, while providing for an exact relationship between the volume of purchasing power and the total possible of production;

3. National dividends—Being a system of debt-free consumer credits distributed equally to all of the people, regardless of social station, and based on the costless creation of financial credit equal to the annual increase in the nation's total capital wealth.

Then, omitting one paragraph, I read:

The system would be administered by a department of government—wholly independent of and not subject to political control—known as the national accountancy bureau. The chief of this department would be appointed for life, removable only for cause, and within the limitations of his jurisdiction, not subject to administrative discipline.

And further down:

The transfer of money authority naturally would take from the banking system the privilege of creating financial credit. This would not necessarily involve the establishment of national banking, however.

The banks would resume their original functions as safeguarders of surplus funds, for which they would make a service charge, just as the storer of any other valuable article does now.

Their lending operations, if any, would be confined to the money entrusted to their care. Unlike the system now in vogue, the making of a bank

loan (were it found necessary or desirable to continue this practice) would constitute a debit against the total of deposits. In this way a bank would be unable to lend more than had been entrusted to it, whereas at present, again as is demonstrated in part 2, banks find it possible to create financial credit in the ratio of ten or more to one of the amounts deposited with them.

The just price, detailed in part 3, would be mathematically computed by means of reports sent in to the national accountancy bureau, and would function by way of a discount allowed on all purchases of consumable goods—the net price of which would be based on the axiom, that the true cost of production is consumption, and hence all that part of the total cost above the just price representing, actually, an addition to the sum of national wealth, would be met by granting debt-free credit from the national credit account.

The advantage of this scientific price system would be two-fold. It would render inflation impossible while at the same time providing the general public with purchasing power equivalent to the total financial costs—that is prices—of all goods offered for sale.

And further down:

It must be noted that the national dividend, unlike the dole, would not cease because an individual had another form of income.

And further down again:

The national dividend would be derived from the same source as the discounts paid under the just price system; i.e., the national credit account, and whatever remained, after provision had been made for the just price discount, would be made available for distribution as dividends just as if every resident of the country were a stockholder in the Dominion of Canada Corporation. The method of distribution is detailed in part 2 of this volume.

While the ideal of equality of income seems impossible of attainment in any form of economy, it is important to note that the functioning of Douglas Social Credit, and particularly the national dividend system, would tend to eliminate the amassing of vast fortunes—which are chiefly attributable to an ability to command bank credit—by eventually making all personal incomes approximately equivalent to the economic importance of the individual to the community as a whole.

There is the formula for which the Prime Minister asked. And I will say, before leaving this book, to those who are not acquainted with this social credit doctrine, that it may sound confusing to them. It did to me at first. But so did algebra; so did trigonometry; so did other worth-while things. What wise man is foolish enough to suppose he can acquire complete mastery of a branch of science without study? Yet the majority of people, upon being confronted with the science of social credit, laugh at it as if it were something crazy. But would those same people laugh at trigonometry or astronomy as something crazy, because their silly little minds did not understand it?

I propose to the Prime Minister that he get in his department all the experts to study this book "Douglas Social Credit for Canada" so that they may go through it thoroughly. Then if they think they find in it anything unsound, let them bring their criticisms to the floor of this house. I will answer them to the hilt.

The Prime Minister said, as recorded at page 41 of *Hansard*:

We cannot get away from the fact that while we are building up these combined forces of the free nations to create the kind of force that is apt to deter aggression, we are taking a certain proportion from the annual production and are not diminishing the purchasing power, except through taxation.

In the first place I would draw the attention of the Prime Minister again to the statement made by the Minister of Trade and Commerce (Mr. Howe) on April 9, 1951. I would also refer to a statement made by that minister on June 14, as reported at page 4078 of *Hansard*:

We have a tight manpower situation. As civilian producers, with exceptionally heavy stocks, run into consumer resistance, they may find it necessary to cut back staff. I am satisfied, however, that such personnel will be absorbed quickly into defence or defence-supporting industries. There will be minor dislocations, but I am satisfied that there is sufficient labour of the right kind in Canada to support our defence program as well as a flourishing civilian economy.

If the Prime Minister (Mr. St. Laurent) would only read those words and check with the Minister of Trade and Commerce (Mr. Howe) I think he would find that that minister is prepared completely to support his statement. I claim that production in Canada has a lead over consumption and I defy any person in the government to disprove that statement.

I therefore ask the Prime Minister: Why withdraw the purchasing power? Why not stimulate production to absorb the purchasing power or release what we now have in stock? That question needs to be answered.

The Prime Minister made another remark to which I should like to refer, and I quote from page 41 of *Hansard* of October 15, 1951, as follows:

Recently in many of our papers we have seen advertisements of cuts in prices, some of them attributable to the reference in the speech from the throne to the fact that the fixing of resale prices was going to be made illegal. I am informed that there are quite large inventories throughout the country—

Mr. MacInnis: Why then are prices going up?

Mr. St. Laurent: Because there are people—and I am not suggesting that they include my hon. friend or me—who have money they would rather not keep than get the thing they can obtain at a high price.

Those inventories in large measure were available a year ago. They were available before the Korean war scare came on. Well-informed men were afraid that we were going into a depression because of those surpluses. Awareness of that fact has got around

to the Prime Minister at last apparently, and I hope he will act upon his new knowledge.

I think we must make allowance for the answer made by the Prime Minister to the hon. member for Vancouver East (Mr. MacInnis) as he probably had no previous preparation, but I think that was a most fallacious and insipid answer. What the Prime Minister should have said was this: My dear friend, the reason prices are going up is that in about the year 1946 various producers of goods began to advance their prices, not because there was a scarcity but because they were just plain hogs.

The first group to do that was the steel industry of Canada. They did it not because there was a scarcity of steel. A scarcity of steel, when we had been supporting Canada's magnificent war effort in the way of steel and were then coming into peace! A scarcity of steel! The very suggestion makes any realistic person disgusted. They advanced those prices because they wanted to make more money and keep prices up. That example was followed by other producers all over Canada who said, "if they got away with it, let us try." So they "got set".

Before very long, I propose to show in a future speech how disastrous the effect has been upon the Canadian people because of this action which was taken, not because there was a scarcity of goods but because there were so many Canadian producers who were not public-spirited enough to be reasonable in their demands for profits.

Our production shows every sign of exceeding the people's ability to buy. Right now our capacity to produce increases consistently and encouragingly from coast to coast in respect of practically every industry. It is true that we are going to use a quantity of goods in the work of war, but our army is so much smaller than it was in world war II and the need of civilian goods to supply that army is so much less than the amount of civilian goods required by troops in world war II that we shall have remaining all the goods we shall be able to consume in Canada, even those amounts which would be necessary for our citizens to enjoy a "flourishing" civilian economy, using the words of the Minister of Trade and Commerce.

The vital questions which arise from the statements I have been making are as follows: First, is it sound for the government now to create a certain quantity of debt-free money? If there is a surplus of production, if there are these inventories the Prime Minister referred to, then it must be sound to create debt-free money to represent those surpluses.

Second, is the present high price structure a result of a shortage of goods in relation to money circulating in Canada, or is it mainly a result of deliberate and selfish advances in price? I do not think there is any question in the world that the latter alternative is the explanation.

Third, is there any surplus of goods at present in Canada? Ask the apple growers; ask the grape growers; ask the producers by the hundreds and thousands from coast to coast, and hear their answer.

Fourth, is that surplus large enough to enable the government to reimburse Canadian retailers for granting a consumer discount of one per cent on all sales over the retail counter during the first fifteen days of an experiment?

I challenge any man on the government side to bring forward facts to convince this house that our surplus is not sufficient to justify the payment of a discount of one per cent on all retail sales in Canada for fifteen days. If the Liberal party is right on the job in doing what people need them to do, they will challenge their ministers in their caucuses. They will then see just how lamely their ministers will answer. Perhaps they will answer as weakly as the Minister of Finance (Mr. Abbott) did on June 20 when my searching questions were put up to him. He had to leave the house because he could not or dared not answer. Let us have some facts and figures!

If our surplus position is such that we can afford to give a discount of one per cent on all retail goods, then let the government at the earliest practical date adopt this device of paying for a one per cent discount on all retail sales. This device would provide a definite reward to all producers and all distributors for preventing any further increase in their prices.

Then as production of consumable goods continues to increase, and it can continue, let the government employ the growing potential inventories of goods to absorb an increasing percentage of retail discounts to consumers, thereby progressively bringing down consumer prices without penalizing producers. And this last is a very important matter!

This procedure could be carried forward until the consumer price structure would be down as low as might be found ideal.

I might add that there would then be no danger of depression, no danger of disastrous loss which would drive any producers out of production. All would go forward smoothly.

I commend to the Prime Minister the formula which the member for Lethbridge

has put forward, and I earnestly ask him not to ignore the information I have given today.

On motion of Mr. Sinnott the debate was adjourned.

STANDING COMMITTEES

Mr. W. G. Weir (Portage-Neepawa): I wonder if the house would consent to reverting to the presentation of reports and motions. I ask this so that I may present the report of the special committee appointed to prepare and report the lists of members to compose the standing committees of the house.

Some hon. Members: Agreed.

Mr. Weir presented the report of the special committee appointed to prepare and report lists of members to compose the standing committees of the house, as follows:

PRIVILEGES AND ELECTIONS

Messrs:

Benidickson
Boisvert
Brooks
Campney
Cardiff
Carter
Coldwell
Cote (St. Jean-Iberville-Napierville)
Cote (Matapedia-Matane)
Courtemanche
Dechene
Dickey
Diefenbaker
Dinsdale
Fair
Fulford
Gour (Russell)
Harris (Grey-Bruce)
Knowles
Leduc
Lefrancois
Leger
MacKenzie
Parent
Pouliot
Richard (Ottawa East)
Riley
Stewart (Yorkton)
Viau—29.

(Quorum—10)

RAILWAYS, CANALS AND TELEGRAPH LINES

Messrs:

Applewhaite
Beaudry
Bertrand
Beyerstein
Bonnier
Bourget
Breithaupt
Browne (St. John's West)
Cannon
Carter
Chevrier
Churchill
Clark
Conacher
Darroch
Dewar
Eudes
Ferguson
Follwell
Fulton
Garland
Gauthier (Portneuf)
Gillis
Gourd (Chapleau)
Green
Harkness
Harrison
Hatfield
Healy
Herridge
Higgins
Hodgson
James
Johnston
Lafontaine
Low
Macdonald (Edmonton East)
MacNaught
McCulloch
McGregor
McIvor
Mott
Murphy
Murray (Cariboo)
Mutch
Nixon
Noseworthy
Pouliot
Richard (St. Maurice-Lafleche)
Riley
Robinson
Rooney
Ross (Hamilton East)
Smith (Queens-Shelburne)
Stuart (Charlotte)
Thatcher
Ward
Weaver
Whiteside
Whitman—60.

(Quorum—20)

MISCELLANEOUS PRIVATE BILLS

Messrs:

Argue
Balcer
Balcom
Bater
Bonnier
Brooks
Cameron
Campney
Cauchon
Churchill
Cleaver
Cournoyer
Cote (Verdun-LaSalle)
Croll
Decore
Demers
Dinsdale
Eyre
Ferguson
Fournier (Maisonneuve-Rosemont)
Gauthier (Lapointe)
George
Hansell
Hosking
Hunter
Jeffery
Kent
Knight
Langlois (Berthier-Maskinonge)
Lennard
Little
MacDougall
MacLean (Cape Breton North and Victoria)
McLean (Huron-Perth)
Meeker
Murphy
Noseworthy
Parent
Richard (Gloucester)
Roberge
Robertson
Stewart (Yorkton)
Tustin
Valois
Warren
White (Middlesex East)
Whitman
Winkler
Wood
Wylie—50.

(Quorum—15)

BANKING AND COMMERCE

Messrs:

Adamson
Argue
Arsenault
Ashbourne
Balcom
Beaudry
Bennett
Blackmore
Bradette
Breithaupt
Brooks
Cannon
Carroll
Cleaver
Cote (St. Jean-Iberville-Napierville)
Crestohl
Dumas
Fleming
Fournier (Maisonneuve-Rosemont)
Fraser
Fulford
Fulton
Gingras
Gour (Russell)
Harris (Danforth)
Harkness
Hees
Hellyer
Helme
Hunter
Laing
Leduc
Low
Macdonnell (Greenwood)
Macnaughton
Maltais
McMillan
Picard
Richard (Gloucester)
Richard (Ottawa East)
Riley
Sinclair
Smith (Moose Mountain)
Smith (York North)
Stewart (Winnipeg North)
Thatcher
Viau
Ward
Welbourn
White (Hastings-Peterborough)—50.

(Quorum—15)

PUBLIC ACCOUNTS

Messrs:

Anderson
Ashbourne
Balcer
Beaudry
Benidickson
Beyerstein
Blue
Boisvert
Boivin
Brisson
Browne (St. John's West)
Campney
Cauchon
Cavers
Churchill
Cleaver
Cloutier
Croll
Decore
Denis
Fleming
Fournier (Maisonneuve-Rosemont)
Fraser
Fulford

Fulton
Gauthier (Portneuf)
Gibson
Harkness
Helme
Johnston
Jutras
Kirk (Antigonish-Guysborough)
Kirk (Digby-Yarmouth)
Larson
Macdonnell (Greenwood)
Major
Maltais
Nowlan
Pearkes
Picard
Pinard
Richard (Gloucester)
Richard (Ottawa East)
Riley
Robinson
Sinclair
Stewart (Winnipeg North)
Thatcher
Warren
Wright—50.

(Quorum—15)

AGRICULTURE AND COLONIZATION

Messrs:

Anderson
Arsenault
Aylesworth
Bater
Bennett
Black (Chateauguay-Huntingdon-Laprairie)
Blue
Browne (St. John's West)
Breton
Bruneau
Bryce
Catherwood
Charlton
Clark
Corry
Cote (Matapedia-Matane)
Courtemanche
Cruickshank
Darroch
Demers
Diefenbaker
Dumas
Fair
Fontaine
Gauthier (Lapointe)
George
Gosselin
Gour (Russell)
Harkness
Hatfield
Herridge
Hetland
Jones
Jutras
Kent
Kickham
Kirk (Antigonish-Guysborough)
Kirk (Digby-Yarmouth)
Laing
Leger
MacKenzie
MacLean (Queens)
Major
Masse
McCubbin
McLean (Huron-Perth)
Murray (Oxford)
Murray (Cariboo)
Quelch
Richard (St. Maurice-Lafleche)
Roberge
Ross (Souris)
Studer
Ward
Welbourn
White (Middlesex East)
Whitman
Wood
Wright
Wylie—60.

(Quorum—20)

STANDING ORDERS

Messrs:

Boisvert
Boucher
Breton
Casselman
Denis
Gibson
Green
Henry
Huffman
Knowles
MacLean (Cape Breton North and Victoria)
Meeker
Monette
Pinard
Quelch
Robinson
Ross (Souris)
Smith (York North)
Stuart (Charlotte)
Viau—20.

(Quorum—8)

MARINE AND FISHERIES

Messrs:

Applewhaite
Arsenault
Ashbourne
Balcom
Bennett
Black (Cumberland)
Blackmore
Blair
Breton
Cannon
Catherwood
Cavers
Cote (Matapedia-Matane)
Fulford
Gibson
Gillis
Harrison
Henderson
Higgins
James
Kirk (Antigonish-Guysborough)
Langlois (Gaspe)
Leger
Macdonald (Edmonton East)
MacInnis
MacLean (Queens)
MacNaught
Maltais
McLean (Huron-Perth)
McLure
Mott
Pearkes
Stick
Stuart (Charlotte)
Thomas—35.

(Quorum—10)

MINES, FORESTS AND WATERS

Messrs:

Adamson
Benidickson
Black (Cumberland)
Boivin
Brisson
Byrne
Dickey
Dumas
Eyre
Ferrie
Gauthier (Sudbury)
Gauthier (Lapointe)
Gourd (Chapleau)
Harkness
Herridge
Higgins
Hosking
Hunter
Jones
LaCroix
Lafontaine
Larson
Little
MacLean (Queens)
McIvor
McWilliam
Pearkes
Proudfoot
Rowe
Simmons
Stick
Thomas
Weaver
Welbourn
Wylie—35.

(Quorum—10)

INDUSTRIAL RELATIONS

Messrs:

Balcer
Beaudoin
Black (Cumberland)
Boucher
Bourget
Breton
Brown (Essex West)
Byrne
Carroll
Clark
Cloutier
Conacher
Cote (Verdun-LaSalle)
Croll
Fairclough, Mrs.
Gauthier (Sudbury)
Gauthier (Lake St. John)
Gillis
Higgins
Johnston
Kent
Knowles
Lennard
Macdonald (Edmonton East)
MacInnis
McWilliam
Meeker
Mott
Murphy
Nixon
Pouliot
Ross (Hamilton East)
Stewart (Yorkton)
Viau
Weaver—35.

(Quorum—10)

DEBATES

Messrs:

Boucher
Casselman
Crestohl
Hees
Henry
Johnston
Knowles
Murray (Oxford)
Pouliot
Simmons
Valois
Viau—12.

(Quorum—7)

EXTERNAL AFFAIRS

Messrs:

Balcer
Bater
Benidickson
Bradette
Breithaupt
Coldwell
Cote (Matapedia-Matane)
Croll
Decore
Dickey
Diefenbaker
Fleming
Fournier (Maisonneuve-Rosemont)
Fraser
Gauthier (Lake St. John)
Gauthier (Portneuf)
Goode
Graydon

Standing Committees

Green
Higgins
Jutras
Leger
Lesage
Low
MacInnis
MacKenzie
Macnaughton
McCusker
Murray (Cariboo)
Picard
Pinard
Quelch
Richard (Ottawa East)
Robinson
Stick—35.

(Quorum—10)

PRINTING

(Members to act on the part of the Commons)

Messrs:

Argue
Ashbourne
Bertrand
Beyerstein
Black (Chateauguay-Huntingdon-Laprairie)
Blackmore
Boivin
Bonnier
Breton
Browne (St. John's West)
Bryce
Cameron
Cardiff
Cauchon
Cavers
Charlton
Cruickshank
Darroch
Fairclough, Mrs.
Ferguson
Ferrie
Follwell
Fontaine
Gingras
Gosselin
Gour (Russell)
Harkness
Healy
Hees
Hetland
Hodgson
Hunter
Kickham
Lefrançois
MacDougall
MacLean (Cape Breton North and Victoria)
Maltais
McDonald (Parry Sound-Muskoka)
McIvor
McLean (Huron-Perth)
McWilliam
Murray (Oxford)
Robertson
Shaw
Sinnott
Smith (Queens-Shelburne)
Stanfield
Stuart (Charlotte)
Studer
Tustin
Weaver
Welbourn
Whitman
Wright—54.

(Quorum—)

LIBRARY

(Members to act on the part of the Commons)

Mr. Speaker and Messrs:

Beyerstein
Blackmore
Brown (Essex West)
Carroll
Carter
Casselman
Conacher
Coyle
Dechene
Demers
Dinsdale
Eudes
Gauthier (Lapointe)
Gibson
Gingues
Goode
Hellyer
Henderson
Higgins
Hunter
Jones
Kirk (Digby-Yarmouth)
Knight
LaCroix
Laing
Leger
MacNaught
McIlraith
McMillan
Noseworthy
Pearkes
Proudfoot
Ratelle
Rochefort
Ross (Hamilton East)
Rowe
Sinnott
Smith (York North)
Smith (Moose Mountain)
Tustin
Valois
White (Middlesex East)
Whiteside
Winkler—44.

(Quorum—)

RESTAURANT

(Members to act on the part of the Commons)

Mr. Speaker and Messrs:

Breithaupt
Casselman
Cournoyer
Dewar
Ferguson
Gauthier (Sudbury)
Gour (Russell)
Hansell
Harkness
Langlois (Berthier-Maskinonge)
Leger
Little
Macdonald (Edmonton East)
MacNaught
McCulloch
McGregor
Ratelle
Richard (Ottawa East)
Rochefort
Simmons
Stewart (Winnipeg North)
Stick
Ward
White (Hastings-Peterborough)—24.

(Quorum—)

Mr. Weir moved that the report be concurred in.

Motion agreed to.

POWERS OF COMMITTEES

Hon. Alphonse Fournier (for the Prime Minister) moved:

That the standing committees of this house shall severally be empowered to examine and inquire into all such matters and things as may be referred to them by the house, and to report from time to time their observations and opinions thereon, with power to send for persons, papers and records.

Motion agreed to.

PARLIAMENTARY RESTAURANT

Mr. W. G. Weir (Portage-Neepawa) moved:

That a message be sent to the Senate acquainting Their Honours that this house has appointed Mr. Speaker and Messrs. Breithaupt, Casselman, Cournoyer, Dewar, Ferguson, Gauthier (Sudbury), Gour (Russell), Hansell, Harkness, Langlois (Berthier-Maskinonge), Leger, Little, Macdonald (Edmonton East), MacNaught, McCulloch, McGregor, Ratelle, Richard (Ottawa East), Rochefort, Simmons, Stewart (Winnipeg North), Stick, Ward and White (Hastings-Peterborough), to assist His Honour the Speaker in the direction of the restaurant so far as the interests of the House of Commons are concerned, and to act on behalf of the House of Commons as members of a joint committee of both houses on the restaurant.

Motion agreed to.

LIBRARY OF PARLIAMENT

Mr. W. G. Weir (Portage-Neepawa) moved:

That a message be sent to the Senate acquainting Their Honours that this house has appointed Mr. Speaker and Messrs. Beyerstein, Brown (Essex West), Blackmore, Carroll, Carter, Casselman, Conacher, Coyle, Dechene, Demers, Dinsdale, Eudes, Gauthier (Lapointe), Gibson, Gingues, Goode, Hellyer, Henderson, Higgins, Hunter, Jones, Kirk (Digby-Yarmouth), Knight, LaCroix, Laing, Leger, MacNaught, McIlraith, McMillan, Noseworthy, Pearkes, Proudfoot, Ratelle, Rochefort, Ross (Hamilton East), Rowe, Sinnott, Smith (York North), Smith (Moose Mountain), Tustin, Valois, White (Middlesex East), Whiteside and Winkler, a committee to assist His Honour the Speaker in the direction of the library of parliament so far as the interests of the House of Commons are concerned, and to act on behalf of the House of Commons as members of a joint committee of both houses on the library.

Motion agreed to.

PRINTING OF PARLIAMENT

Mr. W. G. Weir (Portage-Neepawa) moved:

That a message be sent to the Senate to acquaint Their Honours that this house will unite with them in the formation of a joint committee of both houses on the subject of the printing of parliament, and that the following members, viz. Argue, Ashbourne, Bertrand, Beyerstein, Black (Chateauguay-Huntingdon-Laprairie), Blackmore, Boivin, Bonnier, Breton, Browne (St. John's West), Bryce, Cameron, Cauchon, Cardiff, Cavers, Charlton, Cruickshank, Darroch, Fairclough, Mrs., Ferguson, Ferrie, Follwell, Fontaine, Gingras, Gosselin, Gour (Russell), Harkness, Healy, Hees, Hetland, Hodgson, Hunter, Kickham, Lefrançois, MacDougall, MacLean (Cape Breton North and Victoria), Maltais, McDonald (Parry Sound-Muskoka), McIvor, McLean (Huron-Perth), McWilliam, Murray (Oxford), Robertson, Shaw, Sinnott, Smith (Queens-Shelburne), Stanfield, Stuart (Charlotte), Studer, Tustin, Weaver, Welbourn, Whitman and Wright will act as members on the part of this house on the said joint committee on the printing of parliament.

Motion agreed to.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, on Monday we will take up the motion relating to the procedure to be followed in the house and then the resolution in the name of the Prime Minister to approve of Canada's participation in the efforts being made through the United Nations and NATO to establish and maintain international peace. I understand that the leaders of the different parties met last week and agreed this would be taken up on Monday. If we have time left we will continue the debate on the address.

At 7.05 p.m. the house adjourned, without question put, pursuant to the order of the house passed on October 12, 1951.

HOUSE OF COMMONS

Monday, October 22, 1951

The house met at two o'clock.

KURT MEYER

COMMITMENT TO WERL PRISON, GERMANY

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, on Friday, the hon. member for Lake Centre (Mr. Diefenbaker) asked a question about the transfer of Kurt Meyer. The hon. member for Lake Centre said:

> In so far as his incarceration is concerned, was he released or transferred under an order in council, and has there been any communication to the effect that he will now take his place in any army being formed in western Germany?

An order in council was passed on October 18, which I shall now table, authorizing the Minister of National Defence to commit a person convicted by a Canadian military court and sentenced to imprisonment for two years or more to a service prison, either in or beyond Canada. Pursuant to that order, and with the approval of the cabinet, I directed that Kurt Meyer be committed to Werl prison in Germany, which I designated as a Canadian service prison for that purpose. There has been no communication to the effect that Kurt Meyer will now take his place in any army being formed in western Germany. It would be impossible for him to do so, as he is still serving the sentence of life imprisonment imposed upon him.

The hon. member for Eglinton (Mr. Fleming) asked this question:

> Was any request received from any other government for such an order in council?

The answer is no; but I understand that some representations were made to the Department of External Affairs, which may be dealt with by my colleague the Secretary of State for External Affairs (Mr. Pearson).

Then the hon. member for Rosetown-Biggar (Mr. Coldwell) asked:

> Because of the importance of the matter, will the minister say whether he is still under the control and the jurisdiction of Canada or whether his incarceration has been transferred to the jurisdiction of another country?

The answer is that Meyer is still under the control and jurisdiction of Canada. The prison in which he is now incarcerated is under the control of the United Kingdom occupation authorities in Germany, but they have no power to interfere with his sentence.

The hon. member for Lake Centre said something about the secrecy connected with the transfer. So far as I know it is quite unusual to give advance publicity with respect to the transfer of prisoners, either civil or military.

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, supplementing what the hon. member has said, I might add that the German ambassador designate, Dr. Dankwort, called on an official of the Department of External Affairs on October 15 to make representations on behalf of his government for the granting of a pardon in the case of the German war criminal, Kurt Meyer.

The German embassy has since been informed that the ambassador's representations have been considered by the government and that they cannot be accepted. The German ambassador on this visit made no reference at all to the transfer of Kurt Meyer to the United Kingdom zone in Germany. The announcement regarding this transfer had not indeed been made public at the time of the interview.

Mr. Coldwell: Under what authority was the order in council passed? I am not sure I understand that.

Mr. Claxton: Under authority of section 178 (2) and (6) of the National Defence Act.

Mr. MacInnis: May I ask the minister if Kurt Meyer can now be released without the express authority of the government of Canada?

Mr. Claxton: No.

BUSINESS OF THE HOUSE

MOTION GIVING PRECEDENCE TO GOVERNMENT ORDERS

Right Hon. L. S. St. Laurent (Prime Minister) moved:

> That on and after Monday, October 22, until the end of the session, unless and until otherwise ordered, notwithstanding the terms of standing order 15, after the daily routine, government notices of motions and government orders shall have precedence on Tuesdays, Thursdays and Fridays over all other business, and on Mondays and Wednesdays over all other business except questions and notices of motions for production of papers and the debate on the address until concluded.

He said: Mr. Speaker, I hope my face is not getting too red in making a confession. There is no doubt that in this motion I have

made a mistake. It has been pointed out to me that if the house adopted the motion in the form in which it now appears we would be precluded from dealing with the other motion fixed for discussion today. Therefore I shall ask one of my colleagues to move an amendment whereby we would substitute the words "Tuesday, October 23rd" for the words "Monday, October 22nd".

When this was pointed out I thought I might hold this motion until we had disposed of the other one. However, it was again indicated to me—and the rules are sometimes a bit tricky—that if that were done and we did not conclude debate on the other motion today we would have no right to proceed with it tomorrow.

Therefore I shall ask my colleague to move that "Tuesday, October 23" be substituted for "Monday, October 22".

Mr. Graydon: Are you sure you are all right now?

Mr. St. Laurent: I hope I am. I saw a comment the other day about the present Prime Minister to the effect that he did not know any more about the rules of the house than any other hon. member and I must confess that that is true.

With respect to the merits of the motion itself, I am sure that hon. members feel that we should make a start on the government business for which this special session has been called. In the discussion with the leaders of the opposition groups held the other day I think it was made clear that hon. members need have no fear that a motion of this kind would preclude the discussion of any matter of general public interest which it might be appropriate to discuss, and that we were quite prepared to try out, at least experimentally, the procedure that has prevailed in the British house and set aside a day for discussion of any matter that comes up and that is felt to be of greater urgency than the ordinary matters on the order paper. So I should hope that this motion, with the amendment which I shall ask the Minister of Public Works (Mr. Fournier) to move at this time, will carry.

Hon. Alphonse Fournier (Minister of Public Works): Mr. Speaker, I move:

That the motion be amended by replacing the words "Monday October 22" with the words "Tuesday October 23."

Amendment agreed to.

Motion as amended agreed to.

[Mr. St. Laurent.]

UNITED NATIONS

MOTION FOR APPROVAL OF CANADA'S CONTINUED PARTICIPATION IN PEACE EFFORTS

Right Hon. L. S. St. Laurent (Prime Minister) moved:

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

He said: In moving this motion it is not my intention to speak at length, but I think hon. members will expect me to explain why this motion is made at this time and in its present form.

The house is not being asked to endorse any new policies. With respect to the United Nations action in Korea the Canadian position was enunciated in parliament in June of 1950 and the house was advised at that time of our intention to provide naval support without delay. In July the airlift to Tokyo was established and recruiting started for a brigade group for service with the U.N. forces in Korea.

Financial provision was made for these and other additional defence activities at the special session in September 1950, and the order in council providing for the dispatch of the brigade group to Korea was tabled in the house on September 9, 1950.

In the north Atlantic area a decision was made at Brussels, on December 19, 1950, to establish an integrated force under the command of General Eisenhower. During the course of the last session, the Minister of National Defence (Mr. Claxton) advised the house that present plans for Canadian participation in this integrated force involved the dispatch to western Europe of an army brigade group and eleven R.C.A.F. squadrons to form an air division.

Financial provision was made at the last session for the development of these formations and for other expansion of our defences. In making this financial provision parliament was giving the most effective of all stamps of approval on the policy itself.

Recruitment of the 27th brigade was undertaken in the spring and, as was indicated in the order in council tabled by the Minister of National Defence on Thursday last, that brigade group has now reached a state of training where it can usefully be dispatched to western Europe. The first of the eleven air squadrons envisaged in the NATO program is also virtually ready for dispatch overseas.

Meanwhile, over the past year the government has made available to several of our north Atlantic partners very substantial quantities of military supplies and equipment.

While there is nothing specifically new in our program, and while hon. members are not being asked to approve any change or any expansion of existing policies—I might emphasize that the key word in the motion is "continuation", continuation toward achievement of our consistent objective, the establishment of international peace—it is nevertheless true that the course of world events, particularly in the past two years, has made it necessary for Canada, in concert with other free nations, to adopt fundamentally new measures in our external relations.

We have joined with other members of the United Nations in the basic activities of that world organization, and especially in its efforts to suppress active aggression and restore peace and order in an area where international security has been violated.

In the north Atlantic area we have undertaken to send armed forces overseas in time of peace, which is certainly something new. These Canadian forces will take their place in an international formation designed as a deterrent to aggression, a safeguard of peace in the whole north Atlantic area and a guarantee of the security of Canada itself.

In the course of the next few weeks, as the minister said when tabling the order in council on Thursday, it would be the intention of the government to have the whole of this 27th brigade dispatched to Europe.

The Secretary of State for External Affairs (Mr. Pearson) will be leaving Canada, probably at the end of this week, to attend meetings of the United Nations and the NATO council, meetings which it is possible will require him to be away most of this session. Before the session ends, or before we expect the session to end, there is a meeting of the NATO council scheduled to take place in Rome at which the Minister of National Defence will be expected to attend. As hon. members know, the Minister of Finance (Mr. Abbott) was prevented from being present at the first stage of this session because of a meeting of a twelve-man committee which was taking place in Paris and which was the consequence of the deliberations of the NATO council which took place in Ottawa just before the session commenced.

It seemed to the government that to comply not only with the letter but with the spirit of the defence act it was advisable that there be some opportunity for parliament to discuss these plans which have been disclosed, and if parliament felt so disposed it could indicate its disapproval of what the government was doing. Of course, it is the responsibility of the government to make these decisions and the defence act requires that when such decisions are made, if parliament is not then in session, it be called within ten days. We felt that that implied that an appropriate opportunity must be given to parliament to discuss the decisions the government has taken the responsibility of making and to interfere with their implementation if parliament felt that they should not be carried out.

It seemed to us also that it would be a source of encouragement to our forces in Korea and to the forces we are about to dispatch to Europe, as well as strengthening the position of those who will represent Canada at these international meetings, if there were an affirmation by this house of its wholehearted and, I would hope, unanimous support of the efforts our country is making to help maintain peace and security in the world.

There is one point I wish to emphasize. The motion has been carefully framed so that it invites approval only of those national policies on which, I think happily for Canada, all parties in the house have hitherto been agreed and on which I hope we will continue to be agreed.

We are very anxious not to embarrass any hon. members opposite by the slightest suggestion that we are asking for any blanket vote of confidence in the government, but we do believe it would be desirable at this critical time in world affairs to give to our own people and to the world a demonstration of the fundamental unity of the Canadian people in their determination to do their share to preserve peace in the world.

I have discussed with the leaders of the opposition groups what may be the most convenient order of procedure for this debate, and I have been informed by them that they would prefer to have the Secretary of State for External Affairs (Mr. Pearson) give us a review of the background against which these activities are being undertaken before they themselves are called upon to speak. I take it that would be regarded as the logical order of procedure. I shall not attempt to go any further at this time than to submit the motion, and I assume that after there has been a statement of the background situation hon. members will wish to put their views before parliament and the Canadian public.

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, in rising to support this resolution, the terms of which I

think will commend themselves to all sections of this house, it is my purpose, as has been indicated by the Prime Minister (Mr. St. Laurent), to give a general and I am afraid somewhat lengthy review of the international situation at the present time and to discuss some developments in that situation which have taken place since we last met. I agree that it is important that this should be done early in the session. For that reason I found myself in approval with the observation of the leader of the official opposition (Mr. Drew) last week when he requested an early opportunity for this kind of discussion. As a matter of fact we would have been prepared to go ahead with this discussion last week, but after consultation with the various groups in the house it was considered this would be the best day on which to commence.

In making what I might call a "tour d'horizon", I think it is desirable that I should begin with our relations with that country which is nearest to us, the United States of America. The day-to-day problems between Canada and the United States are growing in complexity and number and scope, but are approached in almost every case from either side with a desire to find fair and mutually satisfactory solutions. It is natural that these contacts between our two countries, especially in the field of defence and defence supply, should have increased as we work together with other states in a closely knit coalition to safeguard the peace. The United States is the powerful leader of that coalition, I suppose by any test.

Of course it is quite normal that we in Canada should be preoccupied with that leadership and with the power behind it. Not long ago the spectre that haunted Canadian policy makers in this field of foreign affairs was that the United States would remain aloof from international efforts which were being made to protect the peace against nazi and fascist aggression. We sometimes worry now lest the United States may feel it necessary to pursue policies inside our coalition which the other members cannot wholeheartedly follow, or that inadequate co-operation from those other members may discourage American effort and leadership to the point where Washington may even decide, on some unhappy day, to go it alone.

Any Canadian government is bound to do what it can to remove either of these unhappy possibilities. This may mean at times expressing its own views forthrightly in other places, including of course Washington itself. This is indeed a first principle of Canadian diplomacy deriving from the inescapable fact that no country in the world has less chance of isolating itself from the effect of American policies and decisions than Canada. We must recognize, however—and I am sure we do recognize—that a diplomacy of this kind, depending as it does on the influence we exert with greater powers, can only be carried out successfully if our interventions are restrained, responsible and constructive, and if we act in discharging our own obligations in a way which deserves the respect of our friends.

In addition, all of us inside the coalition must avoid words, actions or reactions which will weaken our unity without any compensating advantage to the national interest. I do not mean by this that we should hide our differences by pretending that none ever existed. In any coalition, indeed in any neighbourly relationship, there are bound to be honest differences, and unless they are examined and discussed frankly they may fester underground and poison the relationship. It is, however—and I am sure all hon. members will agree with me—of vital importance that in any such discussions of differences we should act with good temper and in good faith; that we should always display a sense of responsibility, a sense of proportion, and indeed I suggest at times a sense of humour. Our efforts should constantly be not to score points at each other's expense but to come to agreed solutions.

There is one question in our relations with the United States, that of the St. Lawrence seaway, concerning which we have not been able to reach such an agreed solution. We would like to see that seaway built as an international project as a witness to our good neighbourhood and close co-operation. That, however, has not been possible, and the action, or rather the inaction, of the United States congress, which adjourned last Saturday night, shows, I think, that it is not going to be possible to secure agreement with the United States on this matter at an early date. Therefore we are prepared to recommend that this seaway should be built by Canada, and we shall soon request and expect to receive that co-operation from the United States government which it must be remembered is required under the boundary waters treaty.

The following steps remain in fact to be taken before the Canadian development can take place. In Canada, authorizing legislation, as announced in the speech from the throne at the opening of the present session of parliament, is required and will be introduced to provide for the construction of the St. Lawrence seaway and power project, and to provide for an appropriate agency of the federal government to deal with the construction of the seaway. Then an agreement, the terms of which have already been worked out, must be concluded with the government

of Ontario for the construction by the Ontario Hydro Electric Power Commission, together with the appropriate authority in the United States, of the power development in the international rapids section of the river, and with respect to the division of costs between power and navigation. There must also be an agreed division of responsibility with the United States agency for the construction of these power development works. Then, although the situation is somewhat different because the international section of the St. Lawrence stops before the Quebec border is reached, steps are being taken to work out an agreement with the province of Quebec covering possible power developments in that province arising out of the Canadian waterways construction.

And, finally, from the point of view of Canadian action, an application by the Ontario authorities for the construction of the power works must be transmitted by the Canadian government to the international joint commission for approval there.

Then, on the United States side, a decision must be made—and I am now talking of the construction of the Canadian seaway—a decision must be made and approved by the president as to what agency in the United States will be responsible for constructing the United States part of the power project in the international section of the St. Lawrence river. That is a complicated problem in which many United States political considerations are no doubt involved, and the solution of the problem may take some time. At least, it cannot I suppose be reached overnight.

Secondly, for United States action, the agency which is to be responsible for the construction of the United States part of the power development must obtain a licence from the United States power commission. The procedure for obtaining such a licence involves public hearings before the commission, to which all interested parties must be given an opportunity to present their views.

And thirdly, for United States action again, an application by the agency responsible for the construction in the United States must be transmitted for approval by the United States government to the international joint commission in conjunction with a similar application by Ontario.

So far as Canadian action is concerned, that part of it which is a responsibility of the federal government will be pressed without any delay. That is all I wish to say this afternoon, Mr. Speaker, though I could say much more, if time permitted, on our relations with our great and friendly neighbour.

United Nations and NATO

May I say a word at this time about our relations with the nations of the commonwealth? Those are, as usual, on a good and friendly basis. There is full exchange of information and adequate consultation. We are satisfied with the existing position. However, the hon. member for Vancouver-Quadra (Mr. Green), who brought this question up the other night and who, if I may say so, with respect, is apparently the leader of the dynamic wing of his party in foreign policy, is not satisfied with the present position. He pleaded on Thursday last that in Canada we should give a lead in the rebuilding, to use his own words, "the rebuilding of the strength of the commonwealth so that it might become a third world power". Well, as I see it, such a rebuilding of the commonwealth into a world power as such could hardly be attempted without centralizing the political institutions of its members, without a single centre of control and authority—

Mr. Green: Was it not such a power in 1945?

Mr. Pearson: In 1945 there was no single centralized power, legislative or executive in the commonwealth, but there was a single desire in 1945 to work together for the completion to a victorious conclusion of the war, and there is, at the present time, a single centralized desire to have the nations of the commonwealth work together. However, in the interests of the commonwealth itself I hope that no proposal such as that which I understood the hon. member to make the other night will be tried because it would break up the commonwealth.

Mr. Green: May I ask the minister a question?

Some hon. Members: Sit down.

Mr. Howe: Make your speech later.

Mr. Speaker: Order.

Mr. Green: Was the commonwealth not in effect a third world power throughout the war, and certainly throughout 1945?

Mr. Pearson: I would not agree with that interpretation of the commonwealth relationship even during the war. I ask the hon. member, does he really think that Pakistan, South Africa and India would be willing to be joined together as a third world power?

There is nothing static about our commonwealth of nations, nor is there anything static in Canada's attitude to this commonwealth of nations; but we are not moving in the direction proposed by the hon. member. Our attitude has I think altered somewhat toward the commonwealth in recent years. During the period when Canadian political leaders of all parties were

achieving and consolidating autonomy for Canada in her domestic, and later in her external, relations it was I think natural that appreciation of the value of the commonwealth association should not exclude in many quarters some degree of what I might call wariness. This wariness was kept alive by repeated proposals for centralized machinery which would have given institutional form to the very close and continuous, but often informal, co-operation which existed between the members of the commonwealth. Canada consistently opposed these proposals, because, to many Canadians, collective action in those days seemed likely to be overly influenced by imperialist interests, and also because such commonwealth arrangements might have appeared to be an obstacle to closer co-operation with the United States. Though Canadian opinion is I think as strongly opposed as ever to a separate and centralized commonwealth, that problem is no longer a serious one because the new commonwealth, with its three Asian members, lends itself less to centralizing proposals than the old one did.

The nature of the present-day commonwealth, based on complete freedom of its members, along with the accepted obligations of those members to work together to the greatest possible extent, is now well understood in all the member countries. For this reason, I think the reservations and indeed even the hesitations that have sometimes marked Canada's attitude in the past have largely died away. At the present time Canadians have been discovering new and positive advantages in their membership in this association of free nations. The life blood of the modern commonwealth is constant exchange of information, free and full consultation and a strong and genuine desire to co-operate. That process brings Canada into close and friendly touch not only with the United Kingdom and other commonwealth countries which share this heritage of western civilization, but also with some of the most important countries of Asia. In a world so plagued by division and misunderstanding as ours is today, it is no small advantage that Asian and western leaders should be able to sit down together in commonwealth meetings in an atmosphere of close, friendly and complete equality.

There are other links which connect the countries of Asia to the west, and in the course of time I hope there will be many more. Of those which exist at the present time, in my opinion, the commonwealth nations provide the most important. It is essential that it should be maintained in the interest not only of its members but of all free states.

[Mr. Pearson.]

Now, Mr. Speaker, there is another group of free states with which we are proud to be associated, namely, those of the North Atlantic Treaty Organization. The seventh meeting of the council of the organization took place in Ottawa in September last. I think we were proud and privileged that Ottawa should have been chosen as the scene of that meeting. It was the first time that the North Atlantic council meeting met under the new order by which it is a council of governments rather than a council merely of foreign ministers. On this occasion the countries were represented by two or three members of each government.

It was a successful meeting itself, and also a great deal of valuable preparatory work was done towards the next meeting which will take place in Rome near the end of November. This may prove to be an even more important session than the recent one. I believe it would be agreed by all those who had the privilege of attending this meeting that the habit of consultation is growing up amongst the North Atlantic group, and that a feeling of community is being developed. We have come to the conclusion that meetings of this council should be held, not merely to settle crises, but for the continuing business of co-operation. Meetings for that purpose, and it was agreed we should have more of them than we have had in the past, should become as normal as meetings of parliament.

At this council meeting two goals of the North Atlantic organization were discussed, the short term goal and the long term goal. The short term goal is how to increase our security against military aggression, and the long term goal is how to promote economic and social stability among all the nations of the North Atlantic community; how to bring those nations that make up that community closer together. As for the short term goal, Mr. Speaker, we reviewed our defence program, and we took an important step which is, I think, related to this program. We recommended the admission to the North Altantic Treaty Organization of Greece and Turkey. A protocol for that purpose was drawn up and signed in London on Wednesday last by, among others, our representative, the high commissioner. This protocol will be submitted to this parliament later for approval before ratification by the government.

In this connection it might be desirable to postpone that discussion until we see what happens in regard to ratification in other countries which are even more directly concerned with this matter than we are, the United States, the United Kingdom and France. To my mind there is no question

about the desirability of bringing Greece and Turkey into closer association with North Atlantic defence plans. In recent years these two countries have stood in the forefront of the common defence against communist imperialism and aggression. They have given proof of their devotion to the cause of freedom and collective security, not only at home but on the hills and plains of Korea. I believe it is true to say that a full-scale attack on either of them would vitally weaken the defence of western Europe, and would probably mean a general war.

The problem, then, is how to remove the temptation for such an attack by building up collective defence arrangements in the areas of the Mediterranean. It was felt by some members of the North Atlantic group that probably the best way to do this would be by agreement on a Mediterranean security pact which could have some form of association with the North Atlantic pact. That was a non-NATO solution, and was attractive to some members of the council but was opposed by others, more particularly the United States of America. Indeed, it was opposed by those countries most concerned with this matter, Turkey and Greece, as well as by the military authorities of the North Atlantic organization. It may be argued that the full membership of these nations in the North Atlantic group will mean the extension of our commitments. In theory, that is the case, but I suggest it is more than compensated for by the deepening of our security, adding greatly to our collective defensive strength and thereby making an attack on any one of us less likely.

In any event, the extension of our commitments in this way is more theoretical than actual. If an attack took place on Greece or Turkey, it would not really make very much difference in regard to the extension of the war whether or not they were members of the North Atlantic Treaty Organization, whether or not they belonged to a Mediterranean pact, or indeed whether Turkey or Greece had only their existing treaty obligations. I, for one, agree it is normally unwise to extend the specific commitments of this country, in contrast with our general commitments under the United Nations charter which, as we know from Korea, can be specific enough. I agree it would be unwise to extend these additional specific commitments, unless such extension is effective from the point of view of enlarging the defensive strength of the coalition and strengthening peace. It was felt by the council that the admission of Greece and Turkey to the council would have this result. It is not, I submit, a provocation to any power that does not contemplate aggression, any more than the membership of Norway on the north flank of the North Atlantic community is a provocation.

In any event, Mr. Speaker, the greatest provocation to Soviet imperialism is not strength but is weakness. It was Karl Marx himself who said that the Russian bear is capable of anything, especially when he knows the other animals are capable of nothing. Well, the members of the North Atlantic Treaty Organization will be capable of doing much more for the defence of peace with Greece and Turkey as members. I hope, therefore, that the Russian bear will be capable of doing much less against us.

Other defence questions were discussed at this council meeting. The council received the report of the financial and economic board and the defence production board, which were concerned with two more forms of the problem of creating the necessary military strength for General Eisenhower's integrated force in western Europe. It was realized by the council that the studies which had been under way in this field through subordinate agencies of the council had reached the stage where they should be co-ordinated, and that this could be achieved by a consultation on the high political level, to reconcile the political, economic and military aspects of the problem. This problem is not simply one of providing forces. The European members of the organization made that quite clear to us. It is also the problem of preserving the economic stability of the member countries, so a temporary ministerial committee was set up by the council to solve this fundamental problem. Lest it be thought that this is just another high level piece of international machinery being created for an indefinite time, it was made clear that this committee was set up for the single purpose of recommending a course of action and reconciling, and I quote:

> . . . the requirements of fulfilling a militarily acceptable NATO plan for the defence of western Europe, and the realistic political economic capabilities of the member countries.

That committee is to report at the next meeting in Rome. As the Prime Minister (Mr. St. Laurent) has pointed out, our Minister of Finance (Mr. Abbott) is a member of that temporary committee. He attended the first meeting in Paris on October 9.

So much then, Mr. Speaker, for the short term objective. The long term objective of the North Atlantic pact was also given much more serious discussion at this meeting of the council than it had received at any time previously. It was admitted by all that that is not an objective of prior and immediate importance. Defence must come first. In our preoccupation with anything else, we must

never forget that. We did feel, though, that it was important also to give serious examination to the non-military objectives of NATO, especially as some of them have a direct bearing on defence itself. They include the closer association of member countries for the promotion of collective well-being and economic and social stability. It became increasingly clear at the council meeting that particularly those countries in Europe which were feeling most the economic burden of their defence contributions needed a long term aim for the backing of faith and confidence which is so necessary if this organization is to succeed.

To them the problem is not merely to provide for military defence from an abundance of resources; it is a peacetime struggle for stability and indeed for survival after a period of great difficulty, distress and even destruction. So we thought that this required that attention should be paid to the non-military aspects of the treaty which are described in article 2 of that treaty; to the building up of the North Atlantic community. One often hears this term "Atlantic community" these days without any clear idea what it means. I readily admit that I am probably one of those most guilty of using it without a definite picture of what path its development may follow. But I believe this lack of precision is the result of the healthy circumstance that this community is growing out of satisfactory and practical solutions to common problems, not from preconceived plans for a grandiose if airy structure. At the Ottawa meeting it was clear that a spirit of community, as I have already stated, was developing on solid foundations; that these foundations should now be strengthened; that they should form the basis for closer consultation on foreign policy matters so that decisions would not be made, or certainly would not be announced by any one member of the group without discussing that problem with the other members of the group.

It was also felt that we should work for greater co-operation in the economic sphere, for the strengthening of our free institutions, and for promoting a better understanding between and conditions of well-being among our various peoples.

To promote this development a ministerial committee of five was set up in Ottawa, representing Belgium, Italy, The Netherlands, Norway and Canada. It will begin its work at Paris on Monday next, though useful preparatory work has been done in London by a group of officials under the chairmanship of a member of the Department of External Affairs. The chairmanship of this ministerial committee falls to me as the next president of the council; so, as the Prime Minister (Mr. St. Laurent) has indicated, I shall have to attend its meetings when I am in Europe for the meetings of the United Nations assembly. We have welcomed the appointment of this committee but we do not expect, nor should we expect, immediate or, indeed, early concrete results. Indeed, the Atlantic community is something which will take many years, many decades to develop. That does not mean, however, that we should not work and plan towards this great end now.

To work towards the establishment of a North Atlantic community of nations, all sharing in the great legacy from the past, all with their own special contributions to make in the future, all pledged to be of mutual assistance to one another, is surely a task worthy of our finest efforts and of our greatest zeal. The goal of such a society, strong, varied and secure but not self-centred or exclusive, and anxious to profit by contact with other civilizations, is, it seems to me, an ideal which can support and encourage us all through all the difficulties of the present time.

There is, Mr. Speaker, one great western European state which was absent from our Ottawa meeting, but which was very much in our thoughts. I refer to Germany, a country which has made such a great contribution to the growth of and indeed to the destruction of European civilization.

At our Rome meeting the question of free Germany's association in our common defence will be considered, and some highly important decisions may require to be taken then.

I am sure that all hon. members of the house are familiar with the reasons which have made it impossible to conclude a peace settlement with Germany. The main one is the continued division of that country into two areas of occupation, and the refusal of the U.S.S.R., which occupies one area, to permit any German unity except on a basis which they think will ensure communist control—that is Russian control—of the united country. Unity, based on free self-government, must one day soon come to Germany; and, if it is on the right basis, the sooner the better; but it must not come in such a way that a united Germany will be forced to go the way of a united Poland and Czechoslovakia, and become a united Russian satellite.

In the absence of a peace settlement, I think it will be agreed that this nation, whose continued democratic and peaceful development is so important to all of us and to the future of Europe, should not remain indefinitely in its present position. It is in all our best interests that Germany should

be encouraged to assume increasing responsibility for the guidance of its own destinies, on the basis of equality within but not domination of the European community. We therefore welcome the progress that has been made toward the closer association of western Germany with the free world, both at the political level and in terms of German participation in European defence. We also share the desire that a satisfactory conclusion of arrangements for a new contractual relationship replacing the present occupation statute should be achieved in the near future in such a manner as to secure the wholehearted co-operation of the German people. Yet it must be recognized that the path towards this goal may not be an easy one and that many difficulties lie ahead. However desirable may be the integration of western Germany in the European community, we must not forget, nor must the Germans forget, the fact that co-operation involves a sharing of responsibilities and that no encouragement should be given to any tendency in Germany to look upon the present negotiation as an opportunity to obtain unconditional guarantees of German security or to assume that we are willing to pay almost any price for German assistance in the defence of western Europe, even to the extent of accepting with complacency neo-nazi tendencies.

Now if I may, Mr. Speaker, I should like to cross the Mediterranean and say a few words about the Middle East, which is very much on our minds these days, and about which I spoke in a special connection in the house last week. The crisis in Egypt following close on the heels of another dispute in the Middle East which for a time threatened to erupt into violence and which still smoulders. This Anglo-Iranian oil dispute, which had been developing for some time, began its present phase on March 20 with the passage of the oil nationalization law by the Iranian parliament. It has since witnessed the complete shutdown of the vast Iranian oil industry, the expulsion of all United Kingdom oil personnel from that industry, and a reference of the dispute to the United Nations security council, the inconclusive result of which brings little credit to that body.

I do not intend to review in detail, because I have not sufficient time in which to do so, the events which have taken place in Iran, in Egypt and elsewhere throughout the Middle East in recent months; but I should like to refer briefly to some of the forces which are at play behind the present unrest in this strategic Middle East area and to try to place them in perspective against the wider background of the security of the western world. The Iranian and Egyptian disputes have many elements in common; and indeed there is reason to believe that one is the emotional and possibly the political consequence of the other. Both disputes have been characterized by the unilateral breach of a solemn pledge, thereby injuring the structure of international law. Both have had as their original inspiration the natural and justifiable wish of states which have experienced periods of foreign intervention to assert their right to be masters of their domestic affairs, even if in the pursuit of this understandable objective they may do great damage to their own countries.

What is happening in the Middle East is another manifestation, if a distorted one, of the national awakening which in so many parts of the Middle East has led to revolt against outside influences, which often has very quickly deteriorated from legitimate nationalism to militant xenophobia, and indeed now threatens to upset by force all stability in the Middle East, and possibly also in North Africa.

It would be folly indeed to underestimate the strength of this movement, as it would be folly to misunderstand the basis of its inspiration. The tragedy for these countries and a danger to themselves, and indeed to world peace, lies in their blind refusal to recognize that, in their anxiety to gain full control of their affairs by the elimination of foreign influence, they are exposing themselves to the menace of communist penetration and absorption—absorption into the Soviet sphere.

Certainly there is no assurance that countries of the Middle East are capable of defending themselves from outside attack, and with their present stage of economic, political and social development, it is doubtful whether, without the support which the west is able and willing to give them, these countries are capable of maintaining a sufficient level of internal stability to resist the relentless pressure of international communism. On the contrary the unsatisfactory social and economic conditions which prevail throughout this area render that whole area a fertile ground in which communism, which has already succeeded in falsely identifying itself with nationalism, will thrive and eventually dominate, if allowed to grow unchecked.

Surely it must be abundantly clear that such a development would remove at one stroke the independence which the countries concerned claim to be their only objective. The Middle East is strategically far too important

to the defence of the North Atlantic area to allow it to become a power vacuum or to pass into unfriendly hands.

It is therefore a matter of major importance to the security of the whole free world, and that includes us, and in the interest of the Middle Eastern states themselves, that the situation in the Mediterranean area be stabilized as quickly as possible, and that the principle of collective security and collective action be extended to embrace this vital area. And indeed a proposal to that effect, as I said last week in the house, had already been made to the Egyptian government just before they took the action they did take. As we know in the North Atlantic pact, there is no incompatibility between responsible participation in such a collective system and the full exercise of national sovereignty.

Now I turn for a moment, Mr. Speaker, to the Far East, to Korea, where a war sometimes called, but is not in our minds, the forgotten war, drags on its weary and bloody way. The aggressor there shows no disposition to cease his aggression. However, the United Nations forces, more broadly representative than when I spoke on the subject last, are showing at heavy cost to themselves, but far heavier cost to the enemy, that aggression does not pay.

The temporary optimism from the initiation of the cease-fire talks was not maintained for very long, but there has been better news in the last few days, and I hope that the period of delaying tactics by the communists may be now over, and that an armistice can be arranged. Certainly the United Nations are not rebuffing any move which might lead to the end of the war. But certainly we also have to be careful in how we deal with any such proposal made from the other side.

If I may adapt a quotation, our motto in that part of the world at the present time might well be: Trust in Kaesong but keep your powder dry. I think it is fair to say also that the United Nations supreme commander in the field, General Ridgway, is handling these negotiations with skill, patience and an unprovocative firmness which must command our wholehearted admiration.

Korea is only one problem. There are other Asian questions. So far as we are concerned in this government, we remain willing to discuss these other Asian questions with all those concerned, and to negotiate in respect of them through the United Nations.

There is very real danger in having our diplomacy frozen in the Far East and allowing ourselves no room to manoeuvre. So I suggest we should keep our policy in that part of the world, even now, as flexible as possible. However—and this is important—before we can proceed to any of these further Asian matters which are dealt with in the United Nations resolution of last February, which I think is still valid, the aggression in Korea must first be brought to an end. That is the immediate danger, and that is our immediate purpose, to end that war on honourable terms. If and when that can be done we will not refuse to discuss any other Asian questions relevant to the situation out there.

But aggression is not the only enemy in Korea. There is the enemy of hunger, poverty and misery, the source and the strength of that communism which the Russians have used in other countries for their own unworthy purposes.

I know the house will be glad and proud to know that in the matter of relief of distress in Korea in recent months no country has made a greater contribution than Canada. Indeed I do not know whether any country has contributed as much as Canada. I think however it is true to say that no matter what happens in Korea, the people there have already lost. They are disillusioned and desolate. In that sense the west has also lost; and this is not the least of the tragedies arising out of the Korean aggression.

In referring to this important matter of fighting communism by fighting distress hunger and privation in Asia I should—perhaps I should apologize for the length of time I am taking—say a few words about the development of the Colombo plan since we last met.

On May 14 last I reported that shortly after our contribution of $25 million had been voted by this parliament we took steps to implement our share of the plan by asking the Indian and Pakistan governments to send over representatives to discuss with us the projects we might finance, or help to finance, having in mind those items which Canada is best fitted to undertake.

Since then we have made some considerable progress, and have had discussions with representatives of those two governments. In the case of Pakistan, to which we have allocated approximately two-fifths of the total contribution, several interesting projects have been selected. Among those, to name only a few, are an experimental and demonstration livestock farm which we are undertaking, jointly with New Zealand and Australia, and for which Canada expects to supply machinery; an irrigation project for which we expect to provide some pumping equipment; a large colonization or settlement project in the Thal area of the Punjab, for which we hope to

provide such items of equipment as dump trucks, motors, pumps and some electrical and transport equipment.

So far as India is concerned, as was foreshadowed in my earlier statement, we have been asked by the Indian government, and have agreed, to make available a large part of our allocation to that country in the form of wheat. The provision of foodstuffs was clearly envisaged in the original Colombo plan report, and we think will provide a most welcome support to India in her efforts to combat famine and basically to strengthen her economy. The Indian government intends to set up what are known as counterpart funds. The rupee equivalent of the value of the wheat we are providing to them will be used as internal financing for development projects they are undertaking under the plan. Those funds would be available for purchases of material within India and of course for Indian labour. We are continuing at the present time to explore with the Indian authorities projects requiring external finance to which we could apply funds over and above those which are being used for wheat. One particular project is an irrigation project in west Bengal to increase rice production in that area.

I cannot leave this part of the world without making a reference, which I shall keep as brief as possible, to the Japanese peace treaty. If I did so the hon. member for Vancouver-Quadra would misunderstand. Therefore I should like to say a few words about that treaty which was signed at San Francisco on September 8. That was a conference called, not to negotiate a treaty but to sign a treaty. The signature took place only after eleven months of serious diplomatic discussions during which time all the governments concerned, including the government of the U.S.S.R., had ample opportunity to express their views. Certainly we expressed our views in regard to the draft which had been submitted originally to us by the United States of America. As a result of those views certain changes were made in the draft. Not all the changes were made that we wished to have made, but in a treaty of this kind you cannot get unanimity with perfection.

On the whole, the treaty as it was signed was considered by the Canadian representatives there to be a good treaty. Of course there were some important omissions in the countries represented at San Francisco, particularly China and India. As far as China was concerned, the reason for that omission was obvious. If the representatives of the Chinese government on Formosa had been invited to attend that conference, certain delegations would not have turned up. If the representatives of the communist government in China had been invited to attend that conference, then more delegations would not have turned up. The obvious thing to do under the circumstances was to postpone the problem of Chinese representation and Chinese accession to the treaty. We regretted also the absence of India for reasons which seemed good to that government.

But there were other free Asian nations which were present at San Francisco and they spoke in no uncertain way. In signing this treaty we did so, not as a treaty of revenge but of reconciliation. Of course the treaty leaves Japan a much weaker state than she was when she entered the war, and that is as she should be. She has been stripped of all her outer islands and has been reduced to the four main islands. Her capacity to commit aggression again in the future has been very sensibly and very rightly diminished. But although Japan is weaker as a result of this treaty, she is not prostrate, nor, I hope, bitter. I like to think also that this treaty is one treaty after a war which does not bear within it the seeds of future wars. We do not know about that, of course, for sure, and we may not know for many years. In signing a treaty of this type you have to take a calculated risk, but in view of the alternatives those risks on this occasion were worth taking.

This treaty brings Japan back into the family of free nations on the Pacific and gives her an opportunity to contribute to the peace and security there. We hope that she will take advantage of that opportunity. In any event 83 million disciplined, frugal, hard-working and intelligent people cannot be ignored, whether we sign a treaty with them or not.

We also had some special interests in this treaty and we made those known at the conference. We expressed the hope that Japan would not return to certain international trade practices of before the war which had caused so much trouble to so many countries, including our own. We were also interested in the fisheries question. We had hoped at one time that a fisheries agreement would be included in the peace treaty, but that was not possible. However, there was included in the treaty a clause which made it incumbent upon Japan to begin discussions with the United States and Canada for a fisheries arrangement. Those discussions have been going on since the treaty was signed. Satisfactory progress has been made

and I hope that an announcement in regard to that progress can be made within the next day or two.

The treaty is now ready for ratification. I think it would be wise on our part before it is submitted to parliament for approval or otherwise, before ratification, to wait and see what happens in Tokyo and Washington, especially in Tokyo where it is now being considered by the Japanese legislature. It opens a new chapter in our relations with Japan. I hope it will be a happier chapter than that which we have just closed. I think it also opens a new chapter in the security of the Pacific, which is just as much a Canadian interest as is the security of the Atlantic.

It may be asked, indeed, and it has already been asked, "why not try to guarantee peace in the Pacific with a pact as you have tried to guarantee it in the Atlantic?" Within a few hours of signing the Japanese peace treaty the United States signed a defence pact with Japan. Recently she signed a defence pact with the Philippines, I think on August 30 last. She signed a security arrangement on September 1 last with New Zealand and Australia. But none of these arrangements, not even the tripartite arrangement which I referred to last, constitute anything like a Pacific pact.

Mr. Truman called the New Zealand-Australia-United States security arrangement a natural initial step in consolidation of peace in the Pacific, and that is what it is. It differs from the North Atlantic pact in another way. The obligation assumed under this tripartite Pacific arrangement is to be found in article 4 which reads:

> That an armed attack in the Pacific area on any of the parties would be dangerous to its own peace and security and declares that it would act to meet the common danger in accordance with its constitutional processes.

As far as this government is concerned, I think we could almost accept that obligation at the present time, without any Pacific pact, with most of the countries with whose security in the Pacific we are concerned. But this is not a Pacific pact, so the hon. member for Vancouver-Quadra asks why we do not take the lead in negotiating such a Pacific pact. Leaving aside for the moment the propriety of Canada taking leadership in this effort, I suggest that it would be impracticable at the present time to negotiate a Pacific pact similar to the North Atlantic pact. The best proof of that fact is that the United States has separate pacts with Japan, with the Philippines, with New Zealand and with Australia. If the United States has made separate pacts with those countries she did so because she did not think it desirable or practicable to make a general pact.

I think this reasoning of the United States and the other governments referred to seems sensible. If you tried to negotiate at this time a general Pacific pact, whom would you include and whom would you leave out? What about China? Would you include the Chiang Kai-shek government in Formosa as part of a general Pacific pact, along the lines of the Atlantic pact? If you did not include that government, would it be easy in the eyes of some governments to leave them out? Would you include the three Indo-Chinese states? Would you include Thailand? Would you include an Asian state that wished to join? If not, how would you exclude them if they wished to join? I suggest, Mr. Speaker, that any attempt to negotiate that kind of general Pacific agreement at this stage would not strengthen but weaken security in the Pacific. But I can assure the house at the same time that this government is vitally interested in security in the Pacific. We are a pacific country in a geographical as well as in a political sense, and we desire to play our proper part in the Pacific in political and economic as well as in diplomatic matters because that area is becoming of great and growing importance to Canada.

Speaking in Vancouver immediately after the signing of the Japanese peace treaty, in a statement to which my hon. friend, the hon. member for Vancouver-Quadra (Mr. Green), made reference the other day I said:

> We have now in the Pacific certain defence arrangements. The United States and Japan have one. The United States and the Philippines have one. The United States, Australia and New Zealand have one. Canada and the United States, both Pacific powers, have one. It may well be that in the future we will be able to gather together these arrangements into a general Pacific pact, and if that time comes—

And I suggest it has not come yet.

> —I am sure that Canada will show her appreciation of the importance of collective security in the Pacific as we have already done in the north Atlantic.

Mr. Green: May I ask the minister a question? What are the objections to Canada becoming a party to the pact between the United States, Australia and New Zealand? That was really the question I asked when speaking last week.

Mr. Pearson: I suppose there is no particular objection to our becoming a party, but there are some circumstances which make it a little difficult even if we had an ardent desire to join that pact at the present time. For one thing, we have not been invited, and

our non-participation is well understood by those concerned. I am not raising that as a reason of major importance. Possibly if we pressed for an invitation we would get it, but the fact is this was meant to be a mutual defence arrangement between the three governments most concerned. We already have a pretty satisfactory arrangement for defence between Canada and the United States, and Canada, New Zealand and Australia are all member nations of the commonwealth of nations. Furthermore there is another reason against extending that tripartite arrangement at this time. The addition of one country may lead to requests from other countries to join that arrangement, and I believe that is not desired at this time by the three countries concerned.

My last subject in this survey—and it may be one I should have mentioned first—is our relations with the organization which still remains, with all its weaknesses and its disappointments, our best hope for peace, the United Nations. I do not think I should close my statement without some reference to our world organization, the assembly of which is to meet very shortly in Paris, and the Canadian delegation to which has already been appointed. In that delegation we have continued what I think is the useful principle of all party representation. This forthcoming meeting of the assembly may be a very significant one. There are a good many important subjects on the agenda, but even more important than the actual subjects on the agenda is, I think, the feeling in the minds of most delegations which will attend this meeting that the United Nations is now either at or coming close to the crossroads.

There are two main developments which lead me to say that. One is the division of the world which has now become hardened into competing and conflicting blocs, and which has been reflected at the last two assemblies in every discussion there. If this is going to continue indefinitely, it certainly is going to undermine the usefulness of the assembly as a universal organization. For that development we of the western world are not of course primarily responsible, but whoever is responsible is doing his part in undermining the foundations of our world organization. We are in danger of that organization becoming nothing more or less than an instrument in the cold war. We have to be on guard against that, because if it does become that then we will have completely altered the ideals which we had for this organization when we signed the charter, long years ago now, as it seems.

Another danger, and it seems to be an increasing one too, is that some members of the United Nations, and not always those who do the most to promote its principles, treat its resolutions almost with contempt. They certainly ignore them if they happen to be against their national policies, and if it becomes the accepted practice of this world organization that any resolution which is against the national interest of any member state can be ignored because of that fact, then it will not be very long before the United Nations will go the way of the league of nations. We must be on guard against that development and do what we can to stop it.

On the more positive side, the United Nations has shown of course in the last year since the last assembly what it can do in stemming aggression in Korea. The Prime Minister (Mr. St. Laurent) said in this house on April 29, 1948:

> Our faith in the United Nations as an effective organization for peace and security has been pretty severely shaken.

However, he added:

> What is unshaken is our determination to make of it or within it an effective organization for this purpose.

We have endeavoured to respond to this determination in Canada by supporting, as the security council becomes less effective, measures taken within the United Nations assembly itself to increase its capacity for dealing effectively with any active aggression it might be called upon to meet. However, far more notable than any resolution or any step of that kind taken at the assembly is the application of the principle of collective resistance to aggression by those men who are actually fighting for the United Nations in Korea. The Korean experience has provided the free nations with a number of lessons which, if carefully studied and properly interpreted, can be of great benefit to the United Nations in the days ahead. There can be little doubt that the first application of the principle of collective security—and this is an optimistic observation—has strengthened both the principle of collective security and, indeed, the United Nations itself.

There are developments of danger and developments of hope in this organization, and I hope that in the forthcoming assembly we may be able to do something which will advance the hopeful developments and cause the dangerous developments to recede. I believe, I have always believed, and most members in this house believe that collective security is a necessity for Canada, and so I believe that we should support all responsible and reasonable proposals for achieving it. Having said that, I would add that, though

aggression of all kinds and in all places should be met and condemned, we must face the fact that at the present time—and the lesson of Korea is very much in my mind when I say this—the free world may not possess the necessary strength to make that principle of collective action effective in every part of the world. Carried to an extreme degree, the theory of unlimited collective security everywhere might, because of the dissipation of strength its application would involve, mean no security anywhere. On the other hand, failure in any instance to defend collective security would deal a serious blow to the hopes of millions who have placed their trust in the United Nations.

This certainly involves us in a dilemma. Those of us who are charged with responsibility in these matters have therefore to exercise pretty careful judgment as to how on any given occasion this principle of collective security can best be put into effect without fatally weakening us for other and possibly more difficult tests. What is involved is essentially an ad hoc calculation of the political, strategic and moral factors which will be present in any particular issue.

I have covered a lot of ground, Mr. Speaker, very sketchily and in too many minutes I am afraid. But before I sit down I am sure the house would expect me to make a few general concluding observations on the situation as I see it, and what my own views are about the days immediately ahead. I think myself that there has been a little general improvement in the international situation in the last six months. I doubt, however, whether there has been any substantial easing of world tension in any respect. It is true I think that in the countries of western Europe, which I had the privilege of visiting this summer, and where I discussed with those concerned with foreign affairs the possibilities and dangers that lie ahead, it is true in those countries morale is higher, and the persistent and pressing fears of an immediate armed aggression seem to have lessened somewhat. However, against this possible brightening of the picture in one area is the fact that in the Middle East, as I have tried to indicate, there are grave and growing dangers to stability and peace, and that in the Far East the aggressive forces of communist imperialism remain as militant and as defiant as ever. Even in western Europe itself, the danger of military aggression is ever present, while economic and social difficulties remain a constant threat to stability, and one which the forces of Soviet imperialism are exploiting and will continue to exploit to the limit. Furthermore, if the strictly military picture has improved in the European area, that has been, I think, owing to the certain realization by any country which may now be tempted to break the peace that a group of free countries stand together in resistance to any such aggression, and that the ground on which they stand is becoming firmer. The moral to be drawn from this is therefore not that we should slacken our efforts, but that we should go ahead steadily and with determination to complete the job.

However, there are two types of aggression that we have to fear. There is military aggression, expressing itself in armed action, but there is social and economic aggression which expresses itself through the subversive activity of international communism. As to the first, military aggression, our military weakness—and in the face of Soviet land and air strength it is still a weakness—has been a standing temptation to Soviet attack. In strengthening ourselves, as we have done, and rightly so, to remove that temptation, we have, of course—and this I suppose applies particularly to the European countries—to be careful not to weaken ourselves unnecessarily in the economic and social field, and by doing so encourage the other kind of aggression. How to maintain this proper balance in the days ahead between military power, economic stability and social progress is probably the paramount problem of the free world today, and will only be solved by co-operative action which takes into account every factor, moral, social and economic, as well as military, that makes for strength.

It may well be that the Soviet union, impressed by the action of the United Nations in Korea, and aware of the far greater residual strength of the west, will now wish, for tactical reasons, to avoid an open conflict, and try to sap our strength by other means. It may even attempt—indeed it has already attempted and with some effect—to deceive and divide us by false peace campaigns, by exploiting economic and social difficulties. In short, as it has been put very graphically, it may put poison in our soup instead of cutting our throats.

It is, I think, necessary for free countries to take counter-measures against this danger as well as against the danger of military aggression. We should, for instance, never lose a chance to drive home the fact—it may be more obvious to us than it is to others—that we are for peace alone; that while we in NATO, for instance, are determined to press forward with our defence program, undeterred either by threats of war or phony promises of peace, nevertheless our primary purpose is always to prevent war and not to fight one; to ensure that D-day like tomorrow never comes; to underline our desire to use our energy and wealth not for arming but

for peaceful, social and economic progress in a world where armaments will not be necessary.

In the kind of situation with which we are faced today, it may be that if we have achieved our defence objectives by, say, the end of 1954, we will have surmounted the most acutely dangerous period; but that in its turn may be followed by the longer term phase of the conflict, the marathon race as opposed to the sprint, and that may last for many, many years. It will require discipline, steadiness and perseverance; a refusal also to yield to the temptation to adopt the policies or even the tactics of those who would destroy us. We must not only maintain, as a normal part of national activity, the level of defence effort required, but also prove to our own and other people that our civilization and our way of life are worthy of this effort.

The achievement of military and social strength, of short-term and long-term objectives, is now a main feature of the policy of every free state. To secure these objectives there must be mutual understanding and confidence. This can be blocked by a feeling, on the one hand, that there is an unequal sharing of the burden of defence. It can be blocked by a feeling on the other hand that there is an unequal sharing of the burden of existence.

This partnership of the free world must then be founded on mutual respect, mutual understanding and mutual aid. It is now backed by increasing strength. With that strength, we can defend ourselves if we have to. From it we can negotiate, if we are given a chance. From strength, used with wisdom and restraint, through negotiation, carried on with realism and sincerity, to a peace which rests on a more solid foundation than any that we have today; that, Mr. Speaker, is the course which the governments and peoples of the free world have set, and one which this government in its foreign policy, and indeed which this parliament and this people of Canada, will do their best to follow.

Mr. Gordon Graydon (Peel): Mr. Speaker, I shall not this afternoon attempt to cover the rather extensive territory which the Secretary of State for External Affairs (Mr. Pearson) has so adequately dealt with on this occasion. However, in a moment or so I shall refer to some of the observations contained in his speech. Before doing so however I should like to make reference to His Majesty and the royal visit, and say that the deep concern of Canadians over the indifferent health of our king and the corresponding buoyancy of the people's hopes when it was learned that His Majesty had made a sufficiently remarkable recovery that Their Royal Highnesses could continue their planned Canadian tour are significant illustrations of the belief of our people in the institution of the monarchy and our devotion to this form of democracy and freedom.

Their Majesties in peace and war have played their full part on the British commonwealth team. Despite the crumbling of many thrones in the last half century, it is refreshing to recall that the crown stands untarnished, and the wearer as well, in the loyal esteem and affection in which it is held among the peoples of the British commonwealth and empire. It is a refreshing experience, in days when so many divisive factors are abroad, to have a common point of sentiment and a non-controversial centre of our free form of government around which we may all rally. It gives a strength to the fabric of our way of life which is quite beyond commonplace appraisal.

Having in mind that Canada has extended to the royal visitors within our gates the most genuine welcome of which Canadians are capable, I shall not yield to the temptation of adding any inadequate words of mine to those which have been much better spoken across Canada. This is a new country, and a vigorous and virile people. If all who met Their Royal Highnesses did not curtsy or bow in the approved court manner, our hearts were, nevertheless, in the welcome that we accorded, and to us in Canada the form mattered much less. As a matter of fact I am of the opinion, Mr. Speaker, we could, on future occasions of this kind, strip our welcome of much of the old rigid and frigid formalities even at the most formal functions and make our own welcome in our own Canadian way. This is Canada. We are Canadians, and proud of it. They are the Canadian royal family, and we are proud that they are.

I am not happy over the fact that members of our Canadian royal family make their visits to this country so infrequently. A visit in 1901, another in 1919, another in 1927 another by Their Majesties in 1939 and now Their Royal Highnesses in 1951, would seem to indicate that those responsible both here and overseas have failed to assess the true significance of commonwealth evolution during the last three or four decades which has tended to stress the vital importance of the crown and the royal house to Canadians and the other self-governing units of the vast commonwealth. Without desiring to add fresh burdens to an already busy household, I feel that those of the royal family who are able to travel should be in our midst more often. Air travel brings Buckingham palace within a few hours of parliament hill, and ought

to make it possible for informal visits from time to time, perhaps for the opening of our Canadian parliament by members of the royal family on some special occasions. If there are constitutional difficulties in the way of that, I suggest we have overcome some just as important constitutional difficulties as may be there involved, and there should be no difficulty on that score. The current experiences drawn from the royal tour now in progress, with all its heavy demands upon our beloved visitors, point up the need for the decentralization of the royal duties and the more frequent appearances of members of the family in this important section of their realm. They will always receive a royal welcome among Canadians in the most informal and affectionate sense of the term.

I desire now to turn to the reason for the debate now in progress. It is the motion of the Prime Minister (Mr. St. Laurent), which reads as follows:

> That this house approves the continuation of Canada's participation in the efforts being made through the United Nations to establish international peace, and in particular to defeat aggression and restore peace in Korea, and by the North Atlantic treaty nations to deter aggression and promote stability and well-being in the north Atlantic area.

I may say at once that the party for which I am spokesman at the moment will give wholehearted support to that motion. In doing so, I should like to add just this word, that one of the occasions of this debate has been the government's desire for approval for the dispatch of the 27th infantry brigade to Europe in fulfilment of one of our commitments to the integrated plan of the North Atlantic Treaty Organization. It goes without saying that this party will give that approval, and it desires to express the confidence, which all members of this house will share, that these men will have our support at home and that they will uphold the finest traditions so well established by those who went from our shores in other critical days. We know they will keep the good name of Canada high among the nations of the world.

At this stage of the debate I should like to refer, if I may, to one or two matters mentioned by the minister in his speech a few moments ago. I was glad to note that the government had decided to make a start on the St. Lawrence seaway. I have always felt that there were many advantages, Mr. Speaker, in our proceeding with the St. Lawrence seaway as a Canadian project. I am not so sure that all the advantages which have been pointed out in connection with the project being on an international basis have held water. I am satisfied that there is abroad in Canada today an optimism and enthusiasm that this country is able to do great things by itself. I believe that we have never faced a time when we had more pride in what we can do, more pride in our achievements, than we have today. I believe that one of the things that will be of importance in the St. Lawrence seaway is that the people of Canada will feel that at last Canada is tackling the job alone; she can do the job alone, and it will be in her economic interest, as well as in her interest generally, that she do so.

I want to say to the minister that the only pessimistic note he struck was that he seems to feel that perhaps the enterprise is going to get bogged down, at least temporarily, by old-fashioned red tape. I suggest to the minister that all the red tape he mentioned be cut to the best of his ability, because we should not allow this important enterprise of ours, whether it be from the standpoint of power, navigation or defence, to be bound up in red tape at this time.

I should like to make reference to one other matter which was touched upon in the minister's speech, and that is the question of the Colombo plan. I was glad to hear him indicate some of the advances that had been made in connection with the operation of that plan, because when the present impasse has been resolved we in the west will find problems with respect to the east, problems which it will require the best statesmanship and common sense to solve. In the generation to come, yes in less time than that, great problems will have to be faced. We cannot solve those problems while there are in the Orient people who, because of their underprivileged condition, look upon us as the people who live in the large, fashionable house on the hill while they live in the roughcast cottage across the tracks. That is just about as simple a way as I can describe what I have noted has been in some oriental minds, the differentiation between the position in the east and the position in the west. As to the Colombo plan, the Truman Point Four program for technical assistance to the underdeveloped countries, and all those plans that may be in operation, I think that we in Canada, the United States and other countries who are able to do so must not lose too much of the precious time that is still available to us in order to show our genuine regard for the people of the Orient and our deep understanding of their problems, and to show that we are their friends and shall remain so through the years that lie ahead.

I am not going to refer to any of the other points mentioned by the minister, with the exception of one matter upon which we are not in entire agreement. There was a time during the past debates on external affairs when I was of the opinion that at that stage perhaps it was not feasible to have a

Pacific pact among the nations of that area. On one or two occasions I called for an economic pact but not for a full pact. One of the reasons why I did not do so was that I had a deep conviction that perhaps it would not be helpful until such time as Japan gained her independence and joined the community of nations. This has now occurred. With deadlock after deadlock occurring in the Korean cease-fire parleys and the threat of imperial communism continuing unabated in the Orient, I think the public may be forgiven for wondering whether, while we take great pains, through the North Atlantic Treaty Organization, to bar the front door at the Elbe, we may be leaving the back door in the Pacific ajar.

I am fully aware of the arguments which have been propounded by the minister here this afternoon, namely that the situation in the Pacific does not stand on all fours with the situation in the north Atlantic area. I think that fact will be admitted, and it need not, I think, form the basis of a difference. But I am convinced that, with an independent Japan back in the community of nations, once more the government of Canada would be well advised to explore at once the possibilities of a Pacific pact. I was glad to hear the minister say that the matter was at least in his mind. It may be that it is only a question of time as between his point of view and mine on this really important matter. But there are many—and I am one of them—who feel that the north Koreans would never have dared to cross the 38th parallel on that memorable June day of 1950 had the free nations plainly declared that an attack upon one would be regarded as an attack upon all. Perhaps the problem is not quite as simple as that, and the minister may say that it is not. But I think it is important that we leave no room for any mistake on the part of any would-be aggressor as to what will happen if an aggression takes place. It is true that, as the minister indicated, there are scattered pacts of a kind in the Pacific area now; but I do not think the Pacific problem can be solved entirely by a bits and pieces form of military and economic agreement in that area. It seems to me that the time has arrived when we should move to conclude a master pact of the Pacific free nations, in which Canada will have her normal role as a Pacific power.

I wanted to mention that matter because, when you speak of not making a master pact yet, it seems to me that we have gone a long way in bringing other nations into the North Atlantic organization. As the minister says, we have brought in Greece and Turkey within the last short time, or are about to do so. I think it can be well said that, after all, there was little use in attempting to close the front door at the Elbe when leaving, as Churchill once said, the soft underbelly open to attack in the Mediterranean. If those arguments apply to Greece, Turkey and the Middle East, surely they apply to a just as inflammable area in the Pacific. I hope that the government will not lose any opportunity to explore the possibilities of a master pact in that region.

The major portion of my remarks today on foreign affairs will centre not on those subjects to which I have just alluded but upon Canada's role in the North Atlantic Treaty Organization. In placing my emphasis upon this vital segment of our external relations I should like to make it abundantly clear at the outset, however, that any such emphasis upon NATO does not reflect any weakening of my support of the United Nations organization; because, regardless of what the minister said—and he put the arguments pro and con clearly, I thought—and regardless of whatever may be said about the weaknesses and the failures of the United Nations organization, at least it can be said that it is still the only organization on a wide, global basis in which the nations of the world can put their feet under a common table and talk things over instead of putting rifles on their shoulders to go to war and fight it out. For these reasons, if for no other, it seems to me that the peace-seeking nations and peace-loving peoples will still hold hard to the United Nations organization so long as there is a ray of hope for its success in the days that lie ahead. I am glad that the United Nations organization is the cornerstone of Canadian foreign policy. I hope it may remain so. But the north Atlantic community plans for social and economic integration and defence, it must be stressed, are all within the four corners of the San Francisco charter, and in the interests of world peace. I suggest they must remain there.

I like the way the Right Hon. Anthony Eden put it as he spoke at the university of Denver last August when he said:

> The value of article 51, which is, of course, the link between the charter and the Atlantic treaty, became more and more obvious with each Soviet veto in the security council. Soviet abuse of the veto jammed the machinery of security; the Atlantic pact set it in motion again. This pact puts into practice for a defined area the collective security principle of the charter.

It has not been due to any failure of Canada or the other free powers that the world organization has failed to meet every expectation as a vital influence in the maintenance of world peace and security and Canadians have

no desire to join those who would further weaken that organization's constant endeavour to live up to the fond hopes of its founders and friends.

The North Atlantic Treaty Organization, in my humble opinion, adds vital strength and power to the main objectives of the United Nations in its struggle to keep the peace, and meets the essential needs of the north Atlantic area in the field of defence and other related matters. It is a banding together of free powers for peace, not war. When one hears from behind the iron curtain that this new regional pact is provocative and hostile in character—and just imagine people from behind the iron curtain accusing others of being provocative and hostile—let us not forget that prior to the inception of the North Atlantic organization no less than fifteen firm treaties and agreements had been entered into and signed by the satellitic states of the Soviet union, with respect to defence and security, and that each of them tied in to the imperial Soviet capital at Moscow itself. And those are the people who accuse the North Atlantic organization of being provocative and hostile!

This constitutes a network of international commitments—that is, the Soviet system—such as to leave no legitimate ground for responsible criticism of the program of mutual protection and co-operation now embarked upon by the members of the North Atlantic pact. The indisputable foundation of the North Atlantic Treaty Organization, which is open for every unprejudiced world eye to see, came from the lunatic diplomacy of Molotov and his co-architects of imperial Russian foreign policy, following the close of the last world war and continuing down to the present time. It is their responsibility, and theirs alone, for striking fear and suspicion as to Soviet motives into the hearts of hundreds of millions of peace-seeking people the world over who wanted war no more. The Russians invited the North Atlantic Treaty Organization. The free nations of that area had little option but to accept.

Since Canada was among the first to call for an integrated system of free-power defence and is a prominent participant in NATO, and provided the venue for the council meeting a few weeks ago, it is appropriate that in this parliament we should discuss and attempt to assess our position in that organization in its relation to the everyday lives of Canadians from coast to coast. I think Canadians generally feel that, while this new adventure into the field of power and might as a means of preventing a world breach of the peace may not be classed as an absolute guaranty against war, it at least represents a serious effort on the part of a very important section of the free world to gain something from the lessons of realism taught by two world wars, where unpreparedness became virtually an invitation to attack.

The use of armed power to hold a fretful band of aggressive nations in check has now been recognized as an effective factor in the keeping of the peace itself. Particularly is this so when there are abroad today governments who hear and understand only the voice of strength and might. Canada went into this North Atlantic organization for her own national security as well as to buttress the defences of other like-minded and peace-desiring peoples. We know that we cannot stand alone in this power-infested earth. We are fully aware also that, while we cannot hope to stand alone, we could easily perish alone; and that, Mr. Speaker, Canadians do not propose to do.

It would be nothing short of irresponsible optimism to say that all is sweet and lovely in the process of hammering out a collective policy of security among the North Atlantic powers. That was abundantly evident from the sketchy emanations which came from the closed meetings here in Ottawa. It was apparent that the United States had its plans laid with the military aspects far out in front. It was equally evident that the European powers were placing their main emphasis elsewhere.

It would be putting our heads in the sand if over here we were to dismiss without sympathetic examination the point of view advanced by those from overseas. The whole problem of defence in the very nature of things must be directly related to politics, economics, finance and the standard of living of the peoples providing that defence. It might as well be admitted at once that the imposition of a vigorous program of rearmament upon the base of a national peacetime economy, without a widespread mass war psychology to stimulate and support it, provides giant problems and massive obstacles even to a nation like our own. A few moments ago the minister referred to that fact.

With several other members of NATO which come to mind, the problems of this kind become obviously graver than ours. For all in the pact it is a new and trying experience, but it begins to look as if a long-range policy of protection against both the wartime and peacetime ambitions of Soviet imperialism has to be worked out in an integrated scheme which will bring the NATO powers together on a permanent basis in the fields of the military, economic and social. This can be no short-pull proposition,

I am afraid. To succeed it will require dynamic, political, economic and social leadership, as well as military.

Up to date we have made some headway in the latter; but if we are successfully to meet the crusading spirit of imperial communism we will have to be crusaders, too. And may I point out that it has always seemed to me that it is very much harder to crusade for things you have than to crusade for things you have not. Nevertheless I think that if NATO is to play its full part in the long and serious days ahead, it will have to raise its sights and, by courageous and united leadership, bring its peoples' morale up to levels which thus far have not been achieved. What is needed now is something more than paper plans and hesitant policies. Leadership is an essential, if NATO is to work.

May I make the interjection that you cannot separate personalities from plans. One of the reasons it is so essential to have leadership in the North Atlantic Treaty Organization is that, after all, people follow people, as well as plans, programs and policies. And without leadership of personalities in that organization, particularly on the political side, I think we shall not advance as we ought. There are some who appear to think that the North Atlantic community ought somehow to achieve federation overnight. Such a goal, however desirable it may be, will come by slow and carefully-planned steps and stages. Armed attack by the Soviets would doubtless hasten that goal, but in the normal course of events undue haste might conceivably retard the attainment of the objective.

For my part I am convinced that the pattern of the British commonwealth might be employed profitably in the earlier stages of a plan for political federation. In that common association it has been found that nations sometimes work better together when formal bonds yield place to the natural ties of free association and friendship. Nevertheless, political collaboration as well as collaboration in other vital fields is essential for development of a well-balanced and well-led association, and we must not cease striving to that end.

It would be closing our eyes to realities were we not to recognize that some of the powers connected with NATO have a fight on their hands at home with powerful communist groups who will seize every chance to upset the present regimes if the standard of living or the social security programs are imperilled by excessively heavy drains on the country's finances for purposes of defence. That constitutes a factor in the very defence of the NATO community itself. Added to this, and our own nation is seriously unsettled over it, the present inflationary trend with a cruel rise in the cost of living coming in its wake raises another problem which has to be met within each of the nations so afflicted; otherwise the cost of rearming becomes a heavier burden than ever. We cannot afford to take the reckless chance of pricing ourselves out of the plans we have for our own peace and security.

While we are laying appropriate stress on the obvious fact that if NATO is to become strong militarily it will be obliged to strengthen its political, economic and social position as well, and after saying that these four go hand in hand and are indivisible, it is essential that we do not becloud or confuse the more immediate and acute issue that faces freedom and democracy this side of the Soviet line fence. If General Eisenhower is right—and I would have preferred to see him present at the Ottawa meeting of the NATO council to give his views—it will be two years before the free powers can handle the situation militarily in Europe; and that time may be running out. Then it seems only sensible that military rearmament be given as high a priority as possible at this stage in order that the plans in other fields may not be interrupted by any invitation to aggression based on our military feebleness. Let us hope, however, that a common denominator can be found at Rome at the next conclave which will satisfy the present conflicting claimants in the various NATO fields of endeavour.

Having in mind the conflicting views of NATO powers and the immediate necessity of bridging the gap between them before any further drifting occurs, Canada should, in my humble opinion, take an aggressive position at once to see that a common-sense balance is kept. At the same time, we should take inventory of how we can, in other ways as well, be a most effective and valuable participant in these integrated plans for peace.

It must have come as a shock to world opinion—it certainly was to me—that no inventory or survey of the capacities and potentials of NATO members had been launched prior to the Ottawa meeting last September. This would seem to indicate that the sense of urgency has not been as keen as it should have been in the deliberations of the council during the last two and one-half years. We are either in a jam internationally, or we are not. If we are not, we have plenty of time and can take it easy. If we are, as I think we are, then it is a somewhat critical commentary upon the vision and initiative of the free powers that such a precious period of time has been lost.

One of Canada's main columns of strength lies in her economic potential. If we are to

pull our full weight in NATO, that potential must blossom into reality and our productive capacity be put to work for the common cause and for ourselves. It would be idle to suggest that we have much more than sampled the tremendous resources of this young nation.

At this point I desire to make what I hope may be considered a constructive and helpful proposal and I make it personally in the same spirit of non-partisanship with which I have attempted to approach every problem related to the serious subject of international relations. I urge that the government and this parliament after full consultation with the provinces give consideration to the following proposal:

That appropriate legislation be introduced setting up a national development and production board to be composed of representatives of government on the federal and provincial levels and of agriculture, industry and labour and other branches of our national endeavour, to achieve the following objectives:

(a) To survey at once the natural resources of Canada in relation to their availability and the foreseeable demands as presently indicated by the requirements for our defence program, the anticipated demands arising from our international obligations and the domestic demands of an expanding economy.

(b) To recommend with the least possible delay upon the basis of such investigation and examination how best this nation can meet the demands and obligations above-mentioned.

In making this proposal I want to pay a well-deserved tribute to the work in these fields which has been done by all levels of government in Canada and by private enterprise in every corner of the country down through the years.

This proposal is a measure designed to co-ordinate the activities of all these and to step up the economy of Canada in a united way to assure that the ever-increasing obligations upon us, both at home and abroad, are met. In such legislation it should be made abundantly clear that this new approach encroaches upon the rights of none, whether it be provincial, municipal or private, but is aimed at ascertaining the best means of mustering the facilities of this nation for the processing of essential materials and bringing Canada into a new era of full and expanded production.

It is a well known fact that the threat of potential shortages in relation to anticipated demands through NATO and here at home is contributing to the inflationary pressures bearing down so heavily upon Canadians generally.

It was fairly evident from the NATO council deliberations here last month that the members of the North Atlantic organization were not minimizing the possibility of a cold war of extended duration and that long-term demands on the economic front thus resulting would have to be carefully and realistically considered.

I have said before, and I repeat, that inflation can seriously affect our plans for peace and may continue to accelerate until production is brought more closely into relationship with anticipated demand both at home and abroad. Increased production requires expansion in capital goods, and Canada is perhaps in a better position in this regard than almost any other country in the world with natural resources awaiting development. It is estimated that the capital investment in Canada this year alone will be four and a half billions of dollars. Were we to seriously tackle the problem of production and put the full measure of our resources to work for us, the flight of the dollar would obviously be halted and we might yet avoid the unpleasant experience of bureaucratic direction of our economy in meeting the threat of either aggression, recession or unbalanced business conditions in the days of tomorrow.

I believe the survey I have proposed would reveal an abundance of natural resources, and would ascertain how accessible they are and how soon they can be made available. The board suggested would, in my opinion, go a very long way towards helping this nation to mobilize her material assets for whatever may be ahead for us in international events, and for a more buoyant economy within the borders of Canada itself. The threat of aggression has brought a powerful group of free nations together under the North Atlantic pact. It would seem only logical that a move now be made to integrate the efforts of our own Canadian team by strengthening the national capacity to implement our obligations in the international field. Moreover, when the current international impasse has been resolved and we have to face the inevitable problem of reconversion to a strictly peacetime economy, this board's survey and recommendations could easily result in providing the basis for a swift, orderly and economical reconversion to an economy of stable peace.

If the proposal I have made does nothing more than bring together under an appropriate ministry of the government the best brains of government, industry, agriculture, labour and others across Canada in an effort to meet a problem which our participation in NATO is very likely to aggravate, in my opinion it will have gone a very long way to

guarantee our maximum contribution to the North Atlantic Treaty Organization and an expanded, stabilized and free economy at home.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, this afternoon we have listened to a very interesting debate. The Secretary of State for External Affairs (Mr. Pearson) gave us a very thorough survey of Canada's relationships with and her participation in some of the great problems that confront the world, and I shall have something to say a little later with respect to some of them. I was particularly interested in the closing remarks of the hon. member for Peel (Mr. Graydon). The proposal to survey our resources has been made in this house on a number of occasions by members of this party, and I am very glad to know that the hon. member for Peel, speaking for himself I understand, is in favour of the planning of our economy so that we can do the maximum job in connection with this important problem.

Mr. Graydon: You could not have been listening very closely.

Mr. MacInnis: One Progressive Conservative in the house.

Mr. Coldwell: The resolution gives parliament the opportunity to express itself on the substance of the order in council authorizing the sending of a force, not exceeding 12,000, to Europe in fulfilment of obligations under the North Atlantic treaty which we accepted some time ago, and also of course on Canada's policies and place in international affairs. I want to say immediately that we support the purpose of the order in council, reserving the right to comment on the placing of our troops under various commands in Europe, and to comment on the equipment and so on, until a later stage in the session when we shall be discussing defence projects more thoroughly.

I am not going to cover any of the domestic matters referred to by the minister and the hon. member for Peel. I am thoroughly in accord with the minister when he says that any attempt to centralize the commonwealth would undermine the commonwealth as it exists today. We have the closest and friendliest relations we have ever had. Let us continue to retain these close and friendly relations without trying to impose rigidity upon the commonwealth countries. Believing, however, as we do that democratic socialist movements must ever keep in mind their aim and ideal of establishing a world community founded on social justice, we have consistently supported every step intended to strengthen the United Nations organization. May I say at once that we shall continue to do so in the future, for we regard this organization as the beginning, humble it is true, of a world society which must be founded and supported by both political and economic democracy. Only within a society based on international justice, order and good will can the people of the world live at peace and make continuous progress.

This, I emphasize, is the basis of our approach to any discussion of international affairs. It explains both our opposition to communist imperialism which threatens the individual's right to freedom of thought, speech, religion and so on, and equally to capitalist imperialism which exploits masses of people for the benefit of a privileged few, and in doing so also limits the freedom of millions of individuals. The United Nations, through its economic and social council and its organs and agencies, can enable us to work together to achieve step by step, and of course over a period of time, the betterment of human conditions. So far, of course, while some progress has been made, fears and hates, narrow nationalism or new and old forms of imperialism, have frustrated our endeavours and dampened our hopes. Yet an examination of the record of the United Nations since it was established six short years ago gives us reason for hope rather than for despair.

Uppermost in our minds at the moment is the world-wide struggle against the threat of war. I am convinced that no nation desires war. Indeed, all want to avoid it; yet all are steadily strengthening their armed forces for defence. But in doing this we must not overlook the fact that the success of our defence against totalitarian communism at the moment, and equally against some form of fascism which is also totalitarian if it should threaten the world again, will depend on much more than our armed forces. These are ideologies, as the minister pointed out this afternoon, that find fruitful soil where poverty, misery and want abound.

That was the lesson we should have learned between the two world wars, and which is being emphasized anew amid the recently freed and exploited peoples of Asia. We must beware lest the rearmament program of the North Atlantic treaty nations bears unequally and causes internal strain and unrest in some of the nations associated with us. Already there are indications that world inflation and the consequent increased cost of rearmament are major threats to the economies of the European members of NATO. While the United States, with little or no reduction in its normal standards of living, is pressing for increased military contributions, our European allies are reducing their already low living standards to a dangerous degree. Let us remember, I

repeat, that rearmament alone, while necessary, will not win the battle against communism.

It is because of this profound belief that again this afternoon, as on similar occasions in the past, I urge our government to bring still more pressure to bear upon the NATO council when it meets again for the adoption of an economic policy which will prevent the possibility of distress and collapse among any of our allies. Should such a calamity occur, the whole purpose of the alliance would be defeated. If this means, as it well may—and I want to emphasize this—that Canada in partnership with the United States must greatly increase her direct contribution to economic aid both to Europe and to Asia, we should not hesitate to do so. Surely this is one implication of article 2 of the treaty which pledged us to a closer integration of the economies of the signatories of that treaty.

Let me say here also that I hope in the course of this debate the Minister of Trade and Commerce (Mr. Howe), under whose direction this matter now largely comes, will tell us something more than the Secretary of State for External Affairs (Mr. Pearson) did about the Colombo plan and to what extent Canada has already actually contributed to it. We are told that some projects are under consideration. What we have done to provide food is good; but I would like to know more of what has actually been decided upon, and to what extent our contribution in financial terms has already been used.

May I say here that I think the choice of Mr. Nik Cavell was indeed excellent. He is a man who has spent many years in India, who has a progressive mind and wide experience in the business world in Asia as well as in Europe and Canada. I noted that only a month or so ago he was able to assume his duties as administrator of the appropriate division of the Department of Trade and Commerce in connection with the Colombo plan. I noted, too, that his appointment was for two years. That means, I hope, that the appropriation parliament made for this plan for the current financial year will be continued annually throughout the six-year period. Both the United Kingdom and Australia are so committed; but, as I understand it, our commitment is for only this one fiscal year. The Secretary of State for External Affairs (Mr. Pearson) or the Minister of Trade and Commerce (Mr. Howe) should give the house the assurance that the intention is to recommend to parliament that we contribute toward the plan for the entire six years. If that is the case, should parliament not authorize the expenditure of certain round sums for the period, as we have done with our own rearmament program? I should like to hear from one of the ministers at least in this connection.

In view of the importance of Asia we think we should do everything possible, both as a nation and as part of the democratic world, to strengthen our ties with the Asian people. In my opinion we should consider the extension of our diplomatic relations with Asian nations to the greatest possible extent. For example, we should strengthen our contacts both economic and political with such new republics as Burma, the Philippines, perhaps, and certainly with Indonesia. To my mind Indonesia will play an increasing role in Asia and in the world, and Canada should endeavour to exchange diplomatic representation with this new and potentially rich republic as quickly as possible.

Mr. Pearson: We might send Dr. Keenleyside.

Mr. Coldwell: Well, as far as Dr. Keenleyside is concerned, I can understand the provocation, and I have a great deal of sympathy with what he did and said on that occasion. I hope the suggestion I have made regarding the establishment of diplomatic relations with Indonesia will receive early consideration. It seems to me that this sort of thing is vitally important because obviously Asia is in the throes of a social and economic upheaval, a revolution, in fact.

Recent events in Iran and Egypt have emphasized this. Unfortunately because of necessity during world wars I and II we associated ourselves with the most reactionary elements in the Near and Middle East. And may I add I am not saying this for the first time, because during the discussion of the recognition of Israel I pointed out that I thought probably one of the reasons there was such opposition to the establishment of the new state of Israel in that region was that the example which had been set and would be set in that new Middle Eastern country would be a challenge to the depressed peoples when this neighbouring republic started to raise its standards of living, and thus interfere with the reactionary, exploiting, controlling interests that governed the Arab peoples.

What happened recently in Iran and is now taking place in Egypt is an attempt on the part of these reactionary interests to use the understandable desire of the great masses of the people for improvements in their condition as an excuse to obtain control of the resources of these countries and to continue to exploit the common people in these regions. The United Kingdom objects to the unilateral setting aside of treaties that have been made, and we think quite properly is determined to

uphold the rule of law and, as the United Nations charter demands, refer disputes of this description, which may lead to international complications and war, to the international court of justice and to the security council. May I say to the minister that we too believe that Canada and other members of the United Nations should support every effort to settle these matters by negotiation through the appropriate United Nations channe'ls, and that in the meantime we should give every possible aid to the United Kingdom in the present crises.

The minister mentioned the peace treaty with Japan. I, too, wanted to say something about that. It has been signed. In my opinion it was a particularly generous treaty to a nation under whose emperor, the present emperor, and former government, many nationals of the western world, including both Canadian civilians and prisoners of war, had received cruel and harsh treatment. This is a criticism that one could make with better grace had Canada herself not been stampeded into an attitude toward Japanese Canadians which many of us regretted at the time and which I think more people regret now. I hope that Japan will do everything possible to justify the generosity of the democratic nations. Evidently several nations, and particularly Asian and Pacific nations, are not satisfied with either the terms of the treaty or the manner of its making. That was shown when the draft treaty was circulated by the United States. This is regrettable. In our opinion a far greater attempt should have been made to negotiate a treaty in co-operation with nations whose views were neither properly obtained nor considered.

The foreign affairs committee of the French national assembly adopted a resolution on August 10, shortly before the treaty was signed, deploring the fact that France had no part in the formulation of the treaty. On August 3, the Netherlands expressed serious objections to the draft treaty. Australia made it plain that it did not meet all that Australia wished, although it was accepted as a reasonable basis for a delayed settlement. Dr. Evatt, the post-war minister for external affairs and a former president of the United Nations assembly, strongly criticized the treaty as—and I use his words—"appeasement of a cruel enemy", and said that all parties viewed the "clearly intended rearmament" of Japan with anxiety and resentment. New Zealand shared the Australian official view. India and Burma both refused to approve the draft treaty; and of course it makes an improved relationship with China impossible as long as, among other things, the future of Formosa is uncertain.

All parties in the Philippines indicated their dissatisfaction in a unanimous statement which was made by the president of the Philippines on their behalf. I believe that these misgivings and fears are shared by many Canadians who have given thought to these matters. I should like to ask the minister whether he can tell the house what opinions regarding this treaty Canada expressed prior to the public signing of the treaty last month. Canadians have viewed, too, with considerable anxiety the protracted negotiations concerning a cease-fire in Korea. It is almost four months since Russia—unfortunately gaining a great deal of propaganda value thereby—proposed a cease-fire and armistice. It has seemed that both sides have been unduly sticky about the matter and apparently more anxious to maintain prestige and position than to end the war. We know that cease-fire agreements must be negotiated by the military commanders in the field, but in this instance it has seemed at times that the discussions and disagreements concerned more general political considerations which should be rather the concern of the civil authorities among the nations represented in the Korean war.

Indeed, we share the view expressed editorially by the London *Times* on October 1. No one could accuse the London *Times* of either friendliness to the communist aggressor or a desire for appeasement when it said:

> The best hope of progress lies in defining more clearly the political and military aims of the United Nations. The committee of nations with forces in Korea should meet to decide what in fact they are now fighting for. They could hardly fail to agree with Mr. Acheson's statement before the Senate committee last June that a settlement at or near the 38th parallel "would accomplish the military purposes in Korea." They could hardly fail to agree that the best that can now be hoped for is a division of Korea on the same lines as before the war. If that is so, nothing would be lost, and much might be gained, by proclaiming without delay their willingness to seek a political settlement recognizing the 38th parallel as the frontier between north and south Korea, as soon as the communists had proved their willingness to stop the war by accepting an armistice on the line demanded by Gen. Ridgway. There would be no question of the United Nations' forces withdrawing until mutual safeguards had been worked out and until a suitable period had elapsed. On the other hand the communists would realize that the United Nations had abandoned all idea of advancing to the frontier of Manchuria.
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> There is no guarantee that the communists would accept this proposal. They might still insist that the United Nations forces should withdraw to the parallel as proof of good faith. In that case the position would be no worse than it is now.
>
> There is, however, something paradoxical in the United Nations continuing to fight, both on the ground and at the conference table, for a few miles of land which they do not in fact hope to keep afterwards. What is needed, perhaps, is an effort to realize that there are only two possible courses open to the United Nations—to fight on until the whole of Korea has been liberated, at whatever cost

is necessary, or to make peace on the 38th parallel. Since the first has already been rejected by the American congress and people as well as by the other members of the United Nations, there is everything to be said for accepting the second whole-heartedly.

In the resumed negotiations I hope that the suggestions contained in this editorial, which no doubt reflects a great deal of opinion in the United Kingdom and the United Nations, will be given serious attention. It is to be hoped that at least we may see an end to what the minister described this afternoon, the bloodshed and suffering of the Korean people. I believe our purpose has been achieved. We have stopped the aggression, unfortunately may I say not only at great cost to ourselves but still greater cost to the people of south Korea. We ought to do everything we possibly can as a member of the United Nations, in co-operation with the other members of the United Nations, to rehabilitate that country as quickly as possible and give the people an opportunity of living in peace in the years to come. The government should indicate clearly to this house what its views have been in relation to the Korean war, and to such proposals as those stated in the London *Times*. To what extent have our views been indicated to the United States government?

Among other matters that have engaged the attention of thoughtful people is the proposal for the participation of western Germany in European defence arrangements. While it is certain that if western Germany were attacked most people would expect the Germans themselves to play an important part in repulsing that attack, yet there is widespread fear lest a rearmed Germany, under a German military staff, should again threaten the security of France, Belgium, Holland and the Scandinavian countries. I mention those as the democracies most nearly affected by any threat of renewed aggression by Germany.

Various plans, I know, for the integration of German soldiers in a European defence force are under discussion, but so far no proposal has met with wide approval. It seems to us that any plan adopted must be, first of all, satisfactory to the European countries I have mentioned. Obviously if Germany is to be defended from military aggression some plan must be adopted to enable the Germans to join in that defence, but not under a German military staff or with complete, even if supervised, rearmament. I believe that would pave the way for a renewed control by the nazi military leaders who are again beginning to be vocal in Germany. May I say to the minister once again that we should like to hear what views, if any, concerning this matter Canada has expressed to our allies in the North Atlantic Treaty Organization. Because of the rumours regarding General Kurt Meyer's future, rumours which perhaps were discounted to a large extent by the statement made in the house this afternoon, the country would like to know those views. May I say that nothing undermines faith in the professions of democracy regarding our defence of freedom more than the liberation of Hitler's friends, powerful nazis in Germany, talk of a rearmed Germany and Japan, and a proposal to invite General Franco to provide facilities to aid in defending the free world. Indeed, this together with a deepening economic crisis in western Europe could play completely into the hands of the Soviet union, and make a mockery of the professions we have made.

I believe this should be made clear to our friends in the United States who seem to be unaware of the misgivings that are felt primarily among the members of the powerful labour and social democratic parties in Europe, and indeed are shared by very many others of all parties across the world. Let us remember this. Whatever the ebb and flow of political fortunes may be in the democratic world, labour and social democratic parties and leaders continue, and will continue, to play a vital role in the world, particularly in western Europe and southeast Asia. It is, I believe, a misfortune that no such party has risen to influence in the United States, and that often those who share such views in that country are suspected and persecuted.

I should like to conclude my remarks this afternoon by quoting the final paragraph of a most interesting book I have just read. The author is Edward Crankshaw, who was attached to the British military mission to Moscow, 1941-43. In 1947 he returned to Russia as a correspondent for the London *Observer*. From his statements I would judge him to be a supporter of the British Conservative party. The book is entitled "Russia by Daylight". His concluding paragraphs are, I think, worth recording because they express views that certainly I myself and those associated with me hold. He says this:

Few people, I suppose, are more sharply critical than I am of certain aspects of the American way of life, of the way in which Americans seem incapable of realizing their own strength and of the extent to which they are unconsciously imposing their way of life on the nations of western Europe, or of the way in which, for example, American fiscal and tariff policy has contributed to the breakdown of the west. But if it comes to the choice between America and Russia there simply is no choice. For better or for worse the "we" defined in the first chapter of this book include the vast majority of Englishmen and western Europeans and Americans. We believe, fundamentally, in the same values, though, heaven knows, those values are

often distorted and almost lost; and they are the values which Stalin is out to kill. It is as simple as that. We do not have to admire each individual characteristic of our friends, nor they of us. But we know who are our friends.

I can think of only one way in which the Kremlin may still conquer us, and that without war. It is by so frightening us (but it is we who allow ourselves to be frightened) that for fear of the enemy within we transform our own society imperceptibly into an apparatus of totalitarianism indistinguishable in essence from the society of Soviet Russia—a system which may not be criticized, whether the British parliamentary system or the American way of life, for fear of damaging national unity, the unity of the grave; a system in which the bully and the corrupt may not be denounced or the underdog uplifted because nobody will dare risk being called a red. This, it seems to me, is a very real danger. Already in western Europe and America, but above all in America, the communists have been allowed to monopolize the advocacy of a fair number of desirable reforms. Should the day come when we are afraid to pursue each and every enlightened course of action because the communists, for their own deplorable reasons, are associated with them too, then Stalin will have won.

Mr. Solon E. Low (Peace River): Mr. Speaker, at the outset I should like to say that again this year I greatly enjoyed the encirclement of the globe that was indulged in by the Secretary of State for External Affairs (Mr. Pearson), in which he gave us a comprehensive picture of world affairs. Most certainly he portrayed to us here this afternoon the very heart of a good many of the difficult problems which the nations of the world are facing at the present time.

I was gratified with the attitude the minister seemed to take with respect to some of those problems. Before I enter upon the things which I had thought it necessary to say in connection with the resolution, I should like to mention briefly just two or three things by way of support of certain phases of the minister's speech. In the first place, the minister spoke at some length with regard to relations with the United States. He said the St. Lawrence seaway should be built by Canada if the United States does not see fit to co-operate with our country in the building of that great project. With that statement we are in thorough agreement. I myself feel that if Canada presses forward with the greatest possible dispatch in the building of this seaway the United States will soon overcome, shall we say, those political forces that are now preventing the decision by the officials of the United States to join with us; and I hope we shall eventually see that they will join their forces with ours and that the seaway and the power development will be built in co-operation with us.

The minister also mentioned the matter of the meeting which took place in Ottawa; and I was glad to get his explanation of the short range as well as the long range objectives of NATO as they were discussed or decided at that meeting in September. He mentioned the provision which NATO had made for bringing Greece and Turkey into membership. We think that is a most desirable step. I do not believe that anyone who is at all familiar with the writings of the great strategists of the world could come to any other conclusion than that the area in which Greece and Turkey find themselves is strategically tremendously important to the western nations. The Mediterranean area has always had an important place in any defence plans that involved western Europe. I am therefore personally happy to see provision made for bringing Greece and Turkey into membership; and when the house is given an opportunity to discuss that matter in detail I may have something further to say about it. But at this stage I wanted to let the minister know that we think it was a good thing.

As to the Japanese treaty, I certainly do not share the views and the fears of a good many people who have commented on it. I think the world has seen enough of treaties of revenge and their aftermath. I do not believe that any sensible person today could take issue with the determination, at least as expressed by the minister—and I suppose he was speaking for the government—to see to it that any treaties we conclude with any of these nations which have been our enemies are treaties of reconciliation. It is not necessary for me to point to what happened after the first world war in order to convince hon. members of this house of what happens when treaties of revenge are entered upon. World war II doubtless had its roots deep in the treaties that were concluded following 1918 and 1919. I am therefore glad to see that the Japanese treaty has been concluded, and I support essentially the terms of that treaty. As I proceed perhaps other things the minister said this afternoon will come to my mind and I will comment just briefly on them.

We are discussing the resolution which appears on the order paper in the name of the Prime Minister (Mr. St. Laurent). The resolution divides itself into two natural divisions. The first division is this:

> Resolved, that this house approves the continuation of Canada's participation in the efforts being made through the United Nations to establish international peace, and in particular to defeat aggression and restore peace in Korea . . .

I should like to discuss first that portion by itself, Mr. Speaker. In 1945 the government of Canada, along with a good many other nations of the world, became intrigued with the idea of collective security; and they committed this country to support the United Nations. Ever since that time Canada has

played the game to the best of her ability. I do not believe any nation on earth can say we have not. I think no one can honestly say, either, that we have fallen down in any way on any of our commitments under the charter of the United Nations. No one can say, in truth, that our country did not discharge fully whatever obligations and responsibilities we undertook as a result of signing the San Francisco charter. Along with fifty-nine or sixty other nations we found ourselves involved in this pact to resist aggression, and to defeat it wherever and whenever it took place on the face of the earth. When South Korea became the object of communist aggression in June, 1950, Canada began moving to fulfil the pledges she had made. We were slow; but eventually we did move; and, consequently, Canadian boys found themselves engaged in the struggle in certain naval units and land forces which have now been either in or around Korea for quite a number of months.

I think we did right in raising a force to send to Korea. By supporting the efforts of the United Nations at that time to deter the aggressors in Korea we honoured our obligations much better than did most nations of the world. I refer particularly to nations that indicated their firm belief and confidence in the principle of collective security when they signed the San Francisco charter. I am convinced that if there had not been so many laggard nations the war in Korea might have been over a good many months ago. Too many of the signatory nations to the United Nations charter have been long on talk but short on performance.

In addition to that, in my view communist China might never have ventured into Korea if there had been solid support of the United Nations from the very start of the trouble in Korea by all or most of the member nations. Instead of allowing the United States to carry the brunt, and for many months to stand almost alone—and eventually only thirteen or fourteen nations did get in to help with any sizeable effort—if forty or fifty of those nations had been ready to do something at once, ready to send everything possible by way of material and manpower and other forms of help I am satisfied China never would have come in.

It became perfectly clear within a very few months after the end of world war II that the world was becoming engaged in a power struggle. That power struggle has come to be known as the cold war. Evidently that fact has tended to stay the hand of the United Nations. Its policies have been diffident and vacillating and, to a great degree, ineffective. While we are in favour of a continuation of Canada's participation in the efforts of the United Nations to establish international peace, and to defeat aggression in Korea, we do not agree with the present policy of the United Nations of a limited war for an unlimited time. Evidently that is an expression coined by people in responsible positions to describe what they think will be the continued policy of the United Nations in connection with the struggle in Korea. We believe that policy will have to be changed, without further delay. I would ask hon. members here assembled this question: How can any sensible group of men expect the fighting forces to be activated by the will to win and the determination to do their best if they have to struggle on under a hopeless policy such as a policy of a limited war for an unlimited time. That is just impossible.

Some new policy will have to be adopted to bring the Korean struggle to a successful end, from the standpoint of the United Nations. The objectives in the struggle must be defined and made known, as a means of steadying the minds of the fighting troops and the folks back home who are backing those troops. It is our view that the military effort of the United Nations should not be limited to the country in which the aggression takes place. For all too long that seems to have been the attitude of those in high places in the United Nations. We think that when the United Nations decide to take action against an aggressor nation the area of their activity should be limited to nothing less than the area used by the aggressor nation or nations for the concentration of troops and supplies, and as a jumping-off place for the continuation of the aggression. In my opinion MacArthur was absolutely right in this regard.

We believe that every effort should be made to work out an armistice in Korea, and that nothing should be left undone to bring about a cessation of war there. At the same time we believe the United Nations should lose no time in laying down a policy which will make possible an early termination of the war in Korea by military action, if armistice negotiations fail. If such a policy is not adopted, then I do not need to tell hon. members and the people of Canada how the United Nations will suffer in prestige. In future no nation upon which aggression has been committed would come to the United Nations for assistance, if it had nothing but the lessons of Korea, to the present day, before it. So if we are to keep the United Nations organization alive and prevent its dying a natural death as a consequence of having no dynamic policy to be followed, through which it can

terminate any struggle, then surely we had better begin getting some sort of specific policy and putting it into effect.

Before I leave this part of the resolution I do wish to say a word about the conditions under which our valiant Canadians are living and fighting in Korea. I think the government and perhaps hon. members ought at all times to keep themselves informed about those conditions. One hears repeated from time to time stories about the intolerable conditions in certain parts of Korea. I am not laying any charges at all, but these things have come to my attention from people who have relatives or friends there. The government should make available to the people of this country at all times complete information about actual conditions under which our boys are fighting and living. If there are conditions which are unjust, unfair or intolerable, then those conditions ought to be cleaned up and made tolerable, and this done just as quickly as possible. Moreover, at no time should we surrender our right as a sovereign nation to protest against any unnecessarily bad conditions under which our boys fight either in the Korean or European theatres of war. If those conditions are not soon improved; if we find the stories about them are true, then we should withdraw our troops if we consider it necessary and desirable to do so. We should never surrender that right.

The second part of the resolution is in these words:

> Resolved, that this house approves the continuation of Canada's participation in the efforts being made through the United Nations to establish international peace . . . and by the North Atlantic treaty nations to deter aggression and promote stability and well-being in the north Atlantic area.

I refer to that part which makes reference to the North Atlantic treaty nations deterring aggression and promoting stability and well-being in the north Atlantic area. It is perfectly clear that some nations have steered away from the principle of collective security which was embodied in the United Nations charter. They have been steered into a new balance of power arrangement. I know the argument is used that the North Atlantic Treaty Organization has been developed within the framework of the United Nations, but the principle upon which NATO is built is the balance of power principle. That change which has been made by a number of nations, including Canada, is quite significant. The old league of nations lulled the nations of the world into a feeling of false security. It was touted to us as the one organization that could bring peace and security to the peoples of the world. Under the barrage of propaganda that was spread over the world the nations began to disarm. They said, "Oh, well, we will leave it to the league of nations." It was not long until disarmament had gone so far as to present an opportunity for the Mussolinis and the Hitlers of that time. We know now with what disastrous results the opportunity was accepted.

World war II put an end to the last vestige of influence of the league of nations. We heard about it no more; but it was strange that when the war was over in 1945 we began another attempt to build an organization just like the league. It may be true that we extended its base and perhaps some of the policies that were to be followed, but we organized the United Nations. Again we let loose a barrage of propaganda that spread around the whole world, and again most of the nations seemed to be lulled into a sense of false security and disarmed at a time when they never should have disarmed so completely. This disarmament by the nations of the world presented an opportunity to Russia and her satellites. All through the years we have been gullible enough to place our confidence in an organization that was hamstrung right from the beginning by the veto and things of that sort. When all is said and done it certainly is clear to me that a power higher than man is guiding the destinies of certain nations of the world. Maybe that accounts for the fact that they have realized the illusion they have been following and have got on to something solid like this balance of power arrangement, the North Atlantic Treaty Organization, which is a much more realistic thing.

We favour Canada's participation in the North Atlantic Treaty Organization. We believe that an integrated military, naval and air force should be established and built up in Europe just as quickly as it can be accomplished, and the sooner the better. I am satisfied that only a strong integrated force of the kind we envision will be sufficient to deter Russia and her satellites from the thoughts of aggression that I am quite sure they have been nursing all through the years; and the hope that they will be able to take advantage of our weakness to destroy us as sovereign powers.

In my judgment Canada ought to contribute to those forces to the extent of her ability. Indeed we support what the government has done already by way of contributions of arms and equipment to other member nations as well as the decision to send the 27th brigade to become part of General Eisenhower's forces. I think Canada should do all she can to ensure that forces capable of defeating any combination of restless imperialistic nations shall be built up at the earliest possible time. I believe the Canadian people

are prepared to make whatever sacrifices are necessary to achieve this objective. As I went about the country this past summer talking to people I found very few who were opposed to the idea and who were not prepared to make whatever sacrifices are necessary. Of course they are all concerned about making sure that the tax dollars we spend shall be spent properly and that any burden of taxation that might arise from waste, extravagance and foolishness shall be obviated. I think we can do that by watchfulness. I believe the Canadian people generally, at least so they have indicated to me, realize something of the nature of the dangers which beset us. Their one hope is the North Atlantic Treaty Organization, because it is realistic.

There is just one thought I think I should voice again. Canada should retain and maintain the right to ensure that the conditions under which our fighting forces must operate are of the highest possible standard. Further, Canada must see that Canadian personnel making up part of the North Atlantic Treaty Organization forces, and their dependents, shall receive the best possible care of which a great and wealthy country like ours is capable. Nothing less than that will satisfy our people. In building up the military side of the North Atlantic Treaty Organization particularly the greatest possible measure of caution should be taken, as I have said already, to save the taxpayer from any extra burden that may arise from waste and foolish expenditures.

The minister told us it was unfortunate that Germany had no representative at the Ottawa meeting in September.

Mr. Pearson: I just said that we noted her absence.

Mr. Low: I will go so far as to say it was unfortunate. I do not want to attribute any words to the minister which he did not say, but to me it was unfortunate. I think, with the minister, it is desirable that there should be a united Germany integrated into the North Atlantic Treaty Organization. I cannot help saying, though, that it is funny that this should not have been foreseen at the time of the partitioning of Germany. So much for the short-term goal of the North Atlantic Treaty Organization.

I should like to turn now for a moment or two to what the minister has said are the long-term objectives of NATO. I liked his address in the main, but I did not like it when he came to discuss these long-term objectives and I shall tell you why. I think he skirted around and did not come straight out and tell the people of Canada what he had in mind. I think it is about time the minister took the people of Canada into his confidence, particularly in view of what has happened during the last summer.

I recall that just prior to and during the early part of world war II addresses were made by churchmen and others which stressed that the last war was a fight against evil. In the first war we were fighting to save democracy, but the last war was said to be a war against the forces of evil. I believe that is true. While I heard many people say that, I have not heard many speakers express the conviction that the evil against which we were struggling resided not in the multitude of the world people but in the hearts of a comparatively few of the 2,000 million human beings on this earth. I am quite certain I am right when I say that ninety-nine and nine-tenths per cent of the 2,000 million people on the face of the earth want to be left alone to work out their own natural destinies without having anybody try to impose their will upon them. I believe that the greatest evil in the world today is that spirit of unmixed hatred against existing social classes, the spirit that benefits from any widespread disaster that overtakes humankind. It is the spirit that is to a great extent against all forms of individual initiative. It is particularly directed against those countries whose ways of life have been for centuries based upon this initiative and individual freedom.

Certain historic influences down the years have played an important part in the exercise of the forces of darkness and evil, and have given them opportunities, as a matter of fact. I cannot take time to deal with all of them today, but I should like to mention one or two. Back about the year 1776 there arose in the country of Bavaria a movement that eventually came to be called the Illuminati. Its leader was Adam Weishaupt, a man who has been described as the profoundest conspirator that ever existed. Weishaupt declared that civilization was a mistake. He declared that man is fallen from the condition of liberty and equality, the state of pure nature. Man must cast off, he said, the trappings of civilization and return to a nomadic life. Even clothing, food and fixed abodes should be abandoned. Kings and nobles should be abolished. Religion must be abandoned. Family and national life must cease so as to make of the human race one happy family. Patriotism and love of country, according to him, were vices and must be abolished in favour of a universal society.

In these words we find the expression of internationalism as it is expounded by various groups throughout the world today. You hear them, you see them almost every day, either in the spoken word or in printed form.

Weishaupt founded a secret society known as the Illuminati to give effect to his teachings. Reduced to its simplest possible formula, the aims of the Illuminati were these: first, the abolition of the monarchy and all ordered government; second, the abolition of private profit in enterprise; third, the abolition of inheritance; fourth, the abolition of patriotism; fifth, the abolition of the family, of marriage and all morality, and the institution of communal education of the children; sixth, the abolition of religion.

I only mention these things to illustrate what I meant when I said that certain forces down through history have been ready to take advantage of the weaknesses of the nations of the world, and of opportunities to fasten themselves upon the people with one object, and one object alone, to satisfy a craving for power and a hunger for a hold on the very necks and lives of the people. The Illuminati were suppressed by the government of Bavaria but a good many of its members and those who adhered to the secret society were prominent for many years in revolutionary activities throughout Europe, and their influence extended down to comparatively recent times in various ways.

About 1931 another movement was born, and I should like to quote a brief extract from an address by Professor Arnold Toynbee of the Institute of International Affairs to the fourth annual conference of institutions for the scientific study of international relations on June 8 to 10, 1931, at Copenhagen, Denmark. Professor Toynbee, who was then and I understand has since been at Oxford, had this to say:

> In the spirit of determination which happily animates us, we shall have no inclination to underestimate the strength of the political force which we are striving to overcome. What is this force? If we are frank with ourselves, we shall admit that we are engaged on a deliberate and sustained concentrated effort to impose limitations upon the sovereignty and the independence of the fifty or sixty local sovereign independent states which at present partition the habitable surface of the earth and divide the political allegiance of mankind. The surest sign, to my mind, that this fetish of local national sovereignty is our intended victim is the emphasis with which all our statesmen and our publicists protest with one accord, and over and over again, at every step forward which we take, that, whatever changes we may make in the international situation, the sacred principle of local sovereignty will be maintained inviolable.
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> This, I repeat, is a sure sign that at each of those steps forward, the principle of local sovereignty is really being encroached upon and its sphere of action reduced and its power for evil restricted. It is just because we are really attacking the principle of local sovereignty that we keep on protesting our loyalty to it so loudly. The harder we press our attack upon the idol, the more pains we take to keep its priests and devotees in a fool's paradise, lapped in a false sense of security which will inhibit them from taking up arms in their idol's defence. Perhaps, too, when we make these protestations we are partly concerned to deceive ourselves. For let us be honest. Even the most internationally minded among us are votaries of this false god of local sovereignty to some extent. It is such an old established object of worship that it retains some hold even over the most enlightened people.

Then, Mr. Speaker, he continues, and I want members of the house to note these words particularly. He says:

> In the world as it is today, this institution can hardly be a universal church.

He is speaking of some institution that is to arrive to take over.

> It is more likely to be something like a league of nations. I will not prophesy. I will merely repeat that we are at present working, discreetly but with all our might, to wrest this mysterious political force called sovereignty out of the clutches of the local national states of our world. And all the time we are denying with our lips what we are doing with our hands.
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> The dragon of local sovereignty can still use its teeth and claws when it is brought to bay. Nevertheless, I believe that the monster is doomed to perish by our sword. The fifty or sixty local states of the world will no doubt survive as administrative conveniences. But sooner or later sovereignty will depart from them. Sovereignty will cease, in fact if not in name, to be a local affair.

There you have the statement of one of the founders of what is now known as federal union, union now, Professor Arnold Toynbee. Evidently from his own statement "denying with our lips what we are doing with our hands" is the policy which he follows. All right. He has followers today who under certain circumstances are just about as brazenly forthright as was Toynbee, and yet they seem to be working in a mysterious way, denying with their lips what their hands are doing. I should like to refer to something that involves the Secretary of State for External Affairs (Mr. Pearson). It is an article published in the fifth anniversary issue of *Freedom & Union*, the magazine which I hold in my hand. There is a good picture of the Secretary of State for External Affairs by Karsh; he looks just a bit mysterious, but I do not suppose that was his fault nor of his making. The article is on page 11 under the caption, "Ottawa Atlantic Council Marks Federal Milestone". It is written by Clarence K. Streit, the editor of this magazine, and a close follower of Professor Arnold Toynbee. He is a man who is pushing as hard as he can for what we call government at the world level, internationalism in its extreme form. All right; what does he say?

> Atlantic union marked a milestone at the six-day session of the Atlantic council at Ottawa which ended September 20. For the first time since the North Atlantic Treaty Organization (NATO) was created, the possibility of Atlantic federation was talked about officially and the talk was followed by action which, though it did not mention "union"—

Note there again the mysterious, sinister insinuation. I continue:

—clears the way for it. The session left strong reason to believe this action will move still further forward in the coming months.

Mr. Streit goes on and involves the minister and all the members there; and this is a thing that must not be taken lightly by anybody. I think the minister owes it to the house to set this straight. He says:

The form taken by the council's action was proposed in the secret session—

How does he know it was done in secret session?

Mr. Pearson: All the sessions are secret.

Mr. Low: They were all supposed to be secret, but this man got under the table. Somebody dropped him some crumbs. I should like to find out who it was. How did he get in there? Was he a privileged character? How was he able to get there?

Mr. Pearson: He was not there.

Mr. Low: He was under the table just the same. He reveals that. Let me read what he says:

The form taken by the council's action was proposed in the secret session September 17 by Dirk Stikker, Dutch foreign minister and president of the council of Europe. He was the first delegate to speak of "Atlantic federal union" He urged the council to issue a "declaration of intention" to unify the Atlantic community not only militarily as heretofore but politically, economically, socially, culturally, and to set up a committee to report on how best to do this. After a brief but warm word of approval from Secretary of State Dean Acheson (which is another unpublished fact),—

I want the house to note another mysterious thing. He says it is another unpublished fact. Who gives him the right to publish it? This man seems to be everywhere. I continue:

—the council unanimously adopted the Stikker proposal.

This "Ottawa declaration" was deemed so important that it was issued separately when the session ended. Excerpts are given in another column. It was thus summarized in the final communique of the council:

We will just skip over that. Let us go to another part of this which needs some explanation. He mentions a committee that was set up by the council composed of the foreign ministers of Belgium, Canada, Italy, the Netherlands and Norway. He goes on to name them as follows:

Messrs. Paul van Zeeland; L. B. Pearson; Alcide de Gasperi; Stikker and Halvard Lange.

Then says:

Every one of these men is known to be strongly in sympathy with the Atlantic union idea.

That is the idea he has already announced. Then he says:

So important is this committee considered that it was decided its chairman would be the chairman of the Atlantic council itself. At Ottawa, Belgium held this double post, but by alphabetical rotation it fell at the end of the session to Canada. And so, during the critical twelve months ahead, these two key positions in Atlantica will be held by Mr. Pearson, one of the strongest, most outspoken believers in Atlantic federation in the council.

If this thing is so good, Mr. Speaker, why is it being done with such stealth? My opinion is that this article was supposed to be a report to the faithful, and that nobody but the faithful would understand. I suggest it is a report that you could call progress by stealth. I suggest that when the Secretary of State for External Affairs winds up this debate in rebuttal he should come clean with the Canadian people and either confirm or deny what is on the pages of this magazine. I will put it this way. I am not accusing the minister of anything, but I am accusing Clarence K. Streit of writing an article of this kind and stating a lot of things that took place in secret sessions, if they are false. If he did know them then we ought to find out how. Second, if these things that took place at this meeting last September were secret, how did this man Streit learn about them?

There is one other thing I should like to say. I do not believe the minister would knowingly allow himself to be used as a tool by these foolish people, but evidently that is what they are trying to do, from this article. If these things said by Mr. Streit are not true, then that is what they are trying to do to the minister. If they are true then either the Secretary of State for External Affairs is a willing collaborator in world government plans, or he is one of the leaders in what I consider to be a nefarious movement. It has not been made clear to the Canadian people exactly what the long-range program or objectives of the NATO organization are.

I submit, Mr. Speaker, that the Secretary of State for External Affairs and the government ought to take the people strictly into their confidence and say in the most unequivocal terms what the long-range objective of NATO is. We in this group favour the closest possible co-operation amongst the nations in NATO to improve the cultural, social and the economic conditions of the various countries. Indeed we think it is just as important that we build up the economic strength and social well-being of these nations as it is to build up the military forces, and the two things should go hand in hand; but it ought to be very carefully defined how that co-operation is to be achieved; whether or not the idea is eventually to do exactly as Mr. Streit says, namely sink completely our national sovereignty and surrender to some supranational state the control over our armed forces, over our finances and over a good many other things that touch the lives of the people very, very closely.

I cannot help feeling, Mr. Speaker, as the people of western Canada feel. They have not been able to see too many advantages coming out of centralization. They are thinking now in terms of how long it took them to get redress from the overburdening structure of freight rates, and they are only two thousand miles or less from their government in Canada. I have in mind that these people are wondering when they will ever get relief from the terribly unjust burden of tariffs that is imposed upon them by virtue of decisions taken by the central government here not very far from them. What chance would they have to get relief from anything if the government is removed outside the borders of their own country? Centralization is a thing they fear until such time as there are many more checks and balances against possible unfairness and oppression than there are today. I should like to know for my own satisfaction, and I am sure hon. members would like to know, just exactly what the long-range objectives of NATO are in the field of co-operation and union amongst the member states.

In closing let me just suggest to the Secretary of State for External Affairs that he wake up to these historical facts that I have mentioned here today, this pressing move, this almost hysteria in favour of political, cultural, economic, social, military and otherwise union of a great many states which now have their local sovereignty, and when he thinks of these things let him think of this poem I ran across just a few days ago, Mr. Speaker, from which I have taken one stanza. The poem is called, "The Coming of Lucifer". Let the minister and others ponder over this.

> In all he did, in all he taught
> He kept this aim in sight,
> To have the deeds of darkness done
> Disguised in terms of light.
> He spread his poison far and wide
> Among many a specious sect,
> And made the Evil seem the Good
> Bamboozling God's elect.

Let us be aware of how some of these movements that appear to some people to be so good, to have in them such great prospects for the happiness of human beings, may be the very instruments which the forces of evil plan to use to gain their ends. Let us find out who is behind them. Let us make absolutely certain we are not bamboozled. I invite the minister, when he speaks in rebuttal, to make it abundantly clear exactly where this government proposes to lead Canada so far as the long-range objectives of NATO are concerned.

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, by this motion the house would approve a continuation of Canada's participation in the attempt to defeat aggression and restore peace in Korea, and the efforts by the North Atlantic treaty nations to deter aggression and promote stability and well-being in the north Atlantic area. The Secretary of State for External Affairs (Mr. Pearson) built up the background of events and policy to enable the members of the house to consider this resolution. He was followed by spokesmen for the three parties who made very helpful and constructive speeches. We in this house, and the people of Canada generally, have reason to congratulate ourselves that on a matter of such tremendous national and international importance all the parties represented in this house can speak with one voice and in complete unanimity.

The Secretary of State for External Affairs has dealt with questions of policy regarding our participation in the United Nations and the North Atlantic Treaty Organization. To me falls the duty of bringing the house up to date on recent developments in connection with our defence activities in order to carry out that participation, in the first place in Korea, and in the second place, under the North Atlantic treaty. Full information has been given from time to time to keep hon. members and the country abreast of all events and developments as they have occurred, but this debate creates an opportunity for us to see what has happened in the two and a half years that the North Atlantic treaty has been in existence, and particularly in the months since the act of aggression was committed in Korea. In my view, because of its subject matter and because of the development of events, it is one of the most important debates in the eleven years I have been here.

Since the United Nations charter came into effect on June 26, 1945, one of the objectives of defence policy in Canada has been to carry out any undertakings into which we might enter under that charter. Perhaps I might refer to a statement I made in the house on June 9, 1947, at page 5270 of *Hansard*. I said that one of the objectives of our defence policy was—

> . . . to carry out any undertaking which by our own voluntary act we may assume in co-operation with friendly nations or under any effective plan of collective action under the United Nations.

Ever since then that has been one of the three main objectives of our defence policy. But under the United Nations, as it has operated since its organization in 1945, no measures have been taken to carry into effect the provisions for collective security laid down in articles 42 and following of the charter. No action has been taken to implement the general undertaking of the charter entered into by the nations that had united

together at San Francisco. The reason, of course, was that there was a steady obstruction to any such course by the Soviet union and her satellites. Canada, like every other country, had no specific undertaking under the United Nations charter, and did not participate in any action for collective security because no such action was taken. It is regrettable that it was not. I may recall to hon. members that it was a Canadian spokesman, who, on more than one occasion, suggested that such action should be taken. It was not; and the lack of concerted action contributed, I am sure, to the steady deterioration of international relations, which was marked by the march of aggression around the whole perimeter of the territory of the Soviet union that finally resulted in the attack on South Korea on June 25, 1950.

This motion brings to the forefront the development in the general attitude of the peace-loving, freedom-loving nations toward the problem of preserving their security and defending their country by deterring aggression. It brings to mind how recent this development has been. Let me remind you of two dates. The first is June 25, 1950, when the act of aggression occurred in Korea, resulting in action being taken at once under the leadership of the United States. The second date is October 28, 1950. I doubt if there are many hon. members in this house who can associate that date with any event, yet I suggest it marked a most important change and development in our collective action. It was the date of the meeting of the defence committee under the North Atlantic treaty, held at Washington, at which we agreed on a military plan, agreed to set up an integrated force, and agreed to have a supreme commander. That was followed by a joint meeting of the defence committee and council, held at Brussels on December 19, 1950, at which General Eisenhower was recommended for appointment. It is a matter of great satisfaction which I shall always remember that I was privileged to move that motion.

On returning from Brussels, following the decisions jointly arrived at there that we all should get on with the job, the Department of National Defence continued the examination it had been making of our plans to see what could be done, with the means that might be made available, to expand and accelerate our defence program. During the Christmas holidays—they were not holidays for many of us—discussions went on in the cabinet defence committee and in the cabinet as to what could be done so that we might meet, not only all possible indications of requirements made by any agency of the North Atlantic treaty, but so that we might do more than that if we could; whatever we felt, as Canadians, was desirable in order to carry our full share of the load.

The result was that on February 5 I was able, with full cabinet approval, to announce the expansion of our defence policy and program. It was possible to work this out because of the fact that since 1947 we had been preparing plans of which this formed a part. But now, under the added impetus of Korea and the fact that the countries were prepared to work together to meet the threat against all, it was possible for us to put forward at that time plans which we had not expected to implement until some future date.

In those two events, the participation on the part of the United Nations in stopping aggression in Korea and of the twelve Atlantic nations in the new North Atlantic treaty, we have I believe for the first time in the history of the world a considerable group of major powers—forty-seven nations in the case of Korea, of which twenty-three are contributing forces or material assistance and twelve nations in the case of the North Atlantic treaty—grouped together to build up their security against the threat of communist aggression, and doing this despite communist obstruction, while making it plain that their only object is to preserve, strengthen and build up the broad bulwark of peace so that on this foundation we can build that kind of world the search for which is the reason most hon. members come here to parliament to work together.

This is not only a military operation. We must strengthen the bulwarks of peace by ever broadening the areas of human freedom and by strengthening the bases for the security of the family and the home. But we are not going to have much of all that unless we do whatever is necessary to prevent aggression and defend ourselves against aggression should it take place.

The extent of this development in the case of Canada can be measured in financial terms by the striking fact that until the act of aggression against Korea on June 25, 1950, the amount appropriated by parliament for defence was $425 million, whereas the amount available through one source or another for defence expenditures during the fiscal year 1951-52 is over $1,900 million. That is four times as much as it was a year ago, up to the additional vote at the second session in 1950.

This has resulted in great developments in our armed forces. They were reported to hon. members in statements to the house at its last session and also in a white paper

which was laid before the house during that session. That white paper has been revised to give effect to further developments up to June 30, 1951; and with the permission of the house I should like to table that revised edition at this time. I understand that copies have been distributed or are available in the distribution office.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Claxton: Mr. Speaker, Canada's active participation with the other United Nations associated in stopping aggression in the Far East began most appropriately with the Royal Canadian Navy. Its claim to being the senior service is not recognized by statute. Here, however, they were first on the job, and, owing to the fact that they were prepared to go to sea rapidly, a flotilla of three destroyers left Esquimalt on July 8, 1950. Altogether five destroyers have been involved in the operations. These are the *Sioux, Cayuga, Athabaskan, Huron* and *Nootka*. There have always been three on duty in the Far East, working in rotation. Altogether 1,780 officers and men of the Royal Canadian Navy have taken part in these operations. During the period July 8, 1950, to September 30, 1951, these five ships have sailed a total of about 280,000 miles. You can imagine what this means, in terms of service of men crowded in these small ships in the Far East, a long way from the shores of our country, when I report that in the 90 days ending September 30, *Cayuga* had 74 days at sea and steamed 21,485 miles. Their operations have rightly earned a number of decorations and high commendation from the officers of the Royal Navy and the United States Navy with whom they have been working. A film of the operations of the ships of the Royal Canadian Navy in the Far East will be shown in the railway committee room on Thursday evening, along with some other service films. Hon. members will be interested to see the fine job our navy —your navy—has been doing for us in this battle to preserve freedom.

The air force was the next to take part. Our 426 squadron started flying the long route from McChord field over to Japan and back, with 12 heavy transport aircraft, all North Stars, putting in a good performance which reflected great credit on the aircraft and the men. I saw them twice at McChord field and was able there to appreciate what they were doing in terms of machines and men as well as in terms of comparison with some of the other aircraft and aircrews engaged. Officers of the United States Air Force with whom they worked at McChord field were astonished by the performance of the men and machines.

Altogether, up to September 30, 1951, a total of 816 officers and men of the Royal Canadian Air Force took part in this operation. Last summer the base for the operation was moved from McChord field, near Seattle in the state of Washington, back to Dorval. Since that time the service has continued making three round trips a week. A round trip from Dorval means something pretty close to 15,000 miles. They have had no forced landings due to failures of engines or crew. They have had no loss of aircraft and no loss of personnel, though the country over which they travel is some of the most difficult in the whole world. Altogether during this period the 426 squadron has flown 3,500,000 miles, carrying nearly 2,000,000 pounds of freight and 6,000 passengers.

The army element in our contribution was provided by the 25th Canadian infantry brigade group. That group, as hon. members know, was raised for this purpose. For raising this brigade we used the existing fabric and traditions of the permanent force battalions of the Royal Canadian Regiment, the Princess Patricia's Canadian Light Infantry, the Royal 22nd, the Royal Canadian Artillery, and other permanent force units. To these were attached second battalions including in the end about 1,500 permanent force personnel, until we had a force of well over 10,000.

The first unit to enter action was the Princess Patricia's, on February 17, 1951. It has already been reported to parliament, and the country knows the fine record made by that fine regiment. But the records of the others have been equally good. Judging by what we have heard from our friends in other countries, judging by what we have seen ourselves, this element of our forces is living up to the reputation gained by the Canadian army in two world wars. Up to October 20 there were killed in action, died from wounds or missing, a total of 82; there were deaths from other causes totalling 21; wounded or injured in action, etc., totalled 275, making the total number of battle casualties 378.

At all times we have had sufficient reinforcements to meet any reasonable need that might arise for the brigade. Altogether there have been in action or in the theatre, either in Korea or in Japan, a total of over 9,000 officers and men of the Canadian army. We have decided that as far as military conditions permit we will replace officers and men after they have served a period of about

a year or a winter in Korea. That replacement or rotation operation has commenced. We have sent to Korea to replace the second battalion of the Princess Patricia's elements of the first battalion, and they are now arriving there. Some 250 men of the second battalion have arrived back to take paratroop training. In this way we will build up not only one mobile striking force for the defence of Canada but the equivalent of two or even three in officers and men trained in airborne warfare.

Throughout this operation there has not been, nor will there be, any weakening of the mobile striking force which was designed and trained especially for the defence of Canada. On the other hand, members of that force will go to Korea to take their posts and gain battle experience while their places will be taken either by new recruits or by returning members of the second battalion. As a matter of fact we have in Canada in the mobile striking force more fully trained men today than we had when the Korean activities began. That condition will continue. In this way we are going to strengthen the forces available for the defence of Canada or for any other purpose.

One of the matters which have given us great concern is how to preserve the relationship between the men who are serving under most difficult conditions in Korea and the country at home. One thing we have done is arrange with the Canadian Press for a daily dispatch by telegraph of a thousand word summary of the news in Canada. That is made available to the forces edition of the *Japan News* issued for the commonwealth forces. They have made excellent use of the Canadian material supplied. Taped broadcasts by the C.B.C. are flown to Korea and broadcast when that is possible. We are greatly indebted to publications like *Maclean's* and the *Standard* of Montreal, which have supplied large numbers of their publications free which are either flown or transported by ship to our troops there. The Canadian Legion has done good work in collecting books to be sent to the forces in the Far East. Other activities have been carried on, such as the blood bank operated by the Canadian Red Cross. I bespeak the support of the house and the Canadian people for this project. We need blood in large quantities, not only for the use of our troops but to build up supplies against any emergency. I ask the wholehearted support of all the Canadian population of the forthcoming and continuing campaign of the Canadian Red Cross. As would be expected, a great source of blood is the members of the armed forces in Canada, and we will continue to make that available.

[Mr. Claxton]

I have to report that the leaders of the churches accepted with enthusiasm the invitation to visit members of the armed forces in the Far East. His Excellency Maurice Roy, O.B.E., archbishop of Quebec and bishop ordinary to the forces of Canada has already arrived in Korea. As you all know, he had a distinguished service career beginning as a captain in the 22nd regiment. The Most Rev. W. F. Barfoot, primate of the Church of England in Canada and a combat soldier who won the Croix de Guerre in the first world war, is on his way. Also the Right Rev. C. M. Nicholson, moderator of the general assembly of the United Church and the Right Rev. N. D. Kennedy, moderator of the general assembly of the Presbyterian Church in Canada, who won the Military Cross in the first world war. The invitation to these distinguished leaders of their churches had only to be extended to be accepted instantly. They undertook the arduous trip by air in order to visit the members of our armed forces. Their visits will be an inspiration and encouragement to the men in the field and will also be a great source of comfort and reassurance to their relatives and friends at home.

Like everyone else I know nothing as to precisely when the fighting in Korea will end. We must be prepared to change our plans and arrangements to meet any circumstances that may develop. Of one thing I feel sure, based on the military intelligence available to me, and that is barring acts of participation by the forces of communist Russia, which might very well lead to a general war, the forces of the United Nations, that is of the United States, Britain, France, Canada, Turkey and all the others making up the twenty-three countries taking an active part, will be able to stay there and do the job to the end.

So this operation has been successful already. It has stopped aggression, and has indicated that the aggressor will not succeed there. As the Secretary of State for External Affairs (Mr. Pearson) indicated today, this means a strengthening of the ties between the members of the United Nations. They have shown their willingness to respond to the challenge. They have shown their ability to respond to the challenge. In consequence of that challenge they have added materially to their strength. While we may deplore, as we do, everything that has happened, particularly the fact that our troops, our gallant young men, should have to be engaged in this business, we certainly have no cause to regret their gallantry, their courage and their willingness to do it because this is our battle. It is a battle for our freedom.

With regard to our contribution to the North Atlantic Treaty Organization, it was planned from the start that all national contributions would be by stages, as you can see, with the reported announcement of the dispatch of a British or American division or a Canadian brigade group, that that is the way it is taking place. The build-up is occurring. You and I may regret that it is not occurring faster but good progress is being made when you consider that the plan was arrived at, the decision made and the supreme commander appointed just ten months ago.

Our own program of participation was announced in a speech I made in the house on February 5. It provided for a three-year program to be covered by appropriations totalling $5 billion. We hope to do the program in advance of the three years. The rate of build-up in some directions indicates that we may do it in advance of that period. In others the results are less encouraging, and we must expect that. In any such plan we are dependent upon circumstances which cannot be foreseen or which often are outside our control.

Whether or not we can do this program for the $5 billion estimated I am not too sure, but I am certain of one thing. Based on the experience of the six months beginning with April 1 of this fiscal year, since we have been making expenditures out of the $5 billion, I am sure that we cannot do any more than we have so far indicated except with additional appropriations. Whether or not that is desirable or necessary, or would be authorized by parliament, remains to be seen; but we in the Department of National Defence and the armed forces themselves are going to do everything possible to squeeze out of the current appropriation the means whereby to add here or there, or to accelerate here or there. But even if that is done I am sure the present program will cost at least the $5 billion we estimated and announced last February.

Like every other nation we would very much like to have in existence today what we aim to get by 1954. However, to do that, to be in that position today, we would have had to start the present program on the present scale, from the place where we were at the beginning of this year, back in 1948 or 1949. Today we have about 85,000 officers and men in the active armed forces. In 1948 we had 41,000. To have done this job so as to have completed today the program that we want to complete by 1954 we would have required 85,000 in the armed forces three years ago or more.

To give an example, we would have had to be producing for three years aircraft of the type of the F-86E Sabre or the CF-100 Canuck and the radar stations we are building at the rate of today. Three years ago the F-86E was not even being flown for testing purposes. The CF-100 was still in development and the radar equipment we now are building had not yet been developed, let alone built. The fact is that we are producing the F-86E as early and as fast as the United States under arrangements made by them with us. If we had then decided to produce other aircraft of existing types we would have been producing what today is an obsolete aircraft, instead of which we are rolling off the F-86E at the full planned rate of production for the present period.

As the Minister of Defence Production (Mr. Howe) said in his speech on Friday, limited only by the amount of government-found property, engines, armament and instruments, that we have to obtain from the United States, the rate of production is the equivalent of enough aircraft to provide front line equipment for a squadron every month. Again I emphasize that if people say that today we should be in the position we want to be in by 1954, then we should have had three, four, five or six years' advance notice in order to develop aircraft of the types that we now have in production, because they did not exist three years ago any more than did the radar equipment.

We are producing the aircraft and the radar equipment step in step with the United States. The CF-100 of course is unique, and it has already been reported upon by the Minister of Defence Production. Beyond question it is of its type greatly in advance of any other. There is no doubt about that; but it will not stay that way indefinitely because there is a constant flow of development, so much so that it is frequently said that any aircraft is obsolete by the time you begin the production line. It is only obsolete in the sense that already the designers have on the drawing boards something that will be better, more powerful, more versatile and so on when it is produced, four or five years later. Fortunately, we did not adopt the course at the end of the second world war of keeping a very considerable number of squadrons of the air force in being. If we had done so—and we could have—we would have had ten, fifteen, twenty or thirty squadrons equipped with aircraft that have since become obsolete, manned by aircrew who would be about to reach the end of their flying years when it comes to flying jets. We would have got ourselves into a state in 1946 or 1947 which would have used up all the resources of men, machines and money made available for defence and would not have provided the capacity for growth which we

have since shown. Ours was a deliberate policy. It was that we should create after the war the staff, the training establishments and the cadres on which we could build up our full wartime potential as rapidly as possible.

In the middle of that operation we had to meet first the challenge of Korea and then the challenge of the North Atlantic treaty build-up. The fact that we are meeting both is in part a result of the plans that were laid in 1946 and in 1947, and on the administrative organization, training and above all equipment programs that were decided upon then. I repeat, had we adopted the suggestions then made for the purchase of various types of aircraft, or for the continuation of various types of formation that we had during the war, we would not today be in a position to produce two aircraft, the F-86E and the CF-100, each of their type unquestionably well in advance of any others. Our idea was that we should spend the time and money we had in compressing the spring so that we could push forward in the event of an emergency. Well, we have had a degree of emergency in Korea, and another one over the North Atlantic treaty; not an all-out one, but those challenges were met well because of the soundness of the arrangements which had been made.

Since February 5, when I announced this extended program, we have continued to work on the threefold objectives of the Canadian armed forces; first, the defence of Canada against direct attack; second, the implementation of any undertaking we may make under the charter of the United Nations or the North Atlantic treaty, to defeat or deter aggression and preserve peace by collective action; and third, to build up the mobilization establishments, training schools, equipment and stores necessary to enable us to do our utmost in an all-out war in the shortest possible period.

With regard to the North Atlantic treaty we have, as the house knows, transferred the equipment for three divisions to the Netherlands, Belgium and Italy, and provided the guns and ammunition for an artillery regiment to Luxembourg. We have made available quantities of other military supplies either out of our stores of surplus or out of new manufacture. Also, as the house knows, we have undertaken to train up to a maximum of 1,400 aircrew a year for other North Atlantic treaty nations. More important than this, we have undertaken to contribute a brigade group to the integrated force which will be built up—it is being built up today—under the supreme commander, General Eisenhower, for the defence of the north Atlantic area of western Europe. We undertook this because we regarded it as an important step in our own self-defence; but also one of the means whereby we might help to prevent war itself.

In addition to the brigade group, we have undertaken to furnish an air division of eleven squadrons of fighters to the integrated force. On May 4 I announced the raising and composition of the new brigade group. That appears at page 2703 of *Hansard*. The brigade was speedily raised through the loyal and effective co-operation of forty-two units of the reserve army. The major units of the brigade were trained at Valcartier, while various specialist troops were trained at different schools across the country. Here we adopted a different method, one well suited to the purpose, which I might say was very well received and supported by the reserve units, that of asking them to co-operate in this operation.

The 27th brigade took part in a parade on the Plains of Abraham on Tuesday, October 9, when they passed in review before Her Royal Highness The Princess Elizabeth. Her Royal Highness asked me to communicate the following message to the brigade on her behalf:

> Her Royal Highness was most impressed with the smartness of the brigade. She asked me to convey to you her appreciation and also her best wishes in your tour of duty overseas where she knows you will acquit yourselves admirably.

An advance party of that brigade left Canada on Saturday, and it is planned that the remaining units will leave by four ships beginning early in November, so that the whole operation will be completed in December.

As I announced in the house, the intention is that this brigade should be grouped with the British forces, with which the Netherlands and Belgians also are grouped. This was decided upon after a review of all considerations and after taking the advice of the supreme commander. I think everyone is most happy that this wartime association of Canadian forces with not only the British but also the Belgians and the Netherlands forces should result in this decision on our part on the advice of the supreme commander. Our intention is that, subject to the military situation, we should rotate the forces in Europe by having men serve for limited periods, single men would serve for not more than two years and married men for one year.

As regards the air force, our undertaking to furnish an air division of eleven squadrons of fighters is very considerable indeed. An air division of eleven squadrons is a formation used to support an army. We are not going to have an army there, and from a military point of view we will have no reason

for operating our brigade group and our air force together except in the event of war. Therefore in this case we decided, again on the advice of the supreme commander, to group the air force with the United States air force, largely for the reason that they are using the same aircraft, the F-86E Sabres. We use the same procedures, and both of us have to work closely together, integrated in the closest possible way in the defence of this continent. However, these arrangements with regard to grouping are not necessarily permanent. As everyone knows the grouping of divisions and corps and armies changed throughout the second world war. The arrangement made we believe is in the interests of building up the utmost strength at the earliest possible moment. For the present there will not be adequate airfields and accommodation for our air force units when they are progressively sent to Europe beginning with 410 squadron due to leave in November on the *Magnificent*. These squadrons will be stationed at North Luffenham in the Midlands of England until there is adequate accommodation and airfields in Europe.

This operation of having a brigade group on one side of the world, engaged in operations in Korea, and another in Europe draws attention to the importance of the subject I touched on a minute ago, that is keeping our forces informed of what goes on in Canada, and giving them every possible opportunity to secure information about the cause they are serving, the country they are visiting and the people they are going to have to work with.

I mentioned what we are doing about informational services in Korea. We have instituted a directorate of current affairs in the Department of National Defence under the direction of Mr. Harry Low, who did a similar job for the Royal Canadian Air Force during the war and then was deputy minister of education in the province of Manitoba. We will be issuing pamphlets under the heading "Current Affairs" or in French "L'Actualité" every fortnight; conducting lectures; showing films, and the like.

Not long ago a course was held at Borden for officers who will lead in discussions of this kind. We are grateful to Mr. Lionel Shapiro, the distinguished war correspondent of the second world war, who lectured at Camp Borden to the troops of the 27th brigade and at Valcartier, as well as to the senior officers and personnel at defence headquarters. From his own experiences in Germany he has prepared a booklet on how the troops should conduct themselves in western Europe. A copy of this booklet, in English or French, will be handed to every soldier as he goes aboard his ship. On the ships, lectures and group discussions will take place. In this way every Canadian soldier will be informed as to the cause and about the people with whom he will have to work.

This operation has resulted in a considerable expansion of the armed forces of Canada. In the twelve months ending July 31 and dating from Korea, the total strength of the active forces, navy, army and air force, has increased from 46,886 to 81,727, a net increase of 34,841 or about 75 per cent. This is a considerable increase to be achieved in so short a time. During that time the number of officers has increased from 7,310 to 11,017, an increase of 51 per cent. Under one arrangement or another we have in training a total of 6,552 officers. During the twelve months up to the end of August the strength of the reserves for the three services has increased from 50,717 to 54,061. Some 2,200 members of the reserve have joined the 27th infantry brigade group, and many other members of the reserve forces have joined other elements of the permanent forces. I remember that back in June, 1950, when the strength of the reserve forces was 49,000, I said I thought we should try to get another 4,000 or 5,000 that year. We have done better than that, but still I am not satisfied. We must go on building up the reserve forces. They are doing a great job.

Looking at the picture broadly, of the total strength of officers and men in the navy, on the average about 40 per cent are at sea. This is a higher percentage than ever before in the history of our navy, either in peace or war. Of the strength of nearly 45,000 in the army we have, in what may be called operational formations of the 25th and 27th brigades, their replacement groups, the mobile striking force, in the schools and pools of men going through for these units, a total of about 30,000. Judging from the experience here during the war and at other times, that is a very fair proportion indeed.

With regard to the air force, the build-up is taking place now with the production of aircraft and the obtaining of aircrew. On the average we shall be producing a fighter squadron every two months, that is aircrew, full equipment and the latest aircraft. During the summer of this year we began recruiting women for the permanent air force. Up to September 30 we had taken in a total of 1,196, and in addition a considerable number of key personnel for the navy and army.

This build-up of strength in the armed forces from 41,000 three years ago to about 85,000 today has meant greatly increased construction. The population of our armed forces has increased from a town of 41,000 to

a city of 85,000. We have today the wives and children of the members of the regular forces of Canada totalling some 85,000, and for them we have built or have under construction a total of some 16,000 married quarters. Altogether 16 per cent of the defence expenditure has been on construction.

This has been accomplished by an even greater investment in equipment and machinery for the production of equipment. I shall not deal with that further, because it was adequately covered by the Minister of Defence Production (Mr. Howe) in his speech on Friday.

We are engaged in this operation of maintaining our forces in Korea, sending and maintaining a brigade group in Europe, and having in Canada the elements we consider necessary for the defence of our country against direct attack and for the building up of our utmost potential in the event of war. It is a large scale operation. There is a fundamental difference in our position from that of the countries of Europe. Every man that one of the North Atlantic treaty nations in Europe trains for the defence of his own country helps directly in the building up of the integrated forces. On the other hand every man such a country puts into the integrated force is directly available for the immediate defence of his own country. Here, however, we must, as part of our defence operation, provide forces for the defence of Canada which would not be available for the defence of Europe, just as the forces we are sending to Europe would not be immediately available for the defence of Canada. Our distance from the European countries greatly increases the cost of the operation to us, both in men and in money, and greatly increases its complexities.

Notwithstanding that, I believe everyone in this house, as well as the great majority of the people of Canada, regard these two things as part of the same operation. They are for the defence of Canada; they are for the defence of freedom, because the two are inseparable. But that should not conceal from us the fact that for Canada this involves an undertaking of great complexity and heavy expenditure in peacetime.

I have spoken in terms of the numbers of the men in our armed forces, how they have increased and where they are. I do not think there is much need to speak here about their quality. That has been shown in the work of the navy, the army and the air force in Korea and the Far East. I have seen the work probably more than anyone else in visits I have made across the country. So have all hon. members seen it. You have all seen at first hand what these men are like, and you can testify to their competence and their qualities from operations like the Winnipeg and Fraser valley floods, the Rimouski and Cabano fires, the rescue of Canon Turner, the precision squadron at the Canadian National Exhibition, or the part played by the armed forces in the reception of Their Royal Highnesses not only in the fine ceremonial parades, the like of which I think we have never before seen in Canada, but also in the excellence of such arrangements as they have been responsible for. You have seen something of this yourselves in the trips that were arranged, such as those to Canadair at Cartierville or Petawawa or Churchill. There will be another next Saturday when we hope a number of senators and hon. members will see something of the training of the army and air force at Borden where there are a number of schools and where there will be a number of interesting demonstrations.

The motion we are debating bears particularly on the movement of the 27th infantry brigade. The parade that brigade had on the Plains of Abraham before the Princess was symbolic. Two hundred years previously a battle had been fought there between the French and the English, which in part determined the fate of this continent. But out of that battle and what followed grew the unity which is Canada today. In the parade of the 27th infantry brigade we saw on the Plains of Abraham descendants of the French and British soldiers who had been there two hundred years before. The men of that brigade are now going abroad to take their part, shoulder to shoulder with British and French soldiers, now together in the same cause, standing on guard for Canada and for freedom. Had anyone said in advance that these developments would occur during the period that has been under review since June 25, 1950, his word might have been doubted, and I would have been surprised. That is the story; but it does not stop there, because we are going on to build up our strength as rapidly as it can be done. The leaders of the various parties have indicated their support for this motion. I have no doubt that hon. members will support in every way they can, just as will the people of every part of Canada, the continued building up of the strength of the armed forces which are serving you and their country.

Mr. G. R. Pearkes (Nanaimo): Mr. Speaker, I deem it an especial privilege to be permitted to take part in this debate because of the high level at which the discussions during this afternoon and evening have been carried on. I shall endeavour to keep to that high plane, though of course it will be realized that it is not quite the task of a member of His Majesty's loyal opposition to

explain all the advantages of government policy. Rather it is his task and responsibility to ask questions, to require explanations and perhaps offer alternatives to what may have been done. I remember, as a small boy, reading a book written by Charles Kingsley entitled "Madame How and Lady Why". It will be rather in that strain that I shall address my remarks to the government today, in asking them to tell us how and why these things are going to be done.

First of all, I should like to join the Minister of National Defence (Mr. Claxton) in paying a humble tribute to the work that has been done by the men of the armed services both in Korea and in this country in preparation for the tasks that lie before them. In the navy, the army and the air force the men of Canada in Korea have acquitted themselves well. The men in this country who have volunteered to play the part Canada is expecting her armed forces to play have entered into their training with an enthusiasm the like of which I have never before seen in peacetime; and I say that as one who has been connected with peacetime soldiering for many years.

If I may venture to single out one particular incident, I should like to call to the attention of hon. members a report in this evening's paper concerning a former member of the staff of the House of Commons who is mentioned in dispatches. I refer to Corporal Paul Gingras who, as I say, is mentioned in dispatches for courageous action in Korea, the citation coming through today.

From the remarks which were made by the Secretary of State for External Affairs (Mr. Pearson) I gather that the role of the defence forces is to defeat aggression wherever it may occur, and to take such action as is possible to deter aggression, particularly in those lands whose governments have joined the North Atlantic Treaty Organization. The Minister of National Defence then went on to explain the implications of of that general policy and how he was endeavouring to mould the defence forces of this country so they would be able to implement it. We know perfectly well that the idea of collective security is the predominant lesson that should have been learned during the first fifty years of this century. We learned that lesson, or should have done so, during the first world war. In the period between the first and the second world war there were many demonstrations that this lesson had not been realized, and in consequence dire results were suffered. So we come to the second world war. Gradually out of that, and out of the endeavours made following the great conference at San Francisco, on down to today, little by little, the nations have been groping toward the final development of the machinery which will make collective security effective.

I am quite certain the steps mentioned by the Secretary of State for External Affairs and the Minister of National Defence show how progress has been made. The Minister of National Defence referred particularly to the defence committee which had been set up. Anyone who, even in a most casual way, has followed the development and work of that committee will agree at once that it is a great step toward implementing this ideal of collective security. But we are not likely to see in the course of a few months the full realization of these ideals. It is only bit by bit and little by little that human nature is overcome and the great ideals of collective security achieved.

I think it would be perfectly fair to say that never since the conclusion of the second world war has His Majesty's loyal opposition put any obstacles whatever in the way of the government endeavouring to carry out that task. We have always subscribed to the policy of collective security. We have never in any manner or form suggested that Canada should play the part of a nation satisfied with her own defence and capable of standing alone in this world. I should like to read the remarks made on February 5, 1951, by the hon. member for Peel (Mr. Graydon) when speaking in a similar debate. At that time, as reported at page 75 of *Hansard*, he said, speaking not only for the party he represents but for the whole of Canada:

> . . . we should not be a party to weakening public opinion as to the necessity, so well recognized when the North Atlantic treaty was signed, for our own defence, of our assisting in the defence of the free nations of western Europe against Soviet designs, pressure and attack.

And later on the same page:

> . . . we Canadians must fulfil our pledged North Atlantic obligations to the spirit and the letter of the pact, and we must be satisfied with nothing short of our maximum effort to ensure that we play our full part in this integrated challenge to further Soviet designs.

So when reference has been made by the two ministers who have spoken to the fact that, so far as this general ideal is concerned, there is unanimous feeling in the house, I suggest that these references to which I have referred and the record of this party show that we are in accord with those general ideals. Never at any time have we put any obstacles in the way of providing the funds the government has considered necessary to implement its defence policy. We have questioned how those funds have been spent. We have sought additional information which at times we have felt the government has been somewhat reluctant to supply. We have done

that because we realize that this is a democratic nation, and that our armed forces are supported by a voluntary system. And without a full knowledge of the obligations and the way the money is being spent, as well as the need for those expenditures, we will not have the public support which alone can maintain the forces considered so essential.

The Minister of National Defence told us the amount of money spent a year ago. I think he said that up to June of 1950 there was a total of $425 million.

Mr. Claxton: Appropriated for that purpose.

Mr. Pearkes: Yes; and that during 1951-52 there had been an appropriation of $1,900 million. That is an increase to four times the amount spent in the previous year. I was rather surprised when he took credit for that. I could not help feeling it was an admission of failure. He had to wait until trouble broke out in Korea before he made any provision for the extra expansion of our forces. Surely the time to prepare, as I think is being done now, is before the outbreak of an emergency.

In the past we have criticized this government for not being ready. I suggest that very statement by the minister is a confession that we were not ready, that they had to wait for this emergency before they were prepared to ask the people of Canada to provide the additional funds. Unfortunately that has come at a time when it has placed additional burdens upon the people, because already we are in a period of inflation, and these additional expenditures are likely to increase that inflationary trend.

Then there was the question of the 25th brigade group. The minister suggested that this was created around the existing fabric of the active army at that time. Well, it may have been created around the existing fabric; but it was a very, very small portion of that fabric or skeleton around which the special force for Korea was built. He gave the figures, stating there were some 1,500 men of the active army in the special Korean force of something over 10,000 men. I think it will be agreed that that is a very sketchy fabric. There are many who believe, and perhaps experience has shown, that had a larger percentage of the existing active army, or even a regiment of the active army, been dispatched to Korea in the early days, results might have been achieved more rapidly. That special force had to be recruited, it had to be trained in an expensive and new method of recruiting its force to take part in those special operations. I believe it is generally conceded now that it was unfortunate the special force had to be raised, and that many attempts have been made to integrate it with the active army. So much for that.

Now we come to the events in Korea described by the Minister of National Defence. He told us there had been a total of some 378 battle casualties. I am sure we all regret the loss of those gallant men, either by death or by wounds. I hope every step will be taken by the government to make provision for those men who have returned disabled as well as for the dependents of those who have been lost.

I could not quite follow the figures which were supplied by the Minister of National Defence regarding the number of men who had actually seen service in Korea. While he has given us the number of battle casualties, I do not think that gives a true picture. We should have before us the total wastage of personnel in Korea, not only battle casualties but injuries as a result of operations and training, losses through sickness and the many other reasons for which men are withdrawn from field units. It is only by knowing the wastage that we can decide whether adequate replacements are available to take care of that wastage. Personally I have not seen any figures which would indicate what that total wastage is; therefore I find it most difficult to decide whether adequate replacements or reinforcements are available. I have talked to men who have returned from Korea, and while some have told me their units are under strength in the field, I discount that because I know only too well how difficult it is to maintain a unit in the field right up to strength. But on the other hand I do feel that before we send other troops away from Canada this country should have definite assurance that not only are there reinforcements for the Far East but for Canada, that there are sufficient trained men capable of taking the place of all those lost through wastage in Korea and at other places in the future. I do not believe the house has been given that assurance, and I hope the minister will tell us clearly before this debate is finished that there are sufficient troops to take care of the normal wastage which goes on in any theatre of war; that there are sufficient troops, both in the Far East and here in Canada, to meet that need.

Next comes the question of the rotation of the units in the Far East. We have been told that this rotation has started already, that some of the personnel of the first battalion have already been sent to Korea while some of the personnel of the second battalion —the minister gave the number as 250—had been returned to Canada to fill up the depleted ranks of the striking force which was left here when the second battalion of the 25th brigade went to Korea. I appeal to the minister to give us definite assurance that there are sufficient trained men coming

back who have volunteered to remain in the first battalion to take this air brigade training to ensure that the forces retained in this country against the possibility of a diversionary raid are adequate to meet that need.

It was considered a year ago that this airborne brigade was sufficient to meet the threat. I cannot believe that there has not been a weakening of this mobile striking force. Personnel have been drained away, not only to provide the 1,500 men of the second battalion but also to provide the instructional cadres of the 27th brigade who will soon be leaving this country. I do not think the threat of raids on or invasion of this country is any greater than it was a year ago, but we still cannot afford to leave the country defenceless in any way. So I hope the minister will be able to reassure me that sufficient personnel from the second battalion have volunteered to join the airborne or mobile striking force, and that there are also adequate recruits joining up for that purpose.

I presume that in six months' time the majority of this first battalion will either have gone to Korea or be on their way back. The fact that only 250 men, if that was the figure mentioned by the minister, have come back to join the first battalion would seem to indicate that there is not a very strong desire by men in Korea to join the active army here in Canada.

Mr. Claxton: Will the hon. member permit me to interrupt? I know the importance of not having any misunderstanding about the question of reinforcements. He has asked for assurance on that point and I give it to him. In the field, in the theatre there are ample reinforcements to take care of any foreseeable battle needs. At home we have in the armed forces in Canada sufficient personnel to replace in Korea or Europe either casualties or rotation needs to an amount of more than 100 per cent of the strength of the two brigades, the 25th and the 27th.

Mr. Pearkes: I thank the minister for that information but he still has not cleared up the point as to the strength of our home defence units.

Mr. Claxton: I could do that now, but I did not think that was so urgent.

Mr. Pearkes: I hope the minister will be able to indicate that. There are two other small points in connection with Korea that I should like to mention, the first being the question of mail. This is a very vexed question. There is a double obligation here. There is the obligation to send mail from Canada, but there is also an obligation on the troops in Korea to keep their families informed.

One or two cases have been brought to my attention where nothing has been done on that score. Therefore I should like to appeal publicly through this house to the troops in Korea to maintain the morale of their families at home in Canada by frequent and regular letter writing.

Along the same line there is the question of the auxiliary services, and I have heard complaints regarding the auxiliary services supplied to our troops in Korea. Apparently the Canadian Legion made an offer to supply these auxiliary services, but the government did not or could not see fit to accept that offer. I feel that now the troops in Korea are almost entirely dependent for auxiliary services upon those of other forces taking part in the conflict there.

We come now to the main point of the resolution that we have before us. As I said earlier in my remarks, we of the opposition are wholeheartedly in accord with the principle of collective security. We believe it is essential that we support the government in its proposal to live up to the undertaking it has already given to supply troops to the North Atlantic Treaty Organization. We were told last February, after there had been a consultation with General Eisenhower who had just come back from visiting those countries of Europe which were then members of the North Atlantic Treaty Organization, that Canada would make certain commitments. Today we are being asked to consent to the dispatch of the 27th brigade in order to carry out the promise already given.

I feel it my duty to call attention to the fact that five years ago members of the official opposition deplored the rapid demobilization of Canadian troops in Europe, what seemed to us to be the somewhat hasty recall of the troops, and the failure of Canada at that time to provide personnel to maintain the security of western Europe, to play our part in the reconstruction of Germany and western Europe and to make a contribution to the stabilizing effect which was brought about by the presence of allied troops of other nations. I remember very clearly the debate in which I and the then member for Vancouver-Burrard took part. We deplored the fact that Canadian troops were being withdrawn from Europe rather prematurely and hastily. I know the reason given at that time was that the Canadian forces were not being allocated a special sector in Europe for which they would be responsible, and that an indication was given that the Canadian troops were not wanted to share in the responsibility, or did not want to share in the responsibility, of guarding other sectors. It is interesting to see that the government

is now reversing that policy completely, when some five years ago in a somewhat stormy scene in this house they turned down the recommendations of this party. It was never suggested that troops which had been serving for a long time in Europe should be retained there. The suggestion was that troops in training at that time in Canada should have replaced men with long service in Europe. Perhaps one might express regret that such a policy was not followed. If it had been, the personnel would have had five years of experience in co-operating with other allied forces, and during those five years they would have been able to show that Canada was ready to oppose any aggressor.

But that is water under the bridge. One does not want to labour it, but I do call attention to the fact that it was the policy of premature withdrawal of our troops from Europe to which this party objected at that time. There are one or two questions that I should like to ask regarding the dispatch of the 27th brigade to Europe. As the minister indicated when he was speaking in February last, the time the 27th brigade would go was dependent upon events in Korea. I gather from the minister's remarks this evening that he is satisfied that we can live up to our commitments in Korea and that there are enough replacements, reinforcements and other troops available to take part in any rotation scheme, so that Korea will not now affect the dispatch of the 27th brigade.

Mr. Claxton: We must keep up recruiting, of course. We must keep up the flow.

Mr. Pearkes: Yes, there can be no let up.

Mr. Claxton: No let up.

Mr. Pearkes: In fact I would suggest that it is not only a question of keeping up but now is the time when we have to redouble our efforts. Not only do we have to maintain reinforcements, replacements and rotation troops for Korea; it will be only a few months until we will have to provide replacements for Europe. We will have to make provision for troops to rotate to Europe. I suggest it would be dangerous to rely upon the same troops providing the rotating units for both Korea and Europe. That would be giving one group of men a double task to do. We have had the assurance that all will be well providing recruiting is maintained. Before the end of the debate I hope the minister will tell us what steps he proposes to take to maintain the system of recruiting so that we may be assured sufficient men are available.

Reference has been made to the reserve army. Some efforts were made to obtain recruits for the reserve army, but I do not think anyone can say they have been entirely successful. The minister himself said he was not satisfied with the results, though some additional recruits had been obtained. From the observations I was able to make this summer I felt that the training of units as units was extremely weak, and that very few units went to camp or did any form of unit training, although there was a good deal of emphasis placed upon the training of personnel, either personnel of reserve units or high school or university boys in special schools. I was just wondering whether there is a tendency at the present time to rather play down the unit training of the reserve force and build up a form of school training for the men who were perhaps not in reserve units but in some of the vocations, such as high school boys who gave a vague promise that they would attend reserve units, or university boys who might provide a pool of semi-trained officers. I do not know whether or not that is the tendency at the present time, but I did feel that the unit training of the reserve force left very much to be desired this year.

There is one other question I should like to ask the Minister of National Defence. First, are any limitations being placed upon the service which this 27th brigade may be called upon to perform? Are they being placed unreservedly at the disposal of the commander of the North Atlantic Treaty Organization powers, or are there some limitations imposed on where and how he may employ these troops? For instance, this afternoon the Secretary of State for External Affairs told us that Turkey and Greece were about to come into the North Atlantic Treaty Organization. They are very much the exposed right flank of the North Atlantic Treaty Organization powers. Are our Canadian troops placed under the command of the supreme commander of the North Atlantic Treaty Organization so that, without reference to Canada, he might dispatch this 27th brigade, after it had landed in Germany and come under his command, to let us say Greece or Turkey, since these powers come within the treaty organization? I admit they are not actually in the treaty organization, but I understood the Secretary of State for External Affairs to say that during this session this house will be asked to ratify their joining the North Atlantic Treaty Organization. If that is so, and if our troops are placed unreservedly under General Eisenhower, it would seem to me there is no reason why he might not, if he saw fit, dispatch them to Turkey or Greece or any other country, unless some limitations are placed

on them. There is no good telling me they would be available to go there if war broke out and Turkey was invaded. Obviously these troops are being sent to Europe with the idea of deterring aggression; and the threat of aggression on the right flank of the North Atlantic treaty nations might require additional strengthening of the forces in the Near East. Therefore I ask the question: Are any limitations placed on the employment of this 27th brigade? Can they be sent anywhere in any country of the North Atlantic Treaty Organization, or is their employment restricted solely to what we might describe as northwest Europe, Belgium, the Netherlands, Luxembourg, France, west Germany? That is a point on which this house should receive some enlightenment.

The last question I have is one of dollars and cents. How much more is it going to cost Canada to train these troops in Europe than it would have cost to train them in this country? Quite obviously we will have to rent training areas. We will have to rent camps. There will be the supply system which we will have to depend upon other countries to maintain because this is only a very small force, only a brigade group. I believe the total strength will be somewhere in the neighbourhood of 6,000 troops with additional reinforcements available. Because they are a small group all their rearward services will have to be supplied; and the minister in his address at the last session emphasized the point that he was going to keep the tail as light as possible because the tail too frequently wagged and affected the rest of the body of the troops, or some remarks to that effect. We realize that the system of maintenance, the system of medical supplies, the system of replacements and all that will be carried on by higher formations. It is not unreasonable to believe that these other formations, be they British, United States or European, will expect Canada to pay for these services. Therefore I ask the minister whether he can give this house some idea of the additional cost to us of sending these troops overseas.

I have already referred to the necessity of rotating these troops in Europe as well as those in Korea. I would recall a remark made by the minister on February 5 of this year at page 94 of *Hansard*, when he said:

> The force we propose to send will initially be a brigade group or regimental combat team.

Are there any plans now to start recruiting other forces which would supplement or augment this initial contribution which Canada is making?

Mr. Alistair Stewart (Winnipeg North): Mr. Speaker, I judge the house is going to give unanimous support to this resolution, and it is all to the good that these nations which are going to gather in France shortly should know there is general unanimity throughout the country in our support for the United Nations. The United Nations is and must continue to be, so long as it functions adequately, the very keystone of our foreign policy.

There is general support in principle for the policy which is being pursued. There is, and there ought to be, disagreement on detail. It is horrible to even think we should all be united in every detail of what we ought to do. Such a condition would remind me more of death than anything else. However, despite our support for the United Nations, it is obvious that it has made mistakes, regrettable mistakes, though as the Secretary of State for External Affairs (Mr. Pearson) suggested this afternoon its very last mistake will be when it fails to uphold the rule of law. Despite the mistakes it has made, one hesitates to think what the situation would have been had the United Nations not been in existence.

There is one aspect of the United Nations which merits some attention, because it presents a couple of problems which demand an answer. A short time ago a subcommittee of the United Nations collective measures committee made a report, at the request of the parent committee, I assume, dealing with the military authority, how it should be appointed to co-ordinate and direct any military action undertaken by the United Nations, and pointing out of course that a supreme commander of any United Nations armed force should be appointed by the United Nations. But there are still two points which have to be answered. The vexing question of civilian control over armed forces is one. How are we going to give policy directions clearly and quickly to commanders in the field? They have to be clear; that goes without saying when we recall the mess we got into last year in Korea. The United Nations itself has to make the interpretation of orders, and not depend upon the commanders in the field to do it. But we have not, as yet, arrived at any solution as to how these things are to be done. The second question is: in the event of aggression somewhere else, which we hope will not take place, how are the forces fighting that aggression to be supplied? These are questions which sooner or later the United Nations organization has to answer. When it does answer them adequately I believe the organization will be that much stronger.

What I want to deal with now is the matter which the Secretary of State for External Affairs (Mr. Pearson) referred to this afternoon, the Japanese peace treaty. He

said it was a good treaty, and that it was a treaty of reconciliation. Both of these things are true. As a treaty, one could say it is a model. It is generous, indeed much more generous to the defeated foe than it is to many of the allies of the victorious nations. It is a treaty which is not vindictive. It is a treaty which demands no reparations amounting to any sizeable sum. It is a treaty which imposes no restraint upon the sovereignty, no restraint upon the economic life, of Japan, yet there seems to be something fundamentally wrong with that treaty judging from the reaction of the people of Asia. The reason something is wrong with it is not in the treaty itself but in the fact that, rightly or wrongly, the people of Asia are convinced that this treaty does nothing else but make Japan an outpost for United States policy in the cold war. Nothing could be more regrettable.

The minister stated he hoped that this treaty would write a new chapter in the history of the Pacific. I should like to think so too, but I fear our hopes are doomed to frustration. The trouble really is that while the United States with great single-mindedness of purpose is engaged in a struggle against communism, so many people in Asia are engaged in the struggle against poverty. They do not share the United States ideas as to who is the real enemy. We have the situation in Australia, the Philippines, Indonesia and New Zealand where these countries have the strongest of reservations about a rearmed Japan. On this continent we are much more worried about Stalin and what he does than about what we want to do ourselves. So long as that situation obtains we are not going to be able to suggest constructive and progressive policies.

Some time ago General MacArthur said that the democratization—that is a word which I dislike—of Japan had been accomplished. Yet to me, and to many much more competent observers, the facts are that the forces of the old Japan are gathering together again in administrative positions. Today we see men in office whose thinking is precisely the same as that of Tojo. When we are asked to believe that Japan has gone through its purge and has become a new and shining democratic state, reason is strained to the point of rupture and I cannot accept it.

This afternoon the minister stated he hoped Japan would not turn to the trade practices which we had seen in the past. We all share that hope. Yet the fact is that a nation has to live. When a nation feels that its very existence is at stake, whatever laws are in the books are torn up. These are the facts which we must bear in mind. The pressures which in 1931 caused Japan to start on its career of aggression are mounting. During the 1930's the Japanese population increased by a million extra mouths every year. Today she has a population of some 83 million human beings contained on three islands which, for all practical purposes, are poor and barren lands. In the next fifteen years Japan will have to absorb into industry some 8 million who are today children or babes in arms. The Japanese are going to find that their need for markets in this decade is going to be just as acute as the need for markets in the past. They have to get foreign markets. Are we in Canada going to welcome cheap Japanese imports? Are the people of the United States going to welcome cheap Japanese imports? Are the people of the United Kingdom? I doubt it very much. That being so, Japan will have to find some area with which she can trade and to which she can export.

The minister said the treaty does not bear the seeds of a future war, and that is true of the treaty itself. What might bear the seeds of a future war is the economic stupidity of the nations of the west. The fact is that Japan, whether we like it or not, is going to trade with China. After all, the industries of Japan were geared to Chinese raw materials. Today China will accept with gratitude any manufactured goods and machines which Japan can export. Indeed the Prime Minister of Japan, Mr. Yoshida, said recently:

> In some quarters fear is entertained that a separate peace might permanently sever Japan's trade with Red China. Red or white, China remains our next-door neighbour. Geography and economic law, will, I believe, prevail in the long run over any ideological differences and artificial trade barriers.

These are words worth thinking about. It is true that, for the time being, we can expect Japan to support the policy of the United States; but I suspect it will only support it until that day comes when it has achieved independence. Japan knows very well that the United States needs it. Japan knows very well that it was Mr. Dulles who, despite what was written in the constitution about no more arms, insisted that Japan should rearm. I believe it was Mr. Yoshida who insisted that if Japan were to rearm, then the United States would have to do it. This would leave Japanese industry free to compete still further with other nations, the logical outcome in a world of power politics. Japan cannot afford to rearm herself because taxes are already high, the cost of living is rising and the standard of living is falling. By devoting a large amount of production to armament very serious unrest would be

caused in Japan, which perhaps would cause an incident such as we saw at Mukden some time ago.

What might conceivably happen, and what I believe will happen unless there is a tremendous change in philosophy amongst the governments of the west, is that Japan will very skilfully play the west off against China and Russia, attempting to get the best of both worlds. The picture I draw, the blueprint I sketch, may be rather pessimistic but I believe it is one which will prove to be reasonably accurate unless we change our way of working.

Now, why does Asia so strongly suspect the United States and the western powers? I believe the reason is that the people of the United States, by and large, do not seem to have realized that in their fight against communism they are aligning themselves with every group which is opposed to social and economic change. As a result we are all going to suffer, because the impression is that the west stands against something whereas we have got to stand for something. Now, what about the present danger? The minister himself suggested that it was not as serious as it had been some time ago. He suggested that it was still serious, heaven knows, but not as acute as it had been, and not as bad as in 1948 when the economies of Europe were on the verge of cracking and the communist parties were growing in almost every country on that continent. Indeed, it was so bad in 1948 that some commentators could almost forecast the entry of soviet troops into western Europe. Today we are stronger. Today we are told by the minister—and it is true—the morale of Europe is high. Today the fear of aggression is somewhat less. Yet at this time when Europe is getting back on its feet there is this request by the United States that there must be a still further effort at rearmament. In view of what the Europeans have done, it is possible that if further rearmament is to be imposed upon them it is going to come into violent collision with social and economic realities. Indeed Mr. Paul Hoffman recognized that in his book "Peace Can Be Won" when he said at page 111:

> . . . too great a pressure for rearming on a nation of full employment, like Britain, could unduly drive down the standard of living . . .

That is the very thing Europe fears; because if we depress their standard of living far enough, as my leader said this afternoon, we play completely into the hands of the communists. Mr. Kent Cooper, the executive director of the Associated Press, said on July 30 of this year that Europe is frightened of United States defence pressure. Europe is frightened of other things. Europe is frightened of Soviet aggression, but today that fear is not quite so great as it was, although it is just as real.

I have not altered my views at all. The men of the Kremlin believe that war is inevitable between east and west; therefore we must prepare for that eventuality. But it is not beyond the bounds of possibility that these same men believe they can win the war without fighting. They may suggest peace programs which have been described so correctly as being phony. There are some who think that soviet diplomacy over the years has been skilful, not to say Machiavellian. I think that basically and fundamentally soviet foreign policy, if it desired to achieve its ends, has been stupid; for obviously what would have served the soviet rulers much better than having full employment in the western world is a depression and the hopelessness that comes from it.

The economic indications of a year ago last spring were interesting. Had one made a graph of the unemployment figures in Canada in each spring since 1946, one would have seen that they were steadily rising until in 1950 they had reached the critical stage, indicating that 7 or 8 per cent of our working population were unemployed. One could see the same thing in the United States; and there was no answer to the problem of unemployment until Korea. We now find ourselves with full employment, with a prosperity which I fear is synthetic but which has completely destroyed Russia's hope of conquering us by throwing us into a depression. Yet despite these lessons of the past can we say that we have really presented to the world a creative, progressive idea for which men will fight and die? I do not think that is the case; and until it comes about we are not going to be victors in any war, be it cold or be it hot.

I have here a copy of the July issue of "External Affairs", in which is reported a speech that the Prime Minister (Mr. St. Laurent) gave at Northwestern university. One may say: here is the idea for which men are groping. The Prime Minister said:

> A defensive effort designed only to safeguard the material and moral advantages enjoyed by the inhabitants of this continent and of western Europe will not give us the security we want.

There can be no objection to that sentence, which is true. The next sentence is:

> It is the essential first step.

That is true. The Prime Minister then continued:

> But if we hope to provide enduring safeguards of those moral and material advantages we must, in a true spirit of equality and co-operation, join

with the less favoured areas of the world in a concerted effort to give their inhabitants greater material advantages and greater hopes for the future.

Again, that is profoundly true; but still it is only words. It is true that we are going to give $25 million to the Colombo plan. It is a start which we welcome. But we do not yet know how much is going to follow. I echo the hope of the hon. member for Rosetown-Biggar (Mr. Coldwell) that the government will make it amply clear that we are going to play our full part in the six-year program. Then the Prime Minister went on to say:

Some of you are probably asking yourself: When can we hope to get back to normal? When can we return to living decent American lives without having to worry about the problems of the rest of the human race? Well, I am afraid the answer to those questions is: Not in my day nor in yours.

When I read those remarks, it was first of all with approval. I read them again, more critically; then I saw the gulf which seems to separate the thinking of members of the government from that of the C.C.F. When can we hope to get back to normal? What is normal? Were conditions normal in 1946, when we were emerging from the throes of war? Can one say that 1939 was normal with its tens of thousands of unemployed who had to wait until war came in order to find work? Were times normal in the depths of the depression in 1932 and 1933? Or were times normal in 1929 when we had in this country a false prosperity which burst like a pricked balloon? Is there any such thing as normal times? I suggest there is not. I believe it is really a waste of time to look backward toward those times instead of looking toward the future.

Then, "when can we return to living decent American lives without having to worry about the problems of the rest of the human race?" My answer to that question is "Never" because I think we are morally bound to worry about the problems of the rest of the human race. I believe that we are our brothers' keepers.

An hon. Member: Ten o'clock.

On motion of Mr. Stewart (Winnipeg North) the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we shall continue the debate on this motion. Then we shall proceed with the resolution to amend the Railway Act; then the second reading of Bill No. 6, to amend the Canadian National-Canadian Pacific Act, 1933; then if we have more time, we will take Bill No. 7, to amend the Maritime Freight Rates Act.

At ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on October 12, 1951.

HOUSE OF COMMONS

Tuesday, October 23, 1951

The house met at two o'clock.

J. D. BRUNKE

APPOINTMENT AS DIRECTOR OF PRIORITIES

Right Hon. L. S. St. Laurent (Prime Minister): I should like to lay on the table of the house copies in English and in French of order in council P.C. 5645, dated October 22, 1951, passed under the provisions of the Defence Production Act and the Emergency Powers Act authorizing the appointment of J. D. Brunke, Esquire, to be director of priorities in the place and stead of Henry J. Sissons, Esquire, who has been appointed co-ordinator of the materials branch of the Department of Defence Production.

NORTH ATLANTIC TREATY ORGANIZATION

MEASURE TO APPROVE AGREEMENT ON STATUS OF ORGANIZATION, NATIONAL REPRESENTATIVES AND INTERNATIONAL STAFF

Hon. L. B. Pearson (Secretary of State for External Affairs) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to approve the agreement on the status of the North Atlantic Treaty Organization, national representatives and international staff, and to provide for carrying out the obligations, duties and rights of Canada thereunder.

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

Motion agreed to.

GOVERNMENT ANNUITIES ACT

INCREASE IN MAXIMUM ANNUITY TO $2,400 AND PROVISION OF GREATER FLEXIBILITY

Hon. Milton F. Gregg (Minister of Labour) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to amend the Government Annuities Act to increase the maximum annuity which may be purchased under the act from twelve hundred dollars up to twenty-four hundred dollars and to provide greater flexibility in the provisions of the act relating to the issue, conversion and amendment of annuity contracts and payments thereunder.

94699—19½

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

Motion agreed to.

RAILWAYS

SHORTAGE OF FREIGHT CARS—REQUEST FOR REIMPOSITION OF QUOTAS

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce arising from the serious proportions of the storage and freight car situation on the prairies. In view of the shortage of freight cars, has consideration been given to the request of the wheat pool and certain organizations that there be a reimposition of the quota with a view to protecting the rights of farmers who have been late in harvesting or who have not yet threshed? Would the minister be in a position to advise why there is such a greater shortage of freight cars on the Canadian Pacific than on the Canadian National lines in Saskatchewan?

Right Hon. C. D. Howe (Minister of Trade and Commerce): As far as the reimposition of the quota is concerned, as of today the quota has been reimposed in Manitoba and Saskatchewan but it has not been reimposed in Alberta. The purpose of removing the quota was to allow sufficient grain to accumulate in the elevators so that the loading of cars for the lakehead and Vancouver would not be slowed down unduly. That purpose has been achieved as far as Saskatchewan and Manitoba are concerned, and from now on the quota will apply.

The second question has to do with box cars for Saskatchewan and I am not sure that I can answer it. The latest figures I saw indicate that the number of box cars supplied by each of the two railroads for western Canada was more or less in proportion to their mileages in western Canada. It has been necessary to haul wheat from nearby points in order to keep pace with export loadings from the elevators at the head of the lakes and on the west coast. The fact that Saskatchewan involves the longest haul from either coast may be a factor at the moment. I can assure my hon. friend that when navigation closes any inequalities in

car service that may be occurring at the moment will be compensated for at that time.

Mr. Argue: Is the transport controller making box cars available for the movement of oats and barley or are the box cars being used mainly for wheat? I might say that I know that many farmers are finding it impossible to deliver any oats or barley whatever.

Mr. Howe: I believe preference is being given to the movement of milling wheat but I am also aware that a considerable movement of oats and barley is taking place. The weekly unloads at the lakehead so indicate.

Mr. Diefenbaker: I should like to ask one more question for the benefit of those areas that have a particularly grave shortage of freight cars. I cannot refer to correspondence or telegrams in asking the question, but for information for these people what course should they follow in order to assure themselves of an equitable distribution of cars?

Mr. Howe: I suppose the course would be to keep pressure on the board of grain commissioners to make sure that the car order book is lived up to as closely as possible.

WHEAT AND OATS

INQUIRY AS TO FINAL PAYMENT ON 1950-51 CROPS

On the orders of the day:

Mr. J. J. Smith (Moose Mountain): I should like to direct a question to the Minister of Trade and Commerce. In fact I have two questions. The first one has to do with the final payment on last year's wheat. On two occasions I forecast a 20 cent payment.

Mr. Speaker: Order.

Mr. Smith (Moose Mountain): I should like the minister to tell us whether that may materialize. The second question is: Is the minister in a position to tell us what we may expect as a final payment on last year's oats?

Right Hon. C. D. Howe (Minister of Trade and Commerce): The hon. member for Moose Mountain was good enough to give me notice of his question. I am not in a position to announce the final payment on wheat. I expect to be able to do so early in the month of November, and I hope the final payments for wheat may be made during the month of November. I can, however, announce the operating results of the 1950-51 western oats pool. This pool was closed on October 6 and in order to finalize the pool, slightly over 3 million bushels of cash oats were transferred to the 1951-52 pool under provision of section 29(a) of the Canadian Wheat Board Act. Futures contracts covering the oats transferred to the new pool had been sold prior to the transfer date and therefore the transfer involved pricing various grades of oats so transferred in relation to the closing price of the October future on October 6, 1951.

Producers delivered 102,422,598·13 bushels to the 1950-51 oats pool. The net surplus for distribution to producers amounts to $9,639,421.43. Therefore the average final payment on oats delivered to the board in 1950-51 will be 9·411 cents per bushel. On the basic grade, namely, No. 2 Canada western, the final payment will be 9·710 cents per bushel. On No. 1 feed oats the final payment will be 8·599 cents per bushel, while the final payment on No. 2 feed and No. 3 feed oats will be 12·384 cents and 14·758 cents per bushel respectively. In general, final payments per bushel on lower grades of oats are considerably higher than the final payment on the top grades.

Members will recall that effective on January 31 last the initial payment on all grades of oats was increased by 10 cents per bushel and producers delivering oats in the 1950-51 pool up to January 31, 1951, received an adjustment payment of 10 cents per bushel, and on February 1 all initial oats prices were increased by the same amount. The final price realized by producers is 84·710 cents per bushel in the case of No. 2 Canada western oats and 78·599 cents per bushel in the case of No. 1 feed oats. The board will commence the distribution of the final payment on the 1950-51 oats pool on Monday, October 29, within a few days after completion of the distribution of the final barley payment which is now under way.

TRANSPORTATION

INTERNATIONAL AND INTERPROVINCIAL HIGHWAY TRAFFIC—DECISION OF SUPREME COURT—INQUIRY AS TO STATEMENT AND LEGISLATION

On the orders of the day:

Mr. G. K. Fraser (Peterborough West): I should like to address a question to the Minister of Transport. In view of the unanimous decision given by the Supreme Court of Canada yesterday, is the minister going to make a statement with respect to international and interprovincial highway traffic, and is he going to introduce any measure with regard thereto?

Hon. Lionel Chevrier (Minister of Transport): The minister has no intention of of making a statement because he has already discussed the royal commission's report which dealt with that question very fully.

[*Later:*]

Mr. Fraser: I should like to ask the Minister of Transport if he would answer the last part

of my question. I asked if he would bring down at this session any measure in regard to interprovincial and international highway traffic.

Mr. Chevrier: I thought I answered that when I said that in the statement I made at the last session of parliament, with respect to the report of the royal commission on transportation, I indicated that that part of the report dealing with the co-ordination of transportation services would be considered at a later date by the government, and if measures were approved action would be taken. But that part of the report has not yet been considered.

Mr. Fraser: That is why I asked the question.

OLD AGE SECURITY

ACCEPTANCE OF AGE RECORDS CONTAINED IN FAMILY BIBLES

On the orders of the day:

Mrs. Ellen L. Fairclough (Hamilton West): I should like to direct a question to the Minister of National Health and Welfare. Is the minister aware that applications coming in for old age security payments, and which are supported by notarial copies of records in family bibles and the like, are being refused on the ground that these are not original documents? If so, is this action in accordance with the wishes of his department?

Hon. Paul Martin (Minister of National Health and Welfare): The minister is aware of that fact. I think my hon. friend will appreciate that there is no question of the integrity of any solicitor involved where there is refusal to accept an affidavit as presented. The difficulty is that the old age security measure which will shortly be introduced will represent the decision of this parliament to spend a great deal of the public money in respect of old age security. The potential amount per individual may be as high as $5,000. That means that the greatest care must be taken in ascertaining that the applicant is entitled to benefit under the act. We are of the opinion, in the light of our administrative experience, that the decision as to the age of a particular applicant, covered by any particular document, must be a decision made by the responsible representatives of the government. Obviously there is a difference in the care and the standards that will be employed, and I think that when we come to discuss the bill I shall be able to demonstrate to my hon. friend the importance of this step. I have had some letters from solicitors regarding the matter, and I might say, as a solicitor myself, that I would be the last to impugn their integrity.

Mrs. Fairclough: I am afraid that does not answer my question in a way that would indicate what the desire of the department is. If one follows closely what the minister has just said, all these people over a certain age are going to be ruled out.

An hon. Member: Ask the question.

Mrs. Fairclough: They just do not have birth certificates.

Mr. Martin: I may assure my hon. friend there will be nobody ruled out on that account.

Mr. Macdonnell (Greenwood): Is the minister aware that there are going to be plenty of cases—I should think many thousands—where, unless there is a certain amount of common sense added to highly technical rules, there is going to be a great deal of injustice done?

Mr. Martin: I assure my hon. friend we will exercise the greatest amount of common sense that we possess.

Mr. Graydon: That has not answered anything.

Mrs. Fairclough: If that is the case, then will the department accept the actual family bibles themselves as evidence, and does the minister want his department full of 20-pound bibles?

Mr. Martin: I certainly will accept a bible. We are receiving thousands of bibles, and not only do we accept them and look at them but we return them expeditiously.

[Later]:

Mr. Croll: I should like to ask the Minister of National Health and Welfare whether, in accepting these bibles, he accepts the old testament.

Mr. Martin: Mr. Speaker, the Minister of National Health and Welfare will accept any record which clearly indicates the birth, and the evidence of the birth of the applicant. The old testament, as well as the new, certainly would be in that category.

UNITED NATIONS

MOTION FOR APPROVAL OF CANADA'S CONTINUED PARTICIPATION IN PEACE EFFORTS

The house resumed, from Monday, October 22, consideration of the motion of Mr. St. Laurent:

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

United Nations and NATO

Mr. Alistair Stewart (Winnipeg North): Mr. Speaker, at the conclusion of my remarks last night I had tried to establish three points. The first was that the peace treaty with Japan, excellent as it may be as a document, nevertheless would be of no avail in helping us in the future if nations of the world were to revert to the economic practices we have seen in the past. And, parenthetically, one might regret the recent exhibition of economic nationalism we have seen in the United States.

The second point was that, in so far as giving aid to underprivileged countries was concerned, the Prime Minister (Mr. St. Laurent) had stated very clearly what we ought to do. Other members of the cabinet had stated equally explicitly what we ought to do; yet we are not doing it.

The evidence of good intentions before us is puny and meagre, and when the Secretary of State for External Affairs (Mr. Pearson) says we have got to extend economic aid, we must translate that protestation into facts, much more than we have in the past.

The third point I wished to make was that we could not force our allies in Europe to rearm to the point where their economies would be threatened to an extent where they would fall easy prey to communism. If it is necessary to keep our defences up to the highest pitch, we in North America would have to contribute even more to the general well-being.

The Secretary of State for External Affairs (Mr. Pearson) said at one point in his speech, as reported at page 259 of *Hansard*:

> In the kind of situation with which we are faced today, it may be that if we have achieved our defence objectives by, say, the end of 1954, we will have surmounted the most acutely dangerous period; but that in its turn may be followed by the longer term phase of the conflict, the marathon race as opposed to the sprint, and that may last for many, many years.

These words may well be true, and yet they offer cold comfort. For do we have many years in which to look forward? I realize the London *Economist* said a few weeks ago that when some period of stability settles upon the western world we may expect that our commitments for defence will amount to about 10 per cent of our national income. To have to look forward indefinitely to that condition is indeed cold comfort. And it strikes me also that to look forward to it is merely squatting on the status quo, instead of working out some reasonable alternative. As a matter of fact the only inference I can take from that statement is that it condemns those who desire to improve the conditions of our people—and that includes every member in the House of Commons—it condemns to frustration those who desire social improvements, complete and utter frustration. We have to think up new ideas. When we have found the solution to war we will have found the solution to poverty, we will have found the solution to communism.

We now have before us an instrument which offers hope. We have the North Atlantic Treaty Organization which we can and do support. But only yesterday the minister used in connection with this organization a certain word—and he used it not once or twice but several times. That was the word "coalition". As both the minister and I are politicians we know of the unfounded charge which has been made against us that we use words to obscure our real intent.

The minister, however, is also trained in diplomacy, and because of that he knows, too, the precise value and function of words. So when he uses the word "coalition" repeatedly I wonder what it means. I sent to the table for the Oxford English Dictionary in order to find the meaning of the word "coalition". This was what I found:

> Union—

And this may make the hair of the hon. member for Peace River (Mr. Low) stand up. However, it is in the dictionary.

> —fusion; (politically) temporary combination for special ends between parties that retain distinctive principles.

If we are to judge from what the minister has said in the past, this political connotation cannot be accepted. I am left therefore wondering whether or not the minister has in mind that ultimately we will form a union out of this organization, no matter how distasteful it may be to the hon. member for Peace River. And, by the way, I read the hon. member's speech, and paid particular attention to the concluding section of it in which he passed strong strictures against several people, one or two of whom I know. When he takes aim at Mr. Toynbee it is unavailing. Then he mentioned Mr. Clarence K. Streit, known to some hon. members as a man of sincerity and integrity of purpose, a man who is trained as a competent journalist and who is able to put two and two together and arrive at a reasonable conclusion. On the other hand, the hon. member for Peace River seems to put one and one together and arrive at a conspiracy. He said something about internationalists which I found interesting—for I, myself, am still an unregenerate and impenitent internationalist.

At page 272 of *Hansard* the hon. member for Peace River deals with the objects and aims of the group known as Illuminati, who

said that kings and nobles should be abolished. These are the views of the Illuminati:

> Religion must be abandoned. Family and national life must cease so as to make the human race one happy family.

And then he goes on:

> In these words we find the expression of internationalism as it is expounded by various groups throughout the world today.

I am sure the hon. member will understand me when I say that I treat his remarks with a certain amount of hilarity; because there is only one other group I know of which so actively supports national sovereignty and internationalism in the world today, and that group is in the Kremlin. Verily, politics makes queer bedfellows. I can think of nothing more intriguing than a picture of Mr. Stalin and the hon. member for Peace River (Mr. Low) snuggled under the same blanket.

Now, to revert to the Atlantic community, of which the minister spoke yesterday. He said it would take many decades to develop this community. That may be true, and yet it is tinged in my mind with a certain element of defeatism. It has taken decades to make Canada a nation, and we are not yet finished. Yet today we are a reality in the world, and a nation to be reckoned with. What would have happened if the fathers of confederation had taken this view, and said that we must go slowly for it is going to take us long to arrive as a nation. We might still be in a state of disunity and frustration. We have to start today to make the Atlantic community a reality. As I said earlier, we may have to start through the Atlantic treaty organization. That organization has its problems, and they have to be solved.

There is the problem of how many troops are going to be raised; how they are going to be paid; and how for instance we are going to try to equalize the wages of the French soldier with those of the Canadian soldier in the same army. We have to decide where arms are coming from. We have to decide how the bills are going to be paid. We have to decide how our economies are going to be strengthened. These matters came before the meeting of the council in Ottawa. They were so immense and so perplexing that they were referred to a committee of twelve. I have heard that committee referred to as the twelve apostles, but unhappily there seems to be no Messiah. However, these problems have to be solved, and especially the problem of the continually recurring dollar deficit in Europe. In our time we have to solve the problem of security and progress for all people. We can only do so in union and unity.

Apart from that those who may have to die in another war are not prepared to do nothing, and merely hope for the best. We have to explore every possible avenue in which there is any hope for security. I still maintain and believe that the greatest hope would be offered through some form of union amongst the democracies of the North Atlantic. Today we are building up defensive unity. Obviously it is not enough. We have to build up moral unity, spiritual unity, economic and political unity. When we have achieved that stage—and surely it is one we must arrive at in this generation—then we shall have created that sort of union which will spell hope for multitudes of people and which may well mean their salvation.

Mr. Ray Thomas (Wetaskiwin): I listened with a great deal of interest, Mr. Speaker, to the address made yesterday by the Secretary of State for External Affairs (Mr. Pearson). I was glad to hear that he still puts a great deal of faith in the United Nations as a force in international affairs. I believe, as does every other member of this group, that the United Nations is the only organization that can achieve world peace. It is the only organization to which the different countries with quarrels can go, sit around a table to discuss their differences and possibly come to some sort of agreement. I believe also that had it not been for the United Nations we would already have become embroiled in a war. We do not want to forget, however, that the United Nations may fail in its efforts to achieve world peace. We may at any time, either soon or in the distant future, find ourselves embroiled in all-out war.

I should like to commend the Minister of Defence Production (Mr. Howe) for the outline he gave the other day of Canada's defence preparations. But at the same time I must caution the minister that while he is tooling up for this defence program he must never allow himself to tool up for the present moment only. As I said a moment ago, we never know when we are going to become embroiled in all-out war. While we are tooling up for defence today we must have one eye open for the time when an emergency may arise and we shall need all the equipment upon which we can lay our hands.

Many speakers, during this session and previous sessions, have been complaining that we are not getting full value for our defence dollar. That may be true. At the moment I am not prepared to say whether we are or whether we are not. But, Mr. Speaker, it is time we had a little action on these complaints. We must dig into contracts and find out just what is wrong. If these accusations are not justified, then I

believe it is up to the government to prove that. In either case, I believe this house would be satisfied. There is only one way that can be achieved, and that is by setting up a defence expenditures committee similar to the war expenditures committee of the last war. This war expenditures committee did a great deal of fine work. If that method worked during a period of war, I see no reason why it should not work now. The government has a program of huge defence expenditures. The members of this house are not sufficiently advised as to what is happening. We have far too little information. It appears to me that the only way out is to set up this committee, dig into the expenditures, contracts and so on of our Department of National Defence and Department of Defence Production to ascertain whether or not we are getting full value.

The committee should look into the expenditures of the present as well as the past. How far back it should go I am not prepared to say, but possibly a year or a year and a half. It should be empowered to call any person for explanation; to dig into all the correspondence and contracts that have been drawn up so far. The government has been using security as a reason for not calling this committee. But if Canada's hush-hush projects are not any more secret than some of the meetings of NATO last month, then we may as well open the doors of Canada's defence plants and invite people in to see what is happening.

I should like to mention Korea briefly. It appears to me that there is entirely too much political interference with the military heads in Korea. The Chinese are killing off thousands of United Nations troops, including our own Canadian boys. Their air force is doing a terrific amount of damage on the ground and in the air; but they are untouchable because they are based across the border in Manchuria. It seems rather strange that these fellows in their planes can rip across into North Korea, bomb and strafe our troops and our supply bases, and shoot down our planes, then skip back across the Manchurian border and either figuratively or literally thumb their noses at us.

The minister said yesterday that Korean aggression must be brought to an end before any other Asiatic question can be settled. I agree. It is time that the United Nations discovered that this is not a game. If the planes are based in Manchuria, then wipe out the bases. The lives of our boys are far more important than any of the niceties of this game which are not observed by the other side anyway. Originally, Mr. Speaker, the United Nations force was sent into Korea to combat the North Korean aggression. Arguments advanced at that time against bombing the military bases along the Manchurian border were probably valid. But now the North Korean army is practically non-existent. I believe one report the other day was to the effect that prisoners said there were exactly twenty-six North Korean soldiers left in one sector. We are not fighting North Korean aggression any more; we are fighting a Chinese army. We must fight them the best way that we can; and the best way to fight them is to clean out their supply bases before they have a chance to get their supplies into Korea. Clean out their supply bases; wipe out their aircraft; then the boys on the ground will have a little bit easier time in the mopping-up exercises that are going on there today.

I should like to say just one word to the hon. member who just took his seat. Those who advocate the federation of the world or a federation of any part of the world had better step carefully. This move could quite easily become diabolic. If the power were placed in the hands of the wrong people, it could certainly be a regime of oppression. Those who advocate giving up, in the name of security now, our national sovereignty to any world federation or any federation of nations would probably be the first ones to advocate giving up those same powers to the Soviet union in the name of international harmony.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, this resolution seeks the approval of the house for the continuation of Canada's participation in the efforts being made through the United Nations to establish international peace, and in particular to defeat aggression and restore peace in Korea, and by the North Atlantic treaty nations to deter aggression and promote stability and well-being in the north Atlantic area.

The party to which I belong has already taken its position on this resolution through the speech of the hon. member for Peel (Mr. Graydon) yesterday afternoon. Naturally we are all in favour of that resolution. I rise today merely to speak on two subjects which were dealt with yesterday by the Secretary of State for External Affairs (Mr. Pearson). The first is the question as to whether or not Canada should become a party to the treaty in the Pacific between Australia, New Zealand and the United States; and the second is whether Canada should adopt at this time a policy of re-uniting and strengthening the commonwealth.

As to the first subject, I urge that Canada ask Australia, New Zealand and the United States to be allowed to become a party to this Pacific security pact which was signed

between those nations at San Francisco just a few weeks ago. Yesterday, in dealing with this question, the minister said that he supposed there would be no particular objection to Canada's becoming a party to that pact. He thought that the other three nations perhaps would not object, and that possibly the Canadian government would not object strongly. I submit that a neutral attitude of that kind is not good enough for those Canadians who live on the Pacific slope; and if it is not good enough for them, it is not good enough for Canadians, regardless of where they may live in this country.

In the Pacific area, a year ago, there was no security pact of any kind other than the United Nations organization itself. When aggression took place in Korea it was only possible for the United Nations to act because at that time Russia was sulking and was not sitting in on the meetings of the security council. In addition to the aggression in Korea, we have at least two incipient wars in the Pacific area: one in Indo-China and one in Malaya. There is a real danger of a third world war in the Pacific area. To the unbiased observer it would seem that a third world war might start as a result of happenings in the Pacific area much more readily than because of any happenings in the Atlantic area. Yet in the north Atlantic area the free nations have adopted a policy of uniting to become so strong that they will deter and prevent aggression in that particular area. Surely if such a policy is sound for the Atlantic, it is equally sound for the Pacific.

In recent weeks a start has been made. The United States is entering into a pact with Japan and another pact with the Philippines. Then, of course, there is the three-power pact, to which I referred a few moments ago, between Australia, New Zealand and the United States. Are we to have in the Pacific, instead of a general security pact, merely a series of bilateral or trilateral agreements? It may be that this is the policy desired by the United States. But if that is to be the case then I think the minister should tell the house frankly, and say where the Canadian government stands on a policy of that kind. I repeat that if a security pact is good for the Atlantic, it would appear that there should be the same type of pact for the Pacific, and a start has been made in this Australia-New Zealand-United States treaty.

Yesterday the minister intimated with a rather flippant air that Canada had not been invited to become a party to this treaty, and of course there was a laugh from the government benches; but that is not the story given by the reporters who sat in at San Francisco last month. I hold in my hand a press dispatch from Ross Munro, dated September 1, 1951, and issued from San Francisco, in which he deals with this three-power treaty. Ross Munro is one of the best correspondents this country has ever produced. I do not believe that anyone would question the accuracy of his reporting or the unbiased nature of his reports. Here is what Mr. Munro had to say with regard to this treaty:

> A security pact "to strengthen the fabric of peace in the Pacific area" is being signed here today by Australia, New Zealand and the United States, and Canada probably will join in ultimately.
>
> The three countries in this new alliance, which is similar to the security arrangement entered into earlier in the week between the Philippines and the United States, are anxious—

And I repeat these words:

> —are anxious that Canada becomes a partner to stretch the alliance from the Arctic to the Antarctic. They are patient about a Canadian move, however, realizing the large commitment Canada has undertaken in the Atlantic area as a member of the North Atlantic pact. But persuasive arguments are likely to be put to the Canadian government in the next six months or a year to bring Canada into the Pacific pact and round out the security grouping. This is anticipated in the text of the treaty which says it is an arrangement for collective defence and the preservation of peace and security "pending the development of a more comprehensive system of regional security in the Pacific area."

Mr. Munro quotes a statement by the Australian ambassador to the United States, Mr. Percy Spender, who was formerly Australian minister of external affairs. Mr. Spender is quoted as saying:

> It is no exaggeration to say that here in this ocean will take place great historical events which will determine not only the destinies of western civilization but of free men and women throughout the world. This treaty, he continued, takes the first step "towards what we hope will prove to be an ever-widening system of peaceful security in this vital area."

This dispatch certainly does not indicate that Canada would not be welcomed if she applied to join this pact. Canada of course is a Pacific power. It seems very difficult to bring that fact home to some hon. members from the eastern parts of the country. But Canada is a Pacific power just as she is an Atlantic power. In fact she is also an Arctic power, and that may be of more significance to us in the years that lie ahead than either of the other two situations.

Canada would help if she joined a pact of this kind. She would help to attract other peace-loving nations, and I think would greatly help to stabilize things in the Pacific region. Take for instance the question of trade. The North Atlantic treaty is not only a defence treaty; it is also a treaty for promoting co-operation in trade and in economic matters. A treaty in the Pacific should have exactly the same kind of provision, and

Canada is vitally concerned with trade in the Pacific. Before the last war Australia was our third best customer, and New Zealand was either fifth or eighth. Trade with China, too, was of great importance; and also with Japan. Certainly, with the two other nations in the commonwealth, Canadian trade is of the greatest importance, and would be increased by Canada becoming a party to this particular treaty.

I submit to the Secretary of State for External Affairs that public opinion on the west coast should not be ignored in this matter. I think that all of the leading papers in British Columbia have taken a stand in favour of Canada becoming a party to a Pacific pact. I have here editorials from the two leading Vancouver papers, the Vancouver *Province* and the Vancouver *Sun*. They reflect opinion throughout that province, certainly, on this question. I hold in my hand an editorial from the *Sun* dated July 16, 1951. It is headed "Look westward, Ottawa", and reads:

> Defence affairs are moving swiftly in the Pacific ocean area and Canada is being left behind.
>
> United States, Australia and New Zealand have agreed on the outline of a three-way defence treaty, not unlike the North Atlantic treaty. It will probably be signed after the Japanese peace conference in San Francisco in September. Canada should be a signer—but won't under present conditions.
>
> Ottawa hasn't properly digested the fact that the Pacific ocean is not a back door to the dominion but a front gate opening on an increasingly important part of the world.

Then the editorial goes on to support the plea, and it ends in this way:

> A Pacific defence pact, eventually drawing in other countries besides the original group, will have not only practical but moral effects. And this is more important.
>
> Just as the North Atlantic alliance has blocked Russian aggressiveness, so a Pacific alliance will notify not only Russia but others that military adventures are dangerous.
>
> Canada could add greatly to the strength of this moral lesson and should by all means be a party to the treaty.

Then there is an editorial from the Vancouver *Province* dated September 4, 1951, and which is headed "Canada stays out", and reads:

> If the government of Canada is not aware of the fact that this country is a Pacific power it is about time somebody jabbed it into life. And if the government is alive to the fact that this country faces the Pacific as well as the Atlantic it is about time it signified what it is going to do about the Pacific security pact signed by Australia, New Zealand and United States.
>
> Canada is not in the pact. The other signatories, our partners in two world wars against aggression and certain to be our allies if another one comes, would like us in on the deal.
>
> The best argument for Canada to join her partners in signing this pact is the paragraph which states:

Then it sets out the paragraph in the pact which calls for mutual assistance in the event of an attack. The editorial ended as follows:

> In the face of that, if there is any way the Canadian government can argue itself onto the sidelines then we would like to hear about it. We are a Pacific power and certainly if any of the other three get into trouble we will be in trouble.
>
> No matter what commitments we may have made looking eastward, we cannot remain out of the pact of free peoples on the Pacific.

I have a further editorial from the *Sun* which was written after the Secretary of State for External Affairs (Mr. Pearson) had been in Vancouver and addressed a public meeting there held under the auspices of the United Nations Society. This editorial is headed, "Now for a Pacific Pact?" and referring to the minister's speech, it states:

> He said Japan could make a contribution to the collective security of the free nations and out of the emergence of Japan in this way might come a single Pacific pact to cover all the other security agreements. He was sure, he added, that Canada would take its part in such a pact as it had in the North Atlantic pact.
>
> This is an important new concession on the part of the man who has charge of Canada's foreign policy. Up to now the federal government has shown a disinclination—amounting at times almost to hostility—to even discuss a Pacific pact.
>
> At best it has taken the line that the time isn't ripe and that Canada is fully covered by its exchange of pledges with the United States.
>
> Mr. Pearson, standing on the shores of the Pacific in Vancouver, acknowledged that this province has been more interested than any other part of Canada in the problems of the Pacific. Then he added something very significant:
>
> "We are becoming more conscious in the east that Canada is a Pacific power."
>
> This shows where the trouble has been all along. Not only has eastern Canada been unconscious of Canada's responsibilities and dangers in the Pacific, it has been unaware until lately that there was a Pacific.

I think that is a little hard on the minister, but we should start right now to build up a permanent peace in the Pacific. We are undertaking commitments to Greece and Turkey who are now to be invited to join the North Atlantic Treaty Organization. If there should be an attack on the farthest part of Turkey, Canada will be committed to go to her assistance. How can you justify a policy under which this nation at the same time refuses to become a party to this Australia-New Zealand-United States treaty, which at least is a start on a security pact for the Pacific area?

May I tell the minister that the west coast is pretty tired of the continued refusal on the part of the Canadian government to enter into a Pacific pact.

My second point arising out of the remarks made by the minister yesterday has to do with the commonwealth. I urge upon the ministers of the crown that they adopt a

deliberate policy of reuniting and strengthening the commonwealth. Yesterday the minister met my submissions of last week by drawing a red herring across the trail. He set up a straw man and then knocked him down. The minister said that the hon. member for Vancouver-Quadra was advocating the centralization of the commonwealth which would only make the commonwealth weaker. Of course that resulted in headlines across the front page of the Ottawa *Journal* as follows:

Pearson Rejects High Command Idea in Commonwealth, Favours Teamwork—One Central Authority Dangerous

His whole statement in answer to my suggestion was based on a false premise because I did not advocate centralization of the commonwealth; I advocated strengthening the commonwealth. I said, and I repeat today, that in 1945 at the end of the war there were three great groups of people, the people of the United States, the people of Russia and the people of the British commonwealth. In the last war parts of the commonwealth outside the United Kingdom supplied at least half of the fighting forces. It was a commonwealth effort. The Right Hon. Winston Churchill put the position very clearly. I have here a report of a radio speech he made from Moscow to the Russian people in October, 1944, when he was in that capital interviewing Premier Stalin. Mr. Churchill made a fine appeal to the Russian people for co-operation, and ended with these words:

I hope most earnestly and I believe with deep conviction that the warrior statesman at the head of Russia through these years of storm and tempest will bring his country into the sunlight of a broader and happier age for all, and with him in this task will march the British commonwealth of nations and the mighty United States of America.

That was the position in 1944 and 1945. Now in 1951 there are only two instead of three great strong blocs of people, the American and the Russian. Even the minister is worried about that fact and he dealt with it at some length yesterday. Dealing with the situation at the present time in the United Nations, he said, as reported on page 257 of *Hansard* of October 22:

There are two main developments which lead me to say that. One is the division of the world which has now become hardened into competing and conflicting blocs, and which has been reflected at the last two assemblies in every discussion there. If this is going to continue indefinitely, it certainly is going to undermine the usefulness of the assembly as a universal organization.

Liberal party policy is partially responsible for the world now being in two great blocs instead of three, as it was at the end of the hostilities in 1945. The late Mr. Mackenzie King took the position in 1944, when the suggestion was made that members of the commonwealth should go into the peace together, that there should be world unity, not an empire bloc. He said that if the nations of the empire appeared together in this matter, appeared to stand too closely together, the other nations of the world would be afraid and as a result it would be impossible to bring about world unity. We told him at that time that that was a false doctrine, that the commonwealth should stick together in peace as it had in war; but he insisted that we must have world unity, not an empire bloc, and today we have neither world unity nor an empire bloc. We have lost out on both of them.

We found the same attitude adopted with regard to Canadian troops in Germany. Canada had troops there but they were withdrawn, I think in 1946. The reasons for that withdrawal were asked for on the floor of the House of Commons and if hon. members are interested they will find the reference on page 975 of *Hansard* of March 3, 1947. The present Prime Minister was then Secretary of State for External Affairs. He was asked by the hon. member for Peel (Mr. Graydon) to give the reasons why the occupation forces in Germany had been withdrawn, and here is the answer he gave:

The occupation force in Germany was withdrawn because we were left out.

Actually what he said was, "because we were kicked out". We all heard him say that; the press gallery members heard it; people in the public galleries heard him, but when *Hansard* appeared next day it read "left out" instead of "kicked out". Then the present Prime Minister (Mr. St. Laurent) went on to say, as recorded at page 975 of *Hansard* for March 3, 1947:

We were told by the great powers that there would be three zones; that there would be a fourth if France wanted one, but there were not to be any others; and that their commanders were to constitute the government of Germany. I suppose the Russians might perhaps have accepted our co-operation;—

All this was said with great heat.

—the French might have accepted our co-operation; the United States might have accepted it and the United Kingdom might have accepted it; but we would not have had any occupation force of ours taking any separate part in the legal occupation of Germany.

Today the present Prime Minister is coming to the house and asking approval for the sending back of an occupation force to Germany, and he has not a separate zone today any more than he had in 1946. The same trend has been shown right down through the intervening years. In 1947 there was to be a commonwealth conference in Australia to discuss the terms of a peace

treaty for Japan. Before the Canadian delegate could appear at Canberra the Canadian ambassador to the United States at Washington had to go and assure the United States secretary of state that no agreement would be reached at Canberra between the commonwealth countries. I have here the reaction of a great Liberal to that particular subject. I have a book by the Right Hon. Vincent Massey entitled, "On Being Canadian". At page 105 he has this to say with regard to this incident:

> At all times we should refuse to accept the notion that there is any impropriety in our consulting together on any matter of common concern. When it was reported in the press in 1947 that we had assured the United States government that the forthcoming commonwealth conference on the peace treaty with Japan did not foreshadow the formation of a British "common front," these representations seemed both unnecessary and undignified.

We had the same sort of attitude this year when there was a commonwealth conference with regard to defence questions in the Middle East. The Prime Minister dealt with that on May 31 at page 3589 of *Hansard*. He told the house that, although there was to be a conference of ministers of all other nations of the commonwealth—

Mr. Pearson: Not all.

Mr. Green:—at least of Australia, New Zealand, South Africa and the United Kingdom, to deal with defence problems in the Middle East, Canada was not sufficiently concerned to send a minister but she would send somebody from one of the departments. That is the area in respect of which Canada is now undertaking commitments, in Greece and Turkey, and it must have been known to the government at the end of May that such commitments likely would be undertaken. Nevertheless the Prime Minister refused to send a minister to attend that conference.

The same thing happened with regard to the conference of prime ministers in January of this year. I have a London press dispatch from Peter Inglis of the Southam press shortly before that conference took place stating that it was being called to try to work out some commonwealth policy with regard to Asia. As the house knows, such a policy was not worked out. We might have avoided a great deal of the trouble in Asia if there had been some commonwealth policy worked out for that area.

Then, so far as I can find, Canada so far has taken no position whatever with respect to Iran. Here there was an agreement which was broken by Iran. Great difficulties arose for Great Britain, and so far as I can see Canada did not take any stand on that question. She did not even offer moral support. When trouble came a few days ago in Egypt, Canada, instead of supporting Great Britain and standing beside Great Britain, Australia and New Zealand, waited until the United States and France had taken their position in support of Great Britain. Then Canada came along and said, "me too". I suggest to the house that sort of policy is not in the best interests of this nation, the commonwealth or the world.

We have had the same sort of hesitating, on-the-fence policy with regard to the forces with which Canadian troops would serve both in Korea and in Europe. We did not know for a long time whether they were going to serve with the British and other commonwealth troops or with troops of the United States. In Europe the new Canadian army is to serve with the British forces while the Canadian air force is to serve with the United States air force, and I presume Canadian troops will not have coverage from their own Canadian air force.

Then there is the question of the attack by the Argentine on Great Britain with respect to the Falkland islands. Here you have the Argentine republic making the claim that these islands should belong to the Argentine. Where does Canada stand on that question? If we are going to work together continuously and have any effect on world affairs then the commonwealth must stand much more closely together than it is doing at the present time. I believe that the British commonwealth could be the greatest factor in bringing about world peace. I should like to quote again from page 102 of Mr. Massey's book where he sets out the reason why the commonwealth must always stand for world peace. He says:

> In contrast to the two great continental empires, the United States and Russia, the commonwealth is a network between continents. So far as the dominions are concerned, "though their interests are regional, they can never in the nature of things be exclusively so. They link the old world and the new, bound to Europe through Great Britain more closely than other independent overseas countries have been, yet responding to all the forces which characterize the frontier areas of western civilization." The commonwealth, in the nature of things, can never be isolationist. It can never be a self-contained group of states. It stands to gain from unity among nations. It can never profit by their division. Its interests are essentially those of moderation and harmonization. On a grand scale it performs the functions of an interpreter between peoples. It must be vitally interested in any great organization set up to maintain security. Today it has thrown all the weight of its experience and influence and power behind the United Nations. It has been observed that the commonwealth is never so active as when it is dealing with problems bigger than itself.

Very significant words were spoken too by one of our former civil servants, the late Mr. R. G. Riddell, who the minister will agree

was one of the outstanding public servants of this country. He ended a speech on the commonwealth as a regional force, which was delivered on July 9, 1950, at the Mount Holyoke Institute of the United Nations, with these words with respect to the commonwealth:

> . . . it is one of the genuinely effective instruments which we have at hand for the preservation of peace and in the development of the free world.

Canada can do more than any other member nation to reunite and strengthen the commonwealth. That is so because of our geographic position, because of our greatly increased resources, and because of Canada's record in this century. I would hope that the commonwealth would come to be recognized again as a third world group. I would hope also that there would be a French group recognized as a great world group. Anything would be preferable to having the world divided into two power blocs, as it is at the present time.

I suggest that a two-power world is a highly dangerous world. Our poor old world is becoming more dangerous every day, and partially for the reason I have just indicated. Today, in 1951, we find ourselves in the midst of an armament race which makes anything that happened prior to the first or second world wars look pretty small. A two-power world makes world peace almost impossible —certainly makes it very much more difficult than if there were other divisions.

The minister must not underestimate the will for peace in Canada. I believe that in our cities and towns, and out on our farms, the main desire of the people is for peace. Sometimes we are inclined to overlook that when we are here in Ottawa, discussing these world issues. I believe that will for peace is tremendously strong in Canada at this time. My own opinion is that Canada can do more to promote peace by strengthening the commonwealth than in any other way.

Mr. D. S. Harkness (Calgary East): Mr. Speaker, I should like to say at the outset that I support this resolution wholeheartedly as, indeed, has every other speaker who has taken part in the debate. As a matter of fact, my criticism of our foreign affairs policy and our defence efforts in the past has been that we were not doing enough, and that our defence preparations were inadequate even for the defence of our own country, let alone adequate to provide any forces for a general defence of the free world against Russian imperialism. In other words, I said we were not pulling our weight—and I do not believe we are yet pulling our weight.

It is true that during the past six months we have improved in this respect, a source of satisfaction to all Canadians, with the exception of that small number of communists in Canada, and those other people who are so set on peace at any price that they are blind to the dangers of the present world situation.

The Secretary of State for External Affairs (Mr. Pearson) said in his speech yesterday that the international situation has not improved in the last six months. That is a conclusion shared, I should think, by all who have been reading the newspapers and giving any thought to the matter during that period. In my opinion the general situation during this period of time has not only failed to improve, but has worsened, due particularly to the developments in the Middle East, where the spark which might set off the conflagration of a third world war could flare up more easily than is the case in the Far East.

The Korean war is as discouraging as ever. The long dragging on of the armistice talks there indicates that the communists have no real desire to make peace, except on their own terms. The minister said, in connection with the Korean war, that the United Nations forces there have already shown, at heavy cost to themselves, but far heavier to the enemy, that aggression does not pay. I wonder if that is the conclusion shared by the Kremlin. I would be much more inclined to think that, as someone has said, the Russians are ready to fight to the last Korean or the last Chinese, and that the more men we lose and the more equipment we deploy and use up in Korea, the better pleased the Russians are likely to be. It means just that much less strength we can deploy against them in the vital theatre of Europe, or in the Middle East.

The thing that still bothers me most about Korea is the lack of any definite objective there. Because slugging it out with the communists along the 38th parallel cannot be called an objective. We seem to be in the unfortunate position of the man who has a tiger by the tail: we dare not expand the war, which would bring about the possibility of ending it successfully, and we dare not pull our forces out of Korea.

It is an impossible position in which to be placed, both militarily and politically; and I believe the longer it goes on, the worse the situation will be for the free world.

The minister's statement in regard to the Pacific pact was weak. It did not meet the arguments which have been offered in the past and again today by the hon. member for Vancouver-Quadra (Mr. Green) in regard to

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the desirability of a defence arrangement in the Pacific area to which we would be a party.

I thought the minister's remarks with regard to commonwealth relations were even weaker. As the hon. member for Vancouver-Quadra has already said, by talking about the impossibility of setting up a central parliament, or something of that nature, the minister drew a red herring across suggestions made recommending closer relations with the commonwealth. So far as I know that has not been suggested by anyone.

As a matter of fact during the past ten or fifteen years the present government has steadily weakened the ties with the commonwealth, and I believe that has been a great mistake. The result of that has been a weakening of the commonwealth's position, which really means a weakening of the position of the whole free world, as opposed to the communist or Russian world, along with their satellites.

This debate has been a mixture of foreign affairs and defence matters. Indeed the two are closely connected. I shall proceed now to make a few remarks in regard more particularly to defence. To begin, I should like to say something about certain statements made in the house last week with respect to defence matters by the hon. member for Vancouver Centre (Mr. Campney). At that time he sought to show particularly that the public accounts committee, which dealt last year with defence expenditures, had been one called for by members of this party, but which we had not attended. He said particularly that on June 21, when an adjournment for lack of a quorum became necessary, it was noted that at the time of adjournment those present consisted of seventeen Liberals, one C.C.F., one Independent, and not a single Progressive Conservative.

I fear that in this instance the hon. member for Vancouver Centre has followed the lead of the Prime Minister (Mr. St. Laurent) in accepting the theory that one swallow makes a summer. He referred to only one meeting. I went to the trouble to look into the record of all the meetings and to find out the attendance of Conservatives, Liberals, and members of other groups at each of those meetings.

Starting on March 8 and continuing until March 21, the number of Conservatives present at the meetings of this committee were 3, 6, 4, 5, 3, 2, 3, 7, 8, 5, 3, 6, 5, 2, 6, 5, 5, 6, 7, 5, 4, 5, 0. The last meeting was held while the house was in session, and members of this party who were members of the committee found it necessary to be in this chamber. The fact is that if you average the attendance of the members of the Conservative party and the members of the Liberal party, the attendance for each is much about the same. Much more important than the attendance at the committee is the amount of interest that members took in the affairs of the committee as evidenced by the questions they asked. This is conclusively shown by the number of pages of the proceedings of the committee which are devoted to questions asked by the members of the opposition and the answers given. I did not count those pages as the Minister of National Defence (Mr. Claxton) once counted the pages of *Hansard* which each party had taken up, but I looked them over rather quickly. Certainly well over three-quarters of the pages of the proceedings of the committee are consumed by the questions asked by members of the opposition and the answers to them. I believe that effectively disposes of the argument made by the hon. member for Vancouver Centre that the members of the opposition did not take any interest in the affairs of this committee. As a matter of fact I think it was extremely unfair of him to try to prove that was the situation, by using as an example a meeting held at the end of the session while the house was sitting and it was impossible for most of us to attend.

In his speech yesterday the Minister of National Defence did not tell us very much that we did not know already. I would say that in that respect his statement was typical of many which we have been given in the past. During the last three or four years one of my chief complaints has been the evasiveness of the government concerning defence matters. The reason given for this has always been security. We cannot tell you this or that for security reasons. I do not think there is any question but that the government has been, and still is, much more concerned with concealing the true state of our defences from our own people than from the Russians. Up to a year ago the weakness of our defences was so apparent that there was really nothing to conceal. From the government's point of view, however, it was important to conceal that weakness from the people of Canada.

Even worse than the evasiveness concerning the state of our defences has been the fact that a large number of statements issued by the defence department or by the minister have been misleading, whether purposely so or not. In these various statements the minister has always said that everything is just right. There is no need to worry about our defences at all.

Mr. Claxton: When has he ever said that?

Mr. Harkness: According to those statements we have always had adequate forces to handle any foreseeable emergency.

Mr. Claxton: When has he ever said that?

Mr. Harkness: At the moment I cannot dig out the pages of *Hansard*.

Mr. Claxton: Of course, you cannot dig out one.

Mr. Harkness: It would be very easy to bring out numbers of them.

Mr. Claxton: How about one?

Mr. Harkness: As the minister well knows, when a man is making a speech there is no use asking him to dig up *Hansard*. However, I shall be happy to dig up a number of those passages, and bring them here on a subsequent occasion.

As I say, Mr. Speaker, always the statement was that we had adequate forces for any foreseeable emergency. What happened? An emergency did develop. The Korean war broke out and immediately it was made apparent to everyone in this house that we had no forces to do anything. On two or three occasions since that time I have stated, and I repeat it now—it has never been denied—that at that time we had only one army unit up to strength and fully trained which could have been dispatched to Korea, and that was the first battalion of the P.P.C.L.I. This was the only army unit that we had in a state of readiness. For two years before that the minister had been saying that our defences were adequate for any foreseeable emergency. That is only one example of that sort of thing. As I say, the statements, whether intentionally or not, have been misleading to this house and to the people of Canada.

Since that time the state of our defence has improved. There is no question about that, and I am extremely glad it is so. As a matter of fact, there was no other course. However, these defences still have remarkably little in the way of fighting units to show for the large amounts of money that have been spent, and the sixteen months which have elapsed since the outbreak of the Korean war. One of the difficulties that we in this house and the people of the country have had to face has been that plans for the future have been always announced as though they were actual facts at the time of the announcement or that they were going to be in effect in a few weeks. The general impression given to the people has been that those plans were actualities, whereas in most cases they are still plans. I realize as well as anyone else that you cannot translate plans into actual forces in being very quickly. It takes time to do that. But there is no reason at all for giving the impression that those plans are actualities when they are not.

The announcements which were made in connection with our air force are good examples. The announcement about F-86E Sabre jets and the construction of the CF-100 long range fighter were such as to persuade the general public that large numbers of these planes were either coming off the assembly line or would be within a short time. The disclosures made by the articles written by Mr. Hornick of the *Globe and Mail*, that Sabre production is limited to 20 a month because of a lack of engines, and that large scale production of the CF-100 is still well in the future, were not denied by the parliamentary assistant, the member for Vancouver Centre, when he spoke last week. He merely stated that those articles were misleading. Perhaps they are. I do not know enough about the matter to say. No one else in this chamber knows enough to say, except the minister and his assistants. I am quite sure that those articles were not as misleading as the statements put out by this government.

In regard to those misleading statements, there is no use pawing over a lot of old hay. There have been numerous examples of that sort of thing. A moment ago the minister was asking me to cite one example of a statement he had made. A perfect example of the statements he has made which serve to mislead the public is the one he made a year ago when he said that Canada had more trained paratroopers on hand than Germany used to capture Holland and Belgium in 1940. That statement immediately suggested to the general public that we had thousands and thousands of them, because the general impression that everybody had—it was the one given at the time—was that the Germans released thousands and tens of thousands of these paratroops. As a matter of fact, the actual figures as to the number that were released were given in a book by Captain Liddell Hart and which I happened to get hold of immediately afterwards. I quoted those figures in the house, when the minister said that he thought the number the Germans had used was smaller and he had obtained that impression from some other source. The minister was asking for an example. I quote that as one example of the type of statement that is constantly being made and that terribly misleads the Canadian people and the members of this house as to what our actual

strength is at any particular time. I think it is an extremely bad practice and one which should not continue to be followed.

I should like to comment on a few of the things the minister said in his speech yesterday. The first is this. The minister said that this year $1,900 million is available for defence purposes, that is for 1951-52. I was going to ask the minister where he scared up the extra $200 million. The amount we voted last year was something less than $1,700 million. I just wondered what pot the minister dipped into in order to get this $200 million. In connection with that matter I should also like to ask how much of this $1,900 million has been used for defence purposes and, on the other hand, how much of it is in the Minister of Finance's big surplus of $500 million. It is all very well for us in this house to vote funds for defence; but there is not much use of our voting them if they are not spent in an effective manner for that purpose. There is a great question in my mind as to how much has actually gone into the production of defence equipment for the building up of our defence forces and, as I say, how much is still sitting in the Minister of Finance's kitty.

The minister spoke of the number of casualties to date in Korea. Like everyone else in this house, I exceedingly regret those casualties. The question I should like to ask is what the total wastage has been. As the minister knows, and as does everyone who is familiar with these matters, the number of battle casualties does not by any means represent the total casualties in a fighting force. There is a great deal of wastage from other causes. People become ill, people are sent back to Canada for compassionate reasons, and so on.

The minister stated that the dispatch of the first battalion of the P.P.C.L.I. to Korea would not weaken our home defence airborne brigade. I find it extremely difficult to understand the basis on which he arrives at that conclusion. The P.P.C.L.I. happen to be a unit with which I am familiar. They have been in Calgary since the last war. I have the honour to be an honorary member of their mess and I go out there quite frequently. That battalion have now all departed for Korea. How the absence of that battalion is being made up at the present time I do not know or the minister has not explained. When the second battalion gets back, which will be some time before Christmas, and has had six months' training in paratroop exercises, this deficiency will be made up. That is quite understandable. But during this period of nine months or so there seems to be a lag, as far as I can see. Therefore as to the statement the minister has made so often in the past, to the effect that we must have this airborne brigade in Canada for our own defence, that situation no longer exists. We have not got the brigade; we have only two-thirds of it. A third of it has gone and will not be replaced for nine months.

The minister said that the F-86E Sabres were moving off the assembly line at the planned rate; then he added these words, and I think it was extremely judicious of him: "limited only by supplies of engines, etc.". I was going to ask whether this supply of twenty engines per month was part of the planning. Did they anticipate that situation or is that a surprise? According to these articles previously referred to, apparently those are all the engines we can get from the United States. Therefore, no matter how many air frames we can make, our production of planes is limited to twenty complete ones a month. I think the house is entitled to some explanation with regard to this whole situation, both as to the F-86E and as to the CF-100. Certainly until we get from the government an explanation in connection with these two planes, there is going to be a great deal of speculation as to rates of production, as to what has been happening, as to whether there has been a serious mix-up, or what the situation is.

In connection with the air force also, the minister said they had done a fine thing in doing away really with all the operational squadrons in 1945 and 1946. He said that had the squadrons been kept in being in 1946 they would now be obsolete both in machines and in men. Surely the supply of young men coming on to be trained would have been kept up. There has been a certain amount of that going on in the air force right through. They could not in the meantime just say: We will not train any more people; this is the end. As to our machines, what has happened is that only in this last year the government has bought one hundred Mustang fighters which are just as obsolete, more or less, as are the planes that we had at the end of the war, and has evidently trained men to go into those planes or has put into those planes men that they had kept on right through. Therefore I think that argument of the minister falls completely to the ground, as to the wisdom they showed in this regard.

As to the reserves for our two overseas brigades, the minister gave us some information. He said there were 30,000 men now in the two brigades, the reserves for them and in schools. I wonder if the minister, at a later date, will tell us how those figures are arrived at. We should like to know how many men are in each brigade, how many reserves are kept for each, whether they are kept separately or whether they are in a common

pool for the two brigades. We should also like to know what he means by schools. Are the personnel who are at these schools running them, carrying them on and so forth, included in this figure?

Mr. Claxton: No.

Mr. Harkness: This figure is just as to the men who are going through the schools?

Mr. Claxton: That is right.

Mr. Harkness: I think we should have a little bit more information with regard to that matter. I should particularly like to know whether this brigade going to Europe is taking any reserves with it or whether it is just going there as a full strength brigade group.

Very little was said about the reserve defence forces of the country. The minister said that the numbers had increased from 50,700 odd to 54,000. That, I took it, was the strength of all the reserve force, army, navy and air force. Of course it is the paper strength. We should be told how many of these people attended camp last year. As has been pointed out here on many occasions before, the paper strength of the reserve means nothing, because it includes a very large number of people who attend one, two or three parades a year, and that is all. The effective strength of the reserve consists, you might say, of the people who go to camp and get that training, plus a limited number of others.

The minister also said that aircrew and equipment for a squadron were now being turned out at the rate of one every two months; in other words, men and equipment every two months to man one squadron. I wonder whether the minister will tell us what kind of squadrons these are. Are they all jet squadrons, or do they take in training squadrons, and so forth?—because that makes an extremely big difference in what the statement of the minister means.

We should also be told what is the rate of wastage allowed for in these plans. There is a considerable amount of wastage. Planes crash, as we know only too well. We should be told what rate of wastage is being allowed for as far as this statement is concerned. So much for some specific points which the minister mentioned in his speech. I should now like to ask other questions in regard to the equipment situation. In his speech the minister did not really say anything about the equipment situation, apart from the statement I have just referred to in connection with the production of squadrons from now on. I should like to know whether we have received United States type rifles and other small arms sufficient to replace those which we have sent to Europe in the last year under our NATO obligations. If we have not received these, when are we going to get them?

At the end of last session I think the minister said that there were a certain number of these United States type small arms on their way. How many was not specified. I should like to know what our situation is as far as guns are concerned. Have we received United States 105's, and other guns, to replace the 25-pounders which we sent to Europe? If not, we are in the same situation we were in when parliament adjourned at the end of June. We have got rid of the arms we had and we have not received any others to replace them. I trust that situation does not still prevail. We should have information on it.

Mr. Claxton: We still have surplus 25-pounders over and above everything.

Mr. Harkness: That is another of these general statements. When the minister says "we have surplus 25-pounders", what are they surplus to?

Mr. Claxton: To all our requirements.

Mr. Harkness: What are our requirements?

Mr. Claxton: What we need to fight in the first year of a war.

Mr. Harkness: Once more we are getting what you might call general statements, which, unless you break them right down, do not mean anything, the very thing that I have complained about so frequently.

Furthermore, what is our situation in regard to tanks and S.P. guns? We shipped the S.P. anti-tank guns that we had over to Europe also. Have we received anything yet to replace them? Similarly, with our tanks; I do not know how many of them were shipped to Europe. I refer to the Sherman tanks, and so forth. Have we received any replacements for these? Generally speaking, we should be told something about what our equipment situation is, and we have not been told that up to date.

I do not know what further opportunities there may be to deal with defence matters, Mr. Speaker. I have asked a considerable number of questions at this time because of that very fact, but I would hope that we might have a further opportunity to discuss defence matters before this session ends.

Mr. George H. Hees (Broadview): Mr. Speaker, I should like to agree completely with what the hon. member for Peel (Mr. Graydon) said yesterday afternoon when he expressed the opinion that visits by members of the royal family are the greatest unifying

force in the British commonwealth of nations. I think we want a great many more of these visits in the future. We all hope that Princess Elizabeth and the Duke of Edinburgh will return soon, and that the king and the queen will come out here again when the king's health permits. I think we would all like to see Princess Margaret Rose before too long.

However, Mr. Speaker, if we are to expect members of the royal family to want to come here and visit us, we must show a great deal more thoughtfulness than has been evidenced during this present tour. The schedule that they have been subjected to is, I believe, both exhausting and inhuman. It seems to me that it has been designed more to flatter the ego of Canadian officialdom than to show the royal couple off to the people of Canada, which, after all, was the express desire of Princess Elizabeth before she came to this country.

I have played a good deal of football, Mr. Speaker, but I have never gone through a schedule that was as trying and exhausting as the schedule to which our Princess is being subjected at the present time. In the two cities in which I came in contact with the visit, Ottawa and Toronto, a great deal of time was devoted to civic luncheons, dinners and receptions. The royal couple were continually surrounded by the same small group of officials, and they were introduced to the same people over and over again. Because of these functions, the drives which the royal couple were able to make through the cities and towns they visited had to be speeded up to such an extent that the people were only able to get a very brief glance at them as they went by.

Along with thousands of other people, I went out on the driveway here in Ottawa to see them enter this city. A great many of the people who were waiting there had waited there for more than two hours before the royal couple drove by, and when they did so, the people got only a fleeting glance at them. The expressions of opinion around where I was standing were of great disappointment indeed. That was the feeling in Toronto and, I am told, in a great many other Ontario centres as well; that the people waited for a great length of time to look at the royal couple, and then they were driven by so quickly that they were able to see only one or the other, and that only fleetingly, before they were out of sight. I believe that the greatest part of these royal visits should consist of slow drives through the streets of the towns and cities they visit. It would be far less exhausting on the royal visitors, and it would give the people of Canada a good look at them, which, after all, is the primary purpose of these visits.

[Mr. Hees.]

I also believe that when these royal visitors come to Canada they should be given at least two days off in every week so that they can recuperate and relax, completely away from other people. If they do not, I think we are taking a great chance of their cracking up. I believe that most people in this country favour the five-day week. It is only reasonable to treat our royal visitors in the same way as we ourselves like to be treated, when they are going through a far greater strain, and working far harder than we are, while they are here visiting us.

Yesterday I was very glad to hear the Secretary of State for External Affairs (Mr. Pearson) say that the Colombo plan is going ahead. I noticed from what he said that a large part of our contribution to India is being taken in wheat shipments. I hope the government will do all it can to see that the original purpose of the plan, which was the construction of long-time development projects, will be proceeded with and will not be confused with famine relief. There is no famine in India today. If one develops next year, I hope sincerely that we will make available wheat which the Indians are able to accept. By so doing, we will make a tremendous psychological gain in the struggle we are engaged in against the communists for the confidence of the people of Asia.

Yesterday the Secretary of State for External Affairs (Mr. Pearson) told us that we are not members of a Pacific pact because the United States has signed separate pacts with Australia, New Zealand, the Philippines and Japan, and Canada has not been invited to join a Pacific pact. I should like to ask the minister if Canada has ever approached the United States with the idea of our being included in a Pacific pact. If we have done so, what was the answer given by the United States government? I believe that the need for a Pacific pact is just as great as the need for an Atlantic pact. I believe that the chances of aggression breaking out again in the Pacific are every bit as great as are the chances of aggression breaking out in Europe. Our chances of stopping a would-be aggressor before he starts something in the Pacific will be far greater if a group of nations are banded together there, as they are banded together under the North Atlantic alliance. For that reason I believe that a Pacific pact is a vital necessity to this country today. I urge the government to approach the United States government and put forward our desire to be a member of such a pact.

Mr. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, my purpose in participating in this debate is to draw to the attention of the Minister of National Defence (Mr.

Claxton) a serious omission in his plans for the Canadian army. I am not in disagreement with the over-all policy of assistance to the United Nations in its action in Korea nor to the dispatch of Canadian forces to Europe, but what I think is wrong is the nature of the forces that are being developed for warfare.

It may be that for Korea the normal type of infantry brigade with supporting arms is most useful. The nature of the fighting there seems to indicate that the dogged infantryman, plodding along by his own motive power, is required for that hilly country. The airborne brigade for Canada's defence is also a development and type of training that is suitable for the role conceived for that brigade. But for Canada's participation in Europe I believe that a different type of formation should be organized. I am of the opinion that Canada's efforts should be directed to the development of a highly-trained mobile striking force consisting of tanks and self-propelled artillery and infantry carried in armoured tracked vehicles. In other words, Canada should supply shock troops, especially trained and highly mobile in armoured vehicles, all heavily armed. In two great wars, and now once again in Korea, Canada's fighting men have proved that they have no superior on the battlefield. The famous Canadian corps was selected in 1918 by Foch to spearhead the counter-attack at Amiens that heralded the beginning of a hundred days of success. In the second war Canadian troops were given some of the most difficult tasks against the pick of the German army and were again successful. Their role in the future should be that of special troops.

Regarded as special troops, as superior fighting men, they should be given special training and special equipment. The minister and all Canadians are desirous that our commitments should not exceed our capabilities, that our manpower should be carefully husbanded and not carelessly frittered away. It is well known that quality is more important than numbers in warfare, and that a few thousand highly-trained, well-armed and well-led men can overcome many thousands of inferior troops. You need only recall the success of Wavell in North Africa against the Italians, who outnumbered his forces seven to one, or the success of the German drive through Belgium and France in May, 1940. One hundred thousand German troops, highly disciplined, well-trained and thoroughly mobile, destroyed the fighting power of France whose armed forces were in the millions. Superior training, superior weapons and superior vehicles under skilful leadership will often ensure victory.

Now what disturbs me—and this is the reason I have decided to speak at this time—is that Canada seems already to have forgotten one of the lessons learned by hard experience in the last war. That was the lesson that infantry cannot advance against modern fire power without sustaining extremely heavy casualties unless they are carried forward to their objective in armoured vehicles. That lesson should have been learned in the first war. It was finally learned during the second. In the fighting from the Normandy beaches to and beyond the city of Caen the casualties suffered by the Canadian infantry were on the scale of those suffered in the first war, and for the same reason. The infantrymen were cut down in the orchards and wheat fields of Normandy by machine gun, mortar and artillery fire. The tanks time after time reached their objective but the infantry were unable to get forward to take over the position.

For the advance on Falaise the same problem presented itself. The armoured brigade led the way, the infantry were to follow. Lieutenant General Simonds conceived the idea of putting the infantry in armoured vehicles. For this purpose a number of armoured tracked artillery vehicles were prepared. The guns were taken out and the infantry occupied the vacant space. Protected by the heavy armour plating they were carried forward by these vehicles and for the first time after the landing on the beaches the infantry were given a fighting chance to survive. So successful was this initial experiment that the same vehicles were used for the attack on Boulogne and Calais. Subsequently the Canadian Ram tank with the turret and gun removed replaced these artillery vehicles. Eight infantrymen could be carried in these Rams. From September until May of the following year these armoured carriers, the adapted Ram tank, were used with the greatest success. Fifty-four battalions of infantry, Canadian and British, some of them on several occasions, were carried into battle right to the enemy's position. By this method surprise was achieved, the objective was reached by tanks and infantry at the same time, the infantry were not fatigued by long marches, and they were able to carry larger supplies of ammunition. Successful attacks were made in Holland, the Roer pocket was cleared, the Siegfried line was breached by carrier-borne infantry; the road to Calcar, the Hochwald forest, the town of Xanten, the advance into north eastern Holland and into Germany across the Rhine—in all these places the armoured carrier played its part. Hundreds upon hundreds of lives were saved, for the carriers were proof against machine gun

and mortar fire. They were of course not proof against anti-tank shells, bazookas and mines.

This use of the armoured carrier was an outstanding advance in the tactical employment of infantry, and was a Canadian invention. The British adopted the idea; the Americans ignored it. Canada, the originator of the idea, has neglected to develop it. The use of the tracked armoured carrier was not fully developed in northwest Europe. Much was left undone in the matter of wireless control, in its use for small operations, and in providing the carrier with heavier machine guns and with smoke dischargers. I am informed that at Camp Borden some attention is being paid to the armoured carrier but no regular unit has been authorized, and I doubt very much if any extensive training along this line has been incorporated in the army program.

The importance of all this is that we have now reached the stage when we are developing larger forces than were anticipated a few years ago. We are dispatching an infantry brigade to Europe. We have been told that we may have years of uncertainty ahead of us during which we should be constantly prepared. I am suggesting that our preparations should include much greater concern for the infantry. Unless modes of warfare are radically altered by atomic weapons, there will still remain the necessity of getting infantry to the position that must be occupied. If, to reach that objective, the infantry have to advance through enemy fire the only reasonable modern method, other than by air, is by armoured carrier. A complete misconception of the modern employment of infantry has been conveyed by the innumerable pictures that have been shown of infantry riding into battle on top of tanks or walking in extended order behind tanks, a suicide patrol and quite contrary to the actual facts of the battlefield. The infantryman should never again be called upon to use that method except where the terrain is unsuitable for tracked carriers.

I suggest to the Minister of National Defence (Mr. Claxton) that Canadian forces for overseas service in Europe should be mobile striking forces; that they should be equipped with tracked vehicles so that tanks, artillery, engineers and infantry can all move together across country with adequate protection against the smaller weapons. I suggest that a specialized force of this nature under present conditions of warfare would be more useful and less costly in manpower. It may be more expensive in terms of money, but of greater consideration is the effective offensive power that such a force would have and the greater protection that would be afforded to that much neglected branch of the service, the infantry.

New ideas in warfare are sometimes accepted only after very great delays. The tank, which was evolved during the first war, was looked upon with suspicion and disapproval at first, was used under improper conditions and was not given an opportunity for full and proper utilization until Cambrai in 1917 and Amiens in 1918. It proved the decisive factor in the closing months of the war. Between the wars the tank was neglected. Despite the writings of Liddell Hart and Generals Fuller, Martel and Hobart in England, and despite the enthusiasm of General Worthington in Canada, we entered upon the second war almost totally unprepared for armoured conflict. Not so the Germans. Guderian and Rommel had learned the lessons of the past and applied them with the greatest success.

So now, six years after the conclusion of the second world war, Canadians are neglecting the very method they originated and brought to a high state of perfection in the fighting in northwestern Europe. The writings of Fuller and Liddell Hart are again being ignored by us but not by the Russians. History shows that too often preparations have been made to fight the next war on methods proven inadequate in the former war.

In December last year a military correspondent writing in *Saturday Night* concerning Korea stated that experiments were being tried there with regard to armoured carriers for infantry. There is no need at this stage for such experiments. Completely successful performance was achieved in northwestern Europe by the Canadians in 1944 and 1945. That method of handling infantry should have been incorporated in Canadian army training these last six years and the experiments should have been along the lines of more expert development of the new method.

I do not wish to go into too many technical details but I want to make it clear that I am not referring to army service corps lorries to carry infantry, nor to Bren gun carriers with their narrow tracks, nor to half-track vehicles such as were used by the motor battalions, but to a fully tracked armoured vehicle capable of cross country movement under bad weather conditions, a vehicle that carries offensive weapons so that it is a fighting vehicle as well as a carrier. The end result is the saving of the lives of infantrymen, engineers and artillery forward observation officers. Canada cannot plan in terms of mass armies on the United States and continental patterns. We have superior

fighting men, we are masters of the machine, we have the necessary experience but our manpower is limited. Our contribution to the NATO forces in Europe should be a specialized hard hitting fighting force capable of cross country movement, designed to provide the most efficient offensive and defensive power, but carefully calculated to protect the lives of the fighting men. The armoured carrier, under present conditions of warfare, is a necessity for the infantry.

Mr. J. W. Noseworthy (York South): Mr. Speaker, if we may bring back the debate to the resolution before us, I should like to speak for a few moments on that subject. First of all I want to express my appreciation of the assurance that was given to the house early yesterday afternoon by the Minister of National Defence (Mr. Claxton) and the Secretary of State for External Affairs (Mr. Pearson) concerning the Kurt Meyer affair. Over the week end I was approached by a group of veterans from my riding who were very much alarmed at the prospect of this man having been spirited away to Germany with the consent of the Canadian government for the express purpose of reorganizing the German army.

The veterans, I found, did not take very kindly to the suggestion that this man should be given an opportunity to do just that. The assurance of the minister yesterday, that it would be impossible for him to take his place in the army being formed in western Germany because he is still serving a sentence of life imprisonment imposed by the courts, and the further assurance by the Minister of National Defence (Mr. Claxton) that he cannot be released without the express authority of the government of Canada, will find favour with those who were disturbed over this situation. Let me say to the ministers that while Kurt Meyer has been removed to Germany, undoubtedly great pressure will be placed upon the Canadian government to release him; and while it might be easier for him to assume a position of leadership in a reformed German army, any section of the Canadian public that I know will look with disfavour upon the granting of any such release by the Canadian government.

The matter of the rearming of western Germany has already been discussed. The Secretary of State for External Affairs (Mr. Pearson) has pointed out the need for a closer relationship and association of western Germany with the nations of the free world. I think all hon. members will agree that if the Canadian boys we are about to send to Germany are likely to be called upon to defend any part of Europe, with the possible inclusion of Germany, then it is only reasonable that the Germans themselves should participate in that defence. I told a delegation which came to see me yesterday to protest against the rearming of Germany that the thing which struck me with some force is that most people today who are squawking about the rearming of western Germany have never raised any protest against the rearming of eastern Germany, which has been proceeding for some time.

I am sure the minister, and the government, will have the support of the house in the resolution before us. As reported at page 247 of *Hansard*, the Prime Minister (Mr. St. Laurent) pointed out to us what he considered to be the key words of the resolution, when he said:

> I might emphasize that the key word in the motion is "continuation," continuation toward achievement of our consistent objective, the establishment of international peace.

In referring to the part we are called upon to play with our North Atlantic treaty allies, he said:

> These Canadian forces will take their place in an international formation designed as a deterrent to aggression, a safeguard of peace in the whole north Atlantic area and a guarantee of the security of Canada itself.

And he stated that he hoped there would be unanimous support of the efforts our country is making to help maintain peace and security in the world.

I think it is well that the Prime Minister and the Secretary of State for External Affairs emphasized many times in their speeches on this subject that the forces being built today by the free nations of the world are being built as a deterrent to aggression and to maintain peace. The minister spoke about the efforts being made by the communists in connection with phony peace proposals. He pointed out that we must be on our guard, and that the danger lies not only in a military attack but that it might take other forms. I am sure we will agree with the minister in that respect.

I was however somewhat disturbed by one statement the minister made, when he referred to the fact that by the end of 1954 we may have reached a point in our rearming when we may be able to ease off a bit, and pass from a sprint in the rearmament race to what he described as a marathon. I wish merely to point out that while the minister made it quite clear that he does not believe in the inevitability of war, he did not make it clear that he believed it may be possible for us to reach some agreement which may ease the burden of rearmament and defence for many years to come. He told us it may well be that by now the Soviet

union has learned that our resources are so great and our defence forces becoming so strong that it may not pay them to attack the free nations in open warfare, and that the enemy's attack may take other forms.

While we do not believe in the inevitability of war, neither do I think we should believe in the inevitability of our having to continue for many years to take part in a rearmament race such as that in which we are now engaged. I will go along with the minister to this extent that so long as that is shown to be necessary, so long as we know that is the only logical course to follow, then that is the only course we must follow. If the U.S.S.R. and the communist bloc continue to persist, as they did before Korea, in refusing to come to any agreement with the members of the United Nations on the subject of disarmament or the matter of international inspection, then by all means we must maintain amongst the free nations of the world a military force that will be capable of defending us against an attack at any time. We must hope that such a military force will be a deterrent against any such attack.

I suggest to the minister that there are many people in Canada today who are not communists, who have no more love for the communists than he has, who are very much concerned about the prospect of having to continue spending vast sums of money, using our manpower for defence purposes, and at the same time reducing our own standard of living. They are seriously wondering whether the great nations, including soviet Russia, will not sometime in the near future come to their senses to the extent that we may be able to call a halt to this armament race. I merely want to suggest to the minister that, notwithstanding the failures of the past, just as the military leaders in Korea today are being patient and persistent in their attempts to bring about a cease fire and while they have been prepared to put up with many trials and tribulations and must often have felt like throwing up their hands and forgetting about a cease fire, so we should take much the same attitude regarding the possibility of the great powers coming to some agreement on disarmament without jeopardizing our security.

The minister tells us that he is about to leave for Europe. He will be participating in these international conferences, as well as in the negotiations of the general assembly. I simply ask him to keep his mind and his eyes open for any possible chance there may be for reaching such agreement. I believe the initiative in that matter might well come from our Secretary of State for External Affairs (Mr. Pearson), whose prestige at the United Nations and many other assemblies such as NATO is very high. He is regarded as exemplifying those very qualities which, in his speech yesterday, he said we must observe in our discussions of foreign affairs. We must not give the Canadian people the impression that we accept this armament race as inevitable for the next five or ten years. We must be ready, not to sacrifice our security but to sit down and negotiate an agreement whereby not only we but the other countries in the world may be able to find some relief from the burden of armaments. I am quite confident that the minister is in sympathy with this line of action. I am quite sure that prior to Korea, like many members of the United Nations, we were ready and anxious to find some solution to this problem. These members were frustrated by Russia and the communist bloc. I am sure they are still anxious and willing to help to bring to Canada and the world any relief that an equitable and properly safeguarded agreement may bring.

Mr. J. M. Macdonnell (Greenwood): One hesitates somewhat, Mr. Speaker, to intervene even for a short time in a debate which has become so one-sided. I am sure it must be very flattering to the Secretary of State for External Affairs (Mr. Pearson) that he is regarded by all members of the Liberal party as the compendium of all wisdom and knowledge on external affairs, so that nothing needs to be added. We too, though not perhaps with quite the same enthusiasm, are quite ready to praise his work whenever we have the chance to do so.

I should like to ask a few questions. I noticed the minister said he was going to take us on what he called a tour d'horizon. I have asked some of those in this chamber who understand the French language better than I how to translate that, and they have advised me not to try to translate it. If I understand it correctly, I suppose it means to take a general look around the horizon and view things in a general way. It is quite proper to do that, but it may possibly mean that occasionally you do not see some of the things that are in the foreground, and some of those may have a certain amount of importance, too.

There was one matter which I felt sorry the minister dealt with lightly; indeed I am not sure he dealt with it at all. It is a question which I believe is of vast importance to us; that is the present position of Japan. I suppose that, according as Japan becomes strong or remains weak, according as she makes common cause with us or against us,

according as she is able or unable to withstand Russia, what happens to Japan in the next few years may be of more importance than any other single thing in the world. I was a little bit disappointed that the minister did not say more about it. I propose to make one or two observations based to some considerable extent on some interesting articles I ran across in the Manchester *Guardian* written by a journalist named Robert Guillain who corresponds with the Manchester *Guardian* and also with *Le Monde*. I take it from the fact that his writings appear in the Manchester *Guardian* and also from inquiries that I have made that he is a man of some standing. He writes an article on September 20, and I propose to deal with it briefly. He goes to the root of the whole question of how Japan is to rearm. He quotes the Prime Minister of Japan, Mr. Yoshida, as saying:

> It is financially impossible: one single torpedo-boat would torpedo the Japanese finances. It is politically impossible: the Australians, the Filipinos, and others could not agree to it, and we have no desire to set their nerves uselessly on edge. As for the Japanese themselves, there is not a family in the country that is not suffering to this day from the results of defeat. Everywhere are ruins, everywhere mourners. I cannot go to those families and say "Your son is to be a soldier again."

I am not suggesting that the writer of this article undertakes to say that that is the last word. In fact, I think he feels far differently. But when the minister speaks later, as he no doubt will, with the knowledge and information available to him I hope he may undertake to say something about this matter.

I should also like to read from another article which pictured, with a vividness that I at any rate had not been aware of, the extraordinary position in which Japan finds herself and the extraordinary way in which the Russians pressed down on her, quite beyond the intent of the Yalta agreement. Nevertheless they are there. I will read a few sentences from the report of Mr. Guillain in the Manchester *Guardian* of Tuesday, September 4. He writes from the north island of Japan and he says this:

> Less than two miles across the blue sea from the Japanese cape on which I am standing is a long rocky islet with a lighthouse on it. The lighthouse and the islet belong to the Russians. To the west, hidden today by the sea mist, is a wide bay. In that Japanese bay there is a large island. On that island are the Russians.

He goes on later to say:

> This is at the extreme northeast tip of Japan: Cape Nosap, on Hokkaido, the great northern island. On this promontory at the end of the world, eaten away by tempests from the north, I have on my right the Pacific ocean, and on my left the sea of Okhotsk. It was an exhausting journey to get here —by aeroplane, by train, by lorry on a frightful track, and finally on foot. But the visit was worth it. The tiny silhouette of the Russian sentry, caught in the circle of the binoculars, tells more than a long study of the position of postwar Japan. Eighty-five millions of Japanese feel the weight of that Russian sentry when they think of the north.

Then he goes on and speaks about the way the Russians came in just in 1945, with no right to do so. But after Yalta they pressed down. The article continues:

> When small Soviet units landed there at the beginning of September, 1945, the first thing they did was to ask the inhabitants: "Are the Americans here?" The Americans were not there, although three weeks had already passed since the Japanese capitulation. And the Russians pushed on to the next island, where they put the same question.

And so on. Then he gives a short description of what the cold war means there. He says:

> The cold war? It is here . . . The invisible iron curtain passes a mile away from this promontory, making life impossible for all this region, which lives by fishery. As soon as a Japanese boat loses its way in fog or at night, and passes that limit, it is seized by Soviet patrols. More than a hundred barques have been seized since 1945. Since the beginning of this year nine boats out of ten have not been returned and their crews have not come back; in the past they were sent back to Japan.

I read this to the house, Mr. Speaker, just because I thought others might be as interested as I have been to realize the immediate and pressing nature of this danger to Japan which is now, after years, beginning to take stock of her position and see what she is going to be able to do for herself. In this connection it is interesting to say just a word about her trade. To quote again from the Manchester *Guardian* and the same writer, he says:

> The closing of the Chinese market which has, since the beginning of this year, and because of the Korean war, been virtually complete is almost a catastrophe for Japan. It compels her, for example, to replace the coking coal of Manchuria by distant purchases in America or India . . . Official quarters are convinced that when the peace treaty has given Japan her sovereignty back and when the Korean affair has been settled the lifeline of trade with China must be relaid . . . The *Nippon Times* reported that Red China recently asked Tokyo to supply it with tools and cotton goods in exchange for raw materials . . .

And so on. There you have it that in all probability we shall soon have Japan and China trading again.

I want to say just a word on another matter; that is the Pacific pact. I do not think the minister's treatment of that matter was satisfactory. As someone else has said, I thought he treated it in a rather jocular and flippant way; and I doubt if it can be brushed off in that way. I think I understand the immediate reason for the pact with Australia and New Zealand because, of course, they are terrified of Japanese rearmament. They are not, like us, on the same continent with the

United States. I should like to refer particularly to one phrase used by the minister yesterday when he said, as reported at page 257 of *Hansard:*

. . . there is another reason against extending that tripartite arrangement at this time. The addition of one country may lead to requests from other countries to join that arrangement, and I believe that is not desired at this time by the three countries concerned.

I have seen it suggested, and I propose to say just a word about it before I sit down, that one of the weaknesses of the pact as it stands at the moment—that is, as between the United States, Australia, New Zealand and the Philippines, and particularly Australia and New Zealand—is that it can be represented and misrepresented as another imperialistic pact. I want to suggest also, and I shall quote from an apparent authority on this subject, that to make a pact which excludes all hope of any Asian nation being included in it is something which is going to cause misunderstanding on that continent. I want to read an extract from the minister himself in an article which he wrote for *Foreign Affairs* of October, 1951. He said this, and I find it interesting, speaking of the commonwealth:

In a world so plagued by divisions and misunderstandings as ours, it is no small advantage, I think, that Asian and western leaders should be able to sit down together in commonwealth meetings in an atmosphere of intimacy and complete equality.

That is a quotation from the minister. He makes the point—and a very good one, I think—that one of the strengths of the commonwealth is that it has enabled Asian and western leaders to sit down together. Later on in the same article, after he has spoken, and quite properly so, of the need for giving economic assistance to eastern nations, he says this:

In honesty it must also be added, however, that economic help from abroad will have little effect if political animosities between Asian countries prevent them from making the best use of their own resources in the work of economic development.

I now wish to turn for a moment to a short statement made by a man whose name I did not know until today but who at any rate is a respectable enough person to have his writings printed by *Foreign Affairs.* He is apparently a Korean. His name in Ben C. Limb, permanent representative of Korea to the United Nations. He has some things to say, and I quote them not because I know that he has any special authority to speak but because it seems to me that they have a certain reasonableness in them; at least, I hope they have some reasonableness in them. If they have not, it is just too bad for us all.

The most farsighted and efficient method of achieving stability in the Far East would be the early initiation and conclusion of a comprehensive Pacific pact patterned broadly along the lines of the Atlantic pact though not restricted to a particular number of signatories.

Again he says:

A clear-cut pattern for a strong and homogenous regional organization does not appear to be emerging at this time from such a combination of assurances, bilateral arrangements, and a narrowly limited pact. It may well be that the major purpose of the proposed Pacific pact is to facilitate the rapid conclusion of a Japanese peace treaty by formally assuring Australia and New Zealand that the United States is prepared to defend them.

And again:

As the pact proposed by Ambassador Dulles stands now—even with the possible formal inclusion of the Philippines and Japan—it consists only of the Pacific island nations and the United States. It contains no Asiatic mainland countries, and overlooks Canada as a Pacific power. It has been asserted that this pact should logically include only "nations in the Pacific ocean and the United States because if it went beyond that it would then become an Asia pact." If the Atlantic pact had been organized along a similar basis, it would only include the United States, Great Britain and Iceland.

I am not suggesting that the situation with regard to Asian nations is at all the same as it is with regard to western Europeans. I realize that there is a very great difference but on the other hand it seems to me we should remember that while NATO is merely something we are organizing in the hope that some day it may do something, in the east, in Korea, there has already been united action. It is true that it has been united action almost wholly by the European nations which have gone to the other end of the world to maintain collective security, and we are all proud and happy that they should do so. But I just wish to add that the fact that this has happened, that we have in Korea a situation where we are defending freedom in Asia, makes it seem a pity if we are unable to have some kind of emerging organization which supports and maintains that idea. I just wish to repeat that to me at any rate the words I read a moment or two ago have a good deal to be said for them; that is to say, that we are including only the island countries and the United States. Then the writer goes on to say:

If such is the case then the proposed pact is unfortunately being orientated toward past events and situations rather than toward the future.

The pact he refers to there is the pact between the United States, Australia and New Zealand, which has since become a fact. These are the points that I wish to raise. I am thoroughly of the view that the answer the minister has given us so far with regard to the Pacific pact is very flimsy and unconvincing. Perhaps he can make it more convincing. Furthermore, it seems to me that

we are not addressing our minds to the tremendous potentialities for good or evil—that is not strong enough—the perhaps decisive potentialities for good or evil in what is going to happen in Japan in the years ahead of us. It seems to me that in failing to instruct us in that he was not fully earning that blind confidence which he has from his followers, which we all admire though we cannot imitate.

Mr. L. T. Stick (Trinity-Conception): Mr. Speaker, the hon. member for Greenwood (Mr. Macdonnell) has thrown out the challenge to this side of the house, and I do not mind taking it up. Foreign affairs are a concern of this whole nation, not a concern of just one party in this house.

On many occasions here I have emphasized the importance of the understanding of the eastern mind. Sometimes I think the words I have used have been over the heads of most hon. members. I have emphasized that you cannot settle the question of the east by western methods. I say that again today. It has been tried time and time again, and the situation in the east today is far worse than it was a year ago. As a matter of fact it is in an explosive stage which may easily start a third world war.

To illustrate my point as to our misunderstanding of the eastern mind and the eastern way of life I am going to quote from a speech by the hon. member for Peel (Mr. Graydon) for whom I have the greatest regard. He said yesterday in this house, as reported at page 260 of *Hansard*:

> We cannot solve those problems while there are in the Orient people who, because of their underprivileged condition, look upon us as the people who live in the large, fashionable house on the hill, while they live in the rough-cast cottage across the tracks. That is just about as simple a way as I can describe what I have noted has been in some oriental minds, the differentiation between the position in the east and the position in the west.

There is nothing wrong with that statement from the western standpoint; it is the way the west looks at the east. The point is, they have no cottages in the east to live in. Tens of millions of them live in mud huts, and some of them do not even live in those. If that is our conception of the east, then we have to wake up as the east is awakening now. You have today in the east the awakening of Islam. Let me tell you here that Islam is a fighting faith, and always has been. Islam is on fire today from Pakistan to Morocco. What we do about it in the west may well be the beginning of trouble which may end in a third world war. There are fanatics in this world. There are Mohammedan fanatics, and nowhere will you find that more exemplified than on the northwest frontier of India, where the Prime Minister of Pakistan was assassinated a while ago. It took place in a city called Rawalpindi, which is the gateway to the northwest frontier, and also one of the gateways to Kashmir. Liaquat Ali Khan knew he was taking a chance when he spoke at Rawalpindi. They are very fanatical people; they are very good fighters. It was not surprising to me when I heard that he had been assassinated, and learned that he was speaking in Rawalpindi. That is the explosive stage of the relations between India and Pakistan.

I said here two years ago that you would not settle the Kashmir dispute by western methods, and it is not settled yet. As a matter of fact the conditions for settlement are worse today than they were two years ago, yet we have Mr. Nehru and others telling us what we in the west should do. Relations between India and Pakistan are not good. They are in the explosive stage, and anything can happen at any time. I think the situation in Iran is even worse. At the present moment we are denied the use of that oil. It has been said the oil that we get there constitutes 40 per cent of our fighting potential. The oil is no good to Russia; she cannot use it, but she can deny us the use of it, and that is the situation in Persia today.

Now we have this explosive stage in Egypt, and God knows where it will spread from there. It is time that we in the west woke up to the fact that the east is on the march. Certainly Islam is. Unless we know how to deal with the situation, so much the worse for us and our international relations.

We had the spectacle of Persia bringing her dispute to the United Nations and absolutely nothing being done. If that is the way the United Nations is going to carry on then our policy of collective security through the United Nations would seem to be based on the flimsiest of grounds. Let us be realistic about this business. This is not child's play. We are in a fight for the very freedom which you and I possess. It may be a fight for our very lives. We in this country have to wake up to the fact that we are in a war. Call it a cold war or a hot war, we are in a fight and we have responsibilities. Unless the people of this country wake up to their responsibilities the whole edifice of peace for which we are all striving may tumble about our ears. Some people do not like the idea of power politics, but we are playing power politics whether we like it or not. Russia is playing power politics, and if we are to meet strength with strength we must match that policy. I should like to quote an article I read a few days ago, which illustrates my

point perhaps better than I can express it. The October 1951 issue of the *National and English Review* has this to say:

> No sane person . . . would recklessly start a world war, with or without the support of Britain's allies. Nor can any sane person pretend that general peace can be preserved in existing world conditions, unless the free nations are prepared to defend their legitimate interests wherever these are threatened —and to defend them by more than words.
>
> For instance, . . . the British government should have stated from the first that it would not tolerate either the illegal expropriation of British interests, or the unwarrantable victimization of British subjects, in Persia. This would have been no idle bluster. It would almost certainly have called the Persian government's bluff, and so have saved not only the enormous British investment in Persian oil, but also the Persian people themselves from the the destitution and slavery by which they are now so likely to be overwhelmed. Moreover, a firm British stand, combined wtih strong representations at the highest level in Washington, could surely have won us the support of the United States—especially after the Hague court had given its interim verdict in our favour.

The article goes on to state that the Persian situation demonstrates the futility of seeking peace at any price, and then continues :

> Such a policy, indeed, has always been and will always be self-defeating. Peace can only be achieved and maintained in this wicked world if the more civilized nations are strong, and are not afraid to assert themselves in case of real necessity. Obviously the sanction of force must be reserved for the most serious issues, and must not be used, even in the form of a threat, unless the rights and wrongs of an issue are manifest to all fair-minded people, and unless diplomacy is unable to reach a solution without it. On the other hand, it must not be held in suspense for too long, or diplomacy will have no chance to succeed and irreparable harm will be done.

Irreparable harm has been done already. The peace of the world is at stake today. Our policy should be peace through strength and not the mere giving of lip service. We must know how to use our strength, and when to use it, if we are to preserve the peace of the world. I have made these observations because I am greatly concerned with the situation as it is today. To my mind we are heading for a third world war whether we like it or not. If we do not wake up to the fact that we are heading that way and take action to stop it, then we shall have it. I do not want war. I have seen enough of it. I think I have seen as much as anybody here. But I do not want peace at any price, neither do I want peace without freedom or peace without honour. You cannot have peace without union. We must unite with other democratic countries to maintain peace. When we speak we must be strong. We must speak with one united voice, otherwise we shall be speaking in vain. That is all I have to say on that matter.

The question of defence has come up in this debate and I should like to say a few words. We have a brigade fighting in Korea and

now we have sanctioned a brigade for Europe. I am totally in accord with that decision, but from a military point of view it is not so good. We are extending our lines of communication from Korea to Europe. If we ever get into a shooting war we shall be fighting on two fronts about ten thousand miles apart. From a military or strategic point of view that is not so good. However, we are committed to that and we shall have to see it out. If we do so it will call for the united strength of this country and for sacrifices by each and every one of us. I should like the Canadian people to know that is what they must face when we take these obligations upon ourselves.

I said a year ago that if there was any choice between the three services, I preferred to concentrate on the air force. I should like to amplify that statement just a bit. The situation in the Atlantic is not good. The submarine menace is still there, and it is serious. I should like to see this country build up its transport air force so that in case of trouble we would be able to supply at least some of the needs of our troops in Europe. The Minister of National Defence (Mr. Claxton) will probably assure me that this will be taken care of by the United States air force. That is all to the good, but if we ever get into a shooting war the United States air force will have its hands full. I should like to be assured that we have built up our transport air service to such a point that it can meet any eventuality.

Finally I want to say that, as we cannot have peace without unity, this country must be united as never before. I have said that before, and I meant it; I mean it more today than ever. We are here as representatives, individually and collectively, of the Canadian people. You might call this House of Commons the Canadian family. If we are to be successful in this fight for freedom, for democracy, for justice, for our way of life, we must take as our slogan: One family, one country, one nation—Canada.

Mr. Pearson: Mr. Speaker, a number of questions have been addressed to me in the course of this discussion but I have no right to reply to them except with the unanimous consent of the house because the resolution was moved by the Prime Minister (Mr. St. Laurent).

Mr. Speaker: Is it the wish of the house that the hon. member for Algoma East (Mr. Pearson) should close the debate?

Some hon. Members: Agreed.

Mr. Speaker: If the hon. member for Algoma East speaks now he will close the debate.

Mr. G. F. Higgins (St. John's East): Mr. Speaker, I should like to ask one question before the minister closes the debate. On May 1 the Prime Minister (Mr. St. Laurent) referred to a recommendation in respect to leased bases in Newfoundland. He made this statement, as recorded at page 2551 of *Hansard* for May 1, 1951:

> The government will in due course be making to the house five legislative proposals flowing in whole or part from the recommendation.

The reason I think that is pertinent in this particular debate is that the Prime Minister (Mr. St. Laurent) said further on the same page:

> When the time comes to examine the other four it will, I think, be agreed that, quite apart from the recommendation of the permanent joint board on defence, they are useful and possibly necessary measures to enable Canada to discharge obligations under the North Atlantic treaty.

There were five specific proposals outlined in the Prime Minister's remarks in the course of which he submitted his recommendation. I am not going to go into them at length. They were: first, income tax; second, customs and excise; third, postal privileges; fourth, jurisdiction in the courts, and the fifth was in connection with visiting forces. Arising out of the Prime Minister's announcement, I asked him a series of questions and he told me he would answer at a later date. I asked him on May 2 when I could get the answers and he said he was not prepared to answer at that time. Apparently no announcement has been made that any legislation is going to be introduced in connection with this recommendation. I would ask the Secretary of State for External Affairs (Mr. Pearson) what the position is with respect to this particular legislation. Is it going to be brought down at this session or is it going to be completely forgotten? What is the position?

Mr. R. R. Knight (Saskatoon): I should like to refer the minister to a statement he made which is to be found at page 254 of *Hansard* for October 22. He said:

> I know the house will be glad and proud to know that in the matter of relief of distress in Korea in recent months no country has made a greater contribution than Canada. Indeed I do not know whether any country has contributed as much as Canada.

That is the relevant part of the quotation. Since the minister appears to be about to close the debate and has expressed a willingness to answer questions put in the course of the debate, would he expand that particular statement and give the house some idea of the extent, form and method of the contributions? I should like him to tell us what noticeable effect there has been in the lessening of the evils he has mentioned as a result of such contributions, if any such effect is yet noticeable.

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker,—

Mr. Speaker: If the minister speaks now he will close the debate.

Mr. Pearson: A good many questions have been raised in the course of the debate, and I doubt if in the time at my disposal I will be able to deal with them all satisfactorily. However, I will try to answer to the best of my ability some of the more concrete questions which have been raised, though I am sure not in all cases to the satisfaction of all hon. members opposite.

If I may deal at once with the matter that has just been raised regarding the questions addressed to the Prime Minister (Mr. St. Laurent) by the hon. member for St. John's East (Mr. Higgins), I would call his attention to resolution No. 8 on the order paper which will, I think, provide ample opportunity for a discussion in which these points will be dealt with, and I hope satisfactorily. It is intended to introduce legislation to approve the agreement between the parties to the North Atlantic treaty regarding the status of their forces when present in the territories of one another. In the consideration of that resolution and the bill which may be based on it, I think the points which the hon. member has raised will come up for discussion.

There have been several references during the debate to the desirability or otherwise of a Pacific pact, a matter which I tried to deal with yesterday though according to the hon. member for Greenwood (Mr. Macdonnell) I did so in a flippant and jocular way. I do not know where he got that impression. I cannot recall being flippant in the debate yesterday about such a serious matter as a Pacific pact. Flippancy is a rather gentle accusation which he is inclined to throw at us when he does not approve of what we say. I am not as much impressed by the suggestion of flippancy on this occasion as I might be because in the course of his very interesting remarks he also said I might have dealt at greater length with the Japanese peace treaty. I do not know whether or not he was in the house at that time. I spoke for an hour and twenty minutes, and I spent almost as much time on the Japanese peace treaty as on any other single item that I tried to cover in that "tour d'horizon" which I mentioned yesterday. However, I will be glad to add to his store of knowledge on that subject when I come to it later, if that will be any satisfaction to him.

To return to the Pacific pact, the hon. member for Peel (Mr. Graydon) brought it up. The hon. member for Vancouver-Quadra (Mr. Green) devoted a great deal of his speech to it, and I think the hon. member for Broadview (Mr. Hees) referred to it as well. It may well be that what I said about a Pacific pact yesterday is not satisfactory to these hon. gentlemen, but I suggest that they may be labouring under some confusion of mind on this matter, and may not have adequately distinguished in their own minds between a general Pacific pact and the treaty of mutual assistance between Australia, New Zealand and the United States of America, a distinction which I think should be observed and which is certainly observed in the minds of the signatories of the latter treaty.

Yesterday the hon. member for Peel, in his very interesting and constructive speech, took mild and courteous objection to the way we were approaching the subject of a Pacific pact by bits and pieces. I think he called it the bits and pieces method. He thought that now we had signed the peace treaty with Japan, the way was open for a broader approach to what he called a master pact for the Pacific area, what would be in fact a Pacific pact. A Pacific pact of that kind would indeed be, or might be, a security arrangement very much like that which we have for the north Atlantic area; and it would, I assume, involve the same kind of obligations that we now accept as necessary and desirable in the north Atlantic area.

When you begin to contemplate the possibility of a Pacific pact of that kind you run up at once against the fact that those countries most concerned with general security in the Pacific do not think the time is ripe for it. If the United States of America and the United Kingdom do not feel that it is possible to work out that kind of Pacific pact in the present circumstances, is it desirable, is it appropriate that we should take the initiative in trying to make them change their minds? As I tried to say yesterday, if the United States had felt that a Pacific pact of that type was desirable in the present circumstances for the security of the Pacific they would not have made separate pacts with the republic of the Philippines and with the two dominions, Australia and New Zealand. I have no doubt in my own mind—and I have discussed it more than once with representatives of these governments, because we take this question of a Pacific pact seriously—that one reason they think it undesirable under present circumstances to initiate discussions for a pact of that nature is that they would at once be faced with the question that I asked yesterday: what countries would be included and what countries would be left out. There are certain countries in the Pacific area at the present time which would certainly expect to be included in a general Pacific treaty of that nature; and in the minds of certain governments it would not be conducive to general security in the Pacific to include those governments at this time in any such policy. That is the reason we have not taken any leadership in regard to the development of such a Pacific pact. But we have discussed this matter on more than one occasion with governments concerned.

The hon. member for Vancouver-Quadra (Mr. Green) also asked this afternoon: why do you not join the tripartite security arrangement which has been worked out by the United States, Australia and New Zealand?

The answer to that—and this is an arrangement for security in the south Pacific, not a Pacific pact—is the one I gave yesterday, which apparently was not convincing to some hon. members opposite. It was that the extension of that particular pact by the addition of one more member at this time might lead to its extension in other directions which I feel sure all the members of the tripartite group do not desire at this time.

I cannot be any more frank; I cannot be any more candid than that. But I can assure hon. members that we are continuously discussing this question of Pacific security with the governments of Australia, New Zealand and the United States. In the course of time as the situation in the Pacific develops and becomes more stabilized, we hope it may be possible to use this tripartite agreement, as indeed was indicated by the President of the United States, as a basis on which a general Pacific security arrangement might be worked out.

Another reason I think it may not be desirable at the present time to extend that tripartite arrangement is the situation in regard to Japan itself. Japan has now reached the transitional stage between occupation and independence; and until that stage has been completed it is not easy to see how Japan itself could be integrated into a Pacific security organization of any kind; certainly not until the peace treaty is ratified. That is not likely to take place for some months.

So I ask hon. members opposite who may criticize the government in this respect to accept our assurance that we are interested in the Pacific, that we are interested in developing security in the Pacific, and that if the situation in the future makes desirable our accession to some tripartite arrangement, which is not a Pacific pact, or makes it desirable that we should be included in the discussions of such a security pact, we will

not be more hesitant in playing our part in that development than we have been in playing our part in the development of the North Atlantic treaty.

The hon. member for Lake Centre (Mr. Diefenbaker)—and this was referred to by other speakers—brought up again the question of the Japanese treaty and what was our attitude toward not only the treaty itself—because that has been made public—but in the negotiations leading up to the treaty. The leader of the C.C.F., the hon. member for Rosetown-Biggar (Mr. Coldwell), asked me if I would indicate what views we expressed to the government which initiated the discussions, that of the United States, on the points as they were submitted to us.

That is a very difficult thing to do. I would point out that the procedure adopted in the announcement of the treaty was very unusual. It would have been a lot better in our minds, and in the minds of other governments, if we could have followed the traditional procedure of negotiating around a conference table. It might have taken longer—we were only a week at San Francisco—but we would have worked out a treaty which would, I hope, have commanded the support of the vast majority of governments. But that could not be done in the case of the Japanese treaty; and the reason it could not be done is pretty obvious. A conference of that kind would have had to include all members of the Far Eastern commission, including the U.S.S.R. Or, as the U.S.S.R. desired, it could have been negotiated through the council of foreign ministers, which would have given the U.S.S.R. the veto, as indeed it would have had the veto in any conference called under the aegis of the Far Eastern commission.

A treaty negotiated at a conference of that kind would be either a treaty agreed to 100 per cent by the U.S.S.R. or there would not be any treaty at all. Surely we have learned that in the long drawn out and desultory discussions over the treaty with Austria, and the treaty with Germany. That procedure would have resulted in indefinite delay. As most of us were agreed that we should bring to an end as soon as possible the state of war with Japan, the United States government, with the approval of other governments, decided to initiate discussions at the diplomatic level to get the views of the governments concerned, so we could reach the greatest possible measure of agreement. Having reached that, the draft was signed. As I said yesterday, that took a long time; it lasted for more than eleven months. These discussions took place not only with the United States. We had a commonwealth meeting even before the United States initiated these formal discussions. The commonwealth point of view was also discussed in London at the prime ministers' conference. As a result of all their discussions we agreed on what I think is not a perfect treaty, but which is a good treaty. During those discussions we put forward our own views, and on a good many occasions that point of view was not the same as that of the United States, or indeed of the United Kingdom. But nevertheless, we must not forget at this time that we have signed this treaty, that we will stand by this treaty; and I do not think it would be right to emphasize now the points of difference in negotiating it.

It is a good treaty. Possibly if all our points of view had been accepted, it might be a better one. But I doubt if it would be desirable and in the interests of good diplomacy that, once a treaty is signed, we should underline and emphasize any differences between the governments which signed it. I hope the hon. member for Lake Centre will be satisfied.

Mr. Diefenbaker: That is the second time the minister has referred to me. I have not been in this at all.

Mr. Knowles: It was the hon. member for Rosetown-Biggar.

Mr. Pearson: I apologize to both hon. members. The leader of the C.C.F. party also discussed our Korean policy. He was anxious to have more information in regard to our views respecting the armistice talks now going on. There again I think it is not appropriate for me, in the midst of very important diplomatic discussions, to explain our point of view in every detail in respect of controversial issues in a way which might hamper developments. But I can say we feel that these talks have been very well conducted and well handled by General Ridgway. We also have reason to know that General Ridgway, in the conduct of these negotiations, has taken great pains to let the governments which have forces in Korea know what he is doing, and why he is doing it. There are meetings in Washington every two or three days, sometimes more often than that, where reports come back from Korea and where discussions take place with the representatives of all the governments contributing forces to the Korean operation.

Yesterday it was mentioned that on the United Nations side we may be making a mistake by haggling over details. But we are accumulating some experience, Mr. Speaker, in negotiating with the communists. What may seem at times to be a minor detail may turn out to be much more than that if you give way on it. It is true that most of the UN governments not so long ago agreed that if

we could return to the status quo ante-aggression, from one point of view we would have achieved our objective, which was to defeat aggression. At the United Nations assembly last spring the Canadian delegation took that position generally. It is also true that in the present armistice talks the United Nations commander is now insisting that the cease fire line should be where the line of battle is.

There is no real inconsistency, as I understand it, between those two positions. The position we took last spring in regard to the armistice line was part of a general settlement of Korean questions; a cease fire line roughly on the 38th parallel with a zone on either side, to be followed by political discussions which would lead to a settlement of the political problems, to be followed by a discussion of other Asian problems. Unless we are sure that these cease fire negotiations are part of that larger scheme, it is probably not fair to hold the commander in the field to all the details which may have been appropriate last spring.

Our attitude towards what might be called an extension of the war was mentioned this afternoon by the member for Wetaskiwin (Mr. Thomas). We have heard this argument many times, and it has some appeal. He seemed to feel that the United Nations forces in Korea are under some kind of unfair civilian restriction and that, as it is usually put, they are fighting with one arm tied behind their backs. The policy which has been adopted in this matter is the policy which has been approved, not only by foreign ministers and diplomats but by the military who are in charge of the conduct of operations there, the combined chiefs of staff and the unified command in Washington. I do not think I can do any better in explaining that position than to read to the house a statement made in Washington last June before the combined foreign affairs and defence committees of the United States senate by the Secretary of State, Mr. Acheson. He was asked a question about action which might or might not enlarge the war, and which might or might not bring the war to an end. His reply, which very accurately represents the position today as we see it was:

> It is enough to say that it is the judgment of the President's military advisers that the proposed enlargement of our military action would not exercise a prompt and decisive effect in bringing the hostilities to an end. To this judgment there must be added a recognition of the grave risks and other disadvantages of this alternative course.

That alternative course was to take military action against the Chinese mainland, if that were necessary. Then Mr. Acheson went on to say:

> Against the dubious advantages of spreading the war in an initially limited manner to the mainland of China, there must be measured the risk of a general war with China, the risk of Soviet intervention, and of world war III, as well as the probable effects upon the solidarity of the free world coalition.

That, Mr. Speaker, is the policy which has commended itself not only to the military authorities in Washington but to the governments which have forces in Korea at the present time.

While I am on the subject of Korea, I might deal with a question which was raised a few minutes ago, concerning relief. Yesterday I did say that in respect of relief in Korea no country had done more than Canada in the last year, and I believe I said I did not think any other country had done as much. What I meant was this. Under the United Nations relief plan for Korea contributions were requested from all members. At the present time the contribution which has actually been made by Canada exceeds that of any other country. When I say that I do not wish to suggest that much more is not being done in this field in Korea by the United States than by Canada. It is being done, however, as an adjunct to military operations, and is the type of relief with which we became familiar in Europe in 1945. I should have made that clear yesterday, because it would be unfair to the effort that the United States is making in this field if I gave the impression that they were not doing more than anybody else outside the United Nations. But under the United Nations resolution on Korean relief Canada has, as I said, exceeded any other country in its contributions. The United States has however authorized a very large contribution which has not been appropriated as yet.

Mr. Diefenbaker: What are the dollar figures?

Mr. Pearson: I think we have contributed about $8 million.

Mr. Diefenbaker: And the United States?

Mr. Pearson: Under military relief in Korea the United States has contributed very much more than that as part of its military appropriation. I am speaking from memory, but I think the United States has authorized an appropriation of something in the neighbourhood of $75 million or $100 million for U.N. relief. Of the funds which the relief agency now has at its disposal for Korea, a large part comes from Canada.

In the discussion yesterday, and indeed in the discussion today, the question of Germany was mentioned. The hon. member for Rosetown-Biggar (Mr. Coldwell) asked if I could explain the attitude of this government in somewhat more detail than I did yesterday, especially towards proposals for the rearming of Germany. In respect of that matter we have followed with very great interest, as have other governments, the plans which are now under way for the development of a European army under some form of European as opposed to national civilian control. These discussions are very complicated. They are very difficult and very important. They have been continuing now for about eight months. At first some of the governments, even the government of the United Kingdom itself, had some hesitation in respect of this development because it was felt that it might indefinitely postpone the building up of a North Atlantic integrated force. But most of these doubts and hesitations have been dispelled by the progress achieved during the last six months. So far as we are concerned, we think there are great possibilities in this development.

About the only main obstacles in the way of the successful conclusion of these discussions now is the size of the German contingent in this European army and the kind of supranational control which will be exercised over it by European governments. My own feeling is that this is a helpful development, and that it may be a great thing for European peace. If we can get Germans, Frenchmen, Belgians and Dutchmen all operating in the same European army, not under national but European control, it may be a long step forward towards ending that long feud between Gaul and Teuton. At the same time, a European force is not enough. This European army should, in its turn, become integrated—that is a word we seem to use a great deal these days—with the North Atlantic force. There should be no distinction of that kind between a European army on the one side and General Eisenhower's army on the other. It was suggested yesterday and repeated today that this government has been guilty of inconsistency, to say the least, in agreeing to the dispatch of troops to Europe in 1951 when we pulled our troops out of Europe, as it was said, in 1946. But I would suggest that there is no parallel between those two situations. The Canadian troops which left Germany in 1946 were occupation troops. The Canadian brigade which will be going to Germany shortly, I hope, is part of the North Atlantic integrated force and in that sense is not an occupation army at all. So the situation is not the same as it was five years ago.

A question was asked by the hon. member for Nanaimo (Mr. Pearkes), I think last night, and this is a question which possibly should be dealt with by my colleague the Minister of National Defence (Mr. Claxton). The hon. member asked whether this brigade, once it reaches Europe, would be able to serve, I think he said, in the Middle East, in Turkey, or whether it would be restricted in its operations, under the order in council, to Germany or at least to the mainland of western Europe. I think the answer is quite simple. Under the order in council the Canadian brigade could only be used in the integrated force under General Eisenhower. Within that limitation I suppose the force could be used under General Eisenhower's orders, and the men could be moved from Germany to Holland, to France or to any other area which comes under General Eisenhower's command.

But the question whether this would include the Middle East or Turkey or Greece is now entirely hypothetical, because those two countries are not yet members of the North Atlantic pact and it will be some months before all the formalities are completed in order to make it possible for them to become members. Even if Turkey and Greece join the North Atlantic pact, as I hope they will, military command discussions are going on now and it certainly would be unwise for me to anticipate the results—General Eisenhower's command might not extend over that area at all. Therefore until all these questions are worked out it is not possible to give a final answer to this question asked by the hon. gentleman; but it is certainly possible to give a specific answer now. That answer would be no, they could not be used in that other part of the world. I have no doubt in my own mind that if the situation changes and it is desired at some future date to extend the limits within which this brigade might operate, that will be done after this House of Commons has been given an opportunity to approve or disapprove that course.

I feel that I cannot sit down, Mr. Speaker, without attempting to deal with some of the observations that have been made by the hon. member for Vancouver-Quadra (Mr. Green), and echoed in milder terms by one or two other hon. gentlemen, with regard to the commonwealth of nations. He suggested that yesterday, in my discussion of this particular subject, I set up some straw men so that I could knock them down. I still do not feel that way about it, and I doubt whether that suggestion is valid in view of what he himself said a few days previously.

To justify what I said yesterday I should like to read to the house the remarks of the hon. member for Vancouver-Quadra on this subject, on October 18, as reported at page 192 of *Hansard*. He said:

> If the commonwealth were a third world power it would be an influence for peace. I think the people of the nations of the commonwealth are more peace-minded than our neighbours to the south. That is because of our geographical situation. I do not blame the people of the United States a bit for their attitude but the fact is—and everyone here knows it—that the people of the commonwealth are more peace-minded than either the people of the United States or the people of Russia. Perhaps if we had a strong commonwealth again we could give a lead in the settlement of these disputes. We are not in a position to do so now because of the weakness of the various nation members of the commonwealth who are all more or less camp followers in the United States camp.

If I understand what he meant by that—and I hope I do—it is that the commonwealth of nations should somehow build itself up into a political organization which would be apart from what he called the two existing blocs, being the U.S.S.R. and its satellites on the one hand and the United States of America on the other. When I talk, as I often have, about the world being divided into two camps and into two blocs, I do not suggest by this that one bloc is the United States of America and that the other is the U.S.S.R. We have two blocs. We have the bloc of freedom and we have the bloc of slavery. In the bloc of freedom there is the United States of America and there are the nations of the commonwealth and other free states; and they are doing their best to oppose the other bloc. Even if it were possible, would it be desirable to detach from that bloc on the freedom side the nations of the commonwealth of nations and set them up in some way as a third bloc, or as it has been put forward more logically by other people as a sort of third neutralized bloc? I know that is not in the mind of the hon. gentleman at all. It is not in his mind that if we have this third commonwealth bloc, it should be neutral in the present struggle. But I suppose he somehow feels that we could have two blocs on the one side and one bloc on the other.

I prefer the present situation, where we are trying to work together within one free bloc, as a group of member states, including those belonging to our association in the commonwealth. At this time I do not think it would be wise to give the impression that the nations of the commonwealth in any way wish to divorce themselves from the United States of America in this struggle against the forces of Soviet imperialism. I hope I am not being unjust to the hon. gentleman, but that is how I interpret his thesis that we should rebuild the commonwealth of nations. If we are to rebuild the commonwealth of nations, as I follow his argument, it would be in the direction of diplomatic unity so that we would speak with one voice; and I suppose from that it follows that we would eventually have one foreign policy. If that is not what he means, I do not see what a commonwealth bloc could accomplish. It seems to me that he himself gave me a good deal of evidence to support that conclusion when he criticized our dilatory tactics in respect of Egypt, the fact that we had done nothing in respect of Iran, that we were straddling the fence on those matters and indeed that we had not lined ourselves up already diplomatically with the United Kingdom against the Argentine republic over the Falkland islands. The moral to be drawn from that sort of policy, it seems to me, is that the commonwealth should have one voice, one diplomacy, one policy and one agency for carrying out that policy. I still think that, if we try to do anything like that, it is the quickest way to break up the commonwealth of nations.

Before I sit down there is one suggestion that I think I should deal with; in fact, it is more than a suggestion. It is a specific request made by the hon. member for Peace River (Mr. Low) yesterday, in his extremely interesting speech, as to what I mean when I talk so much about a community of nations. On this score he harbours some dark suspicions that either I am an agent of evil forces—I do not think he would consider that to be too strong an expression—or else I am being hoodwinked by them. To support that suspicion he read from a magazine called *Freedom & Union*, edited by Mr. Clarence Streit, who formerly worked for the New York *Times*. In that magazine Mr. Streit wrote about some meeting that took place at the North Atlantic council where we were discussing this question of the North Atlantic community, what we meant by it, and what we could do to bring it about. The hon. member felt that Mr. Streit must have had some hidden sources of information to be able to write that. I assure him that there was nothing sinister in the discussion and there was nothing sinister in Mr. Streit's activities in connection with the discussion.

As I indicated yesterday, all our discussions at the North Atlantic council were secret. A good many of them could have been public, except that we would have taken much more time. But the secret discussions were often discussed outside the conference room. Indeed it became the habit of delegates to have press conferences with their own national journalists, telling them much that went on during the day. In writing these articles Mr. Streit had sources of information no more and no less than were available to

a great many other journalists there. There was nothing sinister about his activities, and I myself do not think there is anything sinister about our article 2 activities.

The hon. gentleman made my flesh creep yesterday when he expounded in a very interesting way the doings of the Illuminati in Bavaria in the 18th or 19th century. I assure him that in any steps we are taking in the North Atlantic community we are not basing our policies on the Illuminati of Bavaria or on anything they may have believed in at that time; but in the light of his own views, it is interesting to note that Bavaria, at the time when these rather mad people were conducting their clandestine operations, was a sovereign state. Bavaria gave up its sovereignty shortly afterwards and became a province of the German empire. That, in our modern times, has been the general progression of political units, from smaller units to larger units. In the course of that development many smaller units have given up their sovereignty and got something much bigger and better. I am not suggesting that Bavaria did. In this case, she might have been better off if she had kept her sovereignty.

If we talk now about the North Atlantic community, it is not to sabotage the sovereignty of the Dominion of Canada, but it is to see how in this small interdependent world —because it is that—national units can work more closely together for their security and prosperity. In the work we are doing now in the NATO committee of five that is what we will be concerned with. But I can assure the hon. gentleman that there will be ample opportunity to discuss any report we may make in the committee before it becomes the policy of this government. I can assure him also that there is no desire on anybody's part to rush to hasty conclusion in respect of the implementation of article 2. When I say that I know I will discourage and in a sense disappoint other hon. gentleman opposite who think we are going too slowly.

Mr. Knowles: Hear, hear.

Mr. Pearson: You see, Mr. Speaker, the government finds itself in a comfortable place between two extremes.

Mr. Knowles: You mean sitting on the fence.

Mr. Pearson: And finally, Mr. Speaker, the hon. member for York South (Mr. Noseworthy) expressed some worry over my suggestion that while we have been concerned—in the last year or so in developing our defence—I am talking about the north Atlantic nations as a whole—by 1954 our chief concern in this respect may be over and we may have to settle down into a long marathon. The hon. member is worried over the dim and dismal prospect of an arms race for years and years extending into infinity; and he wonders whether, if we get into that position, we will lose sight of the purpose of our military strength, which is negotiation. Well, I can only speak for myself and to some extent I suppose for the government. We have never lost sight of the fact that the purpose of strength is to negotiate; that strength itself is not an end in itself but a means to an end, to peace through negotiation. If there is anything we can do in the years ahead to make it unnecessary for us to take part in an armaments marathon race I can assure the house that this government will be very glad to do it.

It is in that spirit that the Canadian delegation will go to the United Nations assembly and to the meeting of the North Atlantic pact in Rome in November, in the hope that by building up our strength we will be able more effectively to seize every opportunity to negotiate in such a way that that strength will never have to be used for war. But having said that, I would like to add again—I have said this before—that we are gaining experience in this difficult technique of negotiating with communists; and while we should be willing to negotiate on any issue at any time, we should negotiate with our eyes wide open. Therefore, Mr. Speaker, I hope that any worry the hon. gentleman and other hon. members may have as to the ultimate end of our policy in regard to building up our strength in the North Atlantic pact will be lessened by this assurance on policy.

I do not think there are any other questions that I shall have time to deal with in winding up this discussion, Mr. Speaker, but I should like to say before I sit down that it is certainly an encouragement to those of us who are charged with the responsibility for foreign affairs to realize the underlying unity in this house on these basic issues. We have had a very excellent discussion on this resolution. There have been some policies which hon. gentlemen opposite have advocated and which we have not been able to accept. There have been some things done which they think we have done unwisely; but on the basic issues, on the principles that guide our policy in this country, we are united.

Motion (Mr. St. Laurent) agreed to.

At six o'clock the house took recess.

Railway Act

AFTER RECESS

The house resumed at eight o'clock.

RAILWAY ACT

IMPLEMENTING CERTAIN RECOMMENDATIONS OF ROYAL COMMISSION ON TRANSPORTATION— MAINTENANCE OF TRACKAGE

Hon. Lionel Chevrier (Minister of Transport) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Railway Act to carry out certain recommendations contained in the report of the royal commission on transportation and inter alia to provide that the cost of maintaining the trackage between Sudbury and Fort William on the transcontinental line of the Canadian Pacific Railway Company and between Capreol and Fort William and between Cochrane and Armstrong on the transcontinental lines of Canadian National Railways be paid annually out of the consolidated revenue fund to an amount not exceeding seven million dollars.

Mr. Green: I presume that if we allow the house to go into committee the minister will make a statement.

Mr. Chevrier: Yes.

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

Mr. Chevrier: Mr. Chairman, at the last session of parliament when the house was in committee of supply on April 5 considering the Department of Transport estimates I spoke at some length on the report of the royal commission on transportation which was tabled in this house by the Prime Minister on March 15 last. I referred to the chapter of the report containing the recommendations of the commission on the equalization of freight rates, and said that a committee was working on legislation to implement by way of amendments to the Railway Act the recommendations of the commission with regard to equalization. The committee completed its work, which was more difficult than I had at first anticipated, and during that session Bill No. 377, to amend the Railway Act, together with Bill No. 378, to amend the Canadian National-Canadian Pacific Act, 1933 and Bill No. 379, to amend the Maritime Freight Rates Act were introduced in the house and given first reading.

Owing to the lateness of the session and the pressure of business the bills were not proceeded with beyond first reading. Hon. members have had an opportunity to examine carefully the provisions of those bills which were designed to implement the recommendations of the royal commission with respect to the equalization of freight rates and certain other amendments recommended by the commission. While at this stage I do not wish to anticipate the bills which are to be introduced later, in order to fully discuss the resolution itself I think it necessary, and I hope the committee will agree, that some general reference at least be made to the bills which I hope to present.

The bill to amend the Railway Act is substantially the same as former Bill No. 377 with a few exceptions. One of these covers the payment, as outlined in the resolution, to the Canadian National and the Canadian Pacific railways of the cost of maintaining corresponding amounts of trackage on that part of the two transcontinental railroad systems which serves as a link or bridge between the east and west, that is, between Sudbury and Fort William on the Canadian Pacific and between Capreol and Fort William and between Cochrane and Armstrong on the Canadian National. The payments to the railroad companies are not to exceed in any year $7 million in the aggregate and are to be paid out of the consolidated revenue fund.

Chapter XI of the report of the royal commission deals with the rail link between east and west and makes the specific recommendation that the maintenance of that portion of our transcontinental railway system which serves as a link or bridge between east and west be a charge upon the general revenues of the country. The commission stated that the assistance provided in this way is expected to be particularly effective as a measure of relief in the case of charges on westbound traffic passing over this bridge. The Crowsnest pass rate structure provides to a considerable extent, though not altogether, for the requirements of eastbound traffic. Hon. members who travel over this stretch of sparsely settled territory in northern Ontario will realize the force of this recommendation.

The main purpose of the bill to amend the Railway Act is to give the board of transport commissioners power to effect and maintain the uniformity in rates throughout Canada recommended by the royal commission. In its report the commission stated that Canada had reached a stage in its development when former methods of making regional rates must give way to a uniform rate structure that, so far as may be possible, will treat all citizens, localities, districts and regions alike. This is the objective, but it must be realized that the intricate pattern of rates cannot be changed overnight without dislocation of trade and industry, and that it will take some time and much study to bring about the equalization which the commission had in view.

The report of the commission states that the objective of equalization is something

which can only be attained after considerable study by the board and by the railways. Undoubtedly many serious problems are involved; for example, the effect the proposals may have on railway revenues, on established industries and on trade and market patterns. All these things are matters of the utmost importance. Having regard to the large number of rate changes which will be involved, the commission considered that the problem is one peculiarly for the board to resolve finally after the general freight rate investigation and after all parties who may be affected by the proposals have had an opportunity of being heard.

I should like to comment briefly on the recommendations of the royal commission respecting freight tariffs. The royal commission considered that the standard freight tariff, which is the ceiling tariff, is of little practical value as only a small amount of freight moves under it. The commission thought that since such a small proportion of freight moved under standard mileage rates it was illogical that they should be "key" rates or form the basis for other rates, and it recommended the abolition of the standard mileage tariffs.

At present the Railway Act provides for three classes of freight tariffs, namely, the standard freight tariffs, special freight tariffs, and competitive tariffs. In order to implement the recommendation of the commission and bring the provisions of the act relating to freight tariffs more in line with modern usage, it is proposed to rewrite these provisions and provide for a new division of tariffs into four classes, namely, class rate tariffs, commodity rate tariffs, competitive rate tariffs and special arrangement tariffs. This new division conforms to modern practice and fits into the plan for equalization of freight rates.

The royal commission stated in its report that over the years there has been a gradual improvement in the situation where the general rate level as a whole in the central provinces is below that in the prairie provinces, but the fact remains that the alleged inequalities in rates have been a subject for contention for many years. The bill declares the national freight rates policy, which is that every railway company shall, so far as is reasonably possible, in respect of all freight traffic of the same description and carried on the same kind of cars passing over all lines or routes of the company in Canada, charge the same rates to all persons. This is a directive on equalization given by parliament to the board, and the working out of the national freight rates policy becomes a function of the board. With a view to implementing the national freight rates policy the board may require any railway company to establish a uniform scale of mileage class rates and a uniform scale of mileage commodity rates throughout Canada, and a revision of any other rates charged by the company.

There are certain exceptions to equality which must necessarily be permitted in certain cases, and the provision for an equalized freight rates structure is made subject to the proviso to subsection 5 of section 325 of the Railway Act which establishes the Crowsnest pass rates, and is also made subject to the Maritime Freight Rates Act. Neither of these special statutory provisions will be affected by the equalization. The other exceptions are joint international rates, rates on export and import traffic, competitive rates, agreed charges, rates on the White pass and Yukon route, and any other case where the board considers an exception should be made from the operation of this section.

I am hopeful that if the proposed equalization provisions are enacted in legislation the result will be a freight rate structure dealing more equitably with all parts of Canada.

Another cause of complaint in the field of freight rates is in respect of competitive transcontinental rates. These rates apply on traffic hauled by the railways across the continent in competition with water transport via the Panama canal or direct to Pacific coast ports. They are competitive rates but unlike most competitive rates they apply generally to or from a large area in eastern Canada and from or to the port area of the Pacific coast. The territory covered by transcontinental rates in the east includes practically the whole of eastern Canada. This is so because ocean steamships with connecting lake, river and truck services can take traffic into or out of all the area served by the great lakes and St. Lawrence river as well as the east coast. On the other side of the continent the transcontinental rates apply only to the Pacific coast fringe, that is, Pacific coast ports and the trucking areas surrounding these ports, which is a comparatively small area.

Complaints were made to the royal commission mainly on behalf of distributors and consumers in the province of Alberta, especially at Calgary and Edmonton, who object to the anomalies existing in certain low transcontinental rates compared to the higher rates to intermediate points on freight traffic of the same description. The commission reported that it seemed reasonable to conclude that when the railways give the trader and consumer at the Pacific coast the benefit of fast railway service at rates which are

little more than ocean rates and thus provide them with alternate services at almost the same price, the consumers in Alberta and other intermediate provinces are entitled to share to an equitable degree in the beneficial conditions thus created by the railways.

The commission recommended that the benefit of any transcontinental rate from the east to the British Columbia coast should be carried back in the rate to intermediate territory on a basis not more than one-third greater than the transcontinental rate, and that the same principle should apply to eastbound transcontinental rates. Specifically the commission recommended that the Railway Act should be amended to provide that when competitive transcontinental tariffs are published by the railways such tariffs shall contain a provision that the rates to or from intermediate territory shall not exceed the transcontinental rates by more than one-third.

One of the terms of reference to the royal commission directed the commission to review present-day accounting methods and statistical procedure of railways in Canada, and report upon the advisability of adopting, or otherwise, measures conducive to uniformity in such matters, and upon other related problems such as depreciation accounting and segregation of assets, revenues and other incomes, et cetera, as between railway and non-railway items. The commission has made a careful study of this subject of accounting and statistics and has arrived at certain conclusions which are expressed in its report. In brief the commission recommended that the Railway Act be amended so that the board should be empowered and directed to prescribe, as soon as practicable, a uniform classification and system of accounts and reports for rail items for the Canadian National and Canadian Pacific Railways. The commission stressed that uniformity of accounts must be such that comparisons of operations as between the two major railway systems may readily be made. The board would also be empowered and directed to prescribe, as soon as practicable, for all railways subject to its jurisdiction the classes of property for which depreciation may properly be charged in rail accounts, and the rates to be charged with respect to each class. The commission made no attempt to lay down the specific requirements of a uniform accounting procedure.

With respect to statistics the commission recommended an amendment to the act to empower and direct the board to maintain a revised statistical procedure so designed as to provide the requisite data necessary for the performance of its duties.

[Mr. Chevrier.]

Effect is given to these recommendations. I believe there will be no disagreement on the desirability of having uniform regulations governing accounting procedures, depreciation practices and the segregation of rail and non-rail accounts. Uniform regulations should serve to bring out differences between the railways and eliminate much confusion which now exists when comparisons are made.

While at the present stage I cannot anticipate the detailed provisions of the bill, I trust I have made it clear that an attempt has been made to embody in statutory form the principal recommendations of the royal commission regarding amendments to the Railway Act. Other recommendations were made by the commission which are receiving consideration, and I propose at a later stage to advance bills to amend the Maritime Freight Rates Act and the Canadian National-Canadian Pacific Act. Both these bills deal only with minor amendments recommended by the commission.

Mr. Green: The statement which has just been made by the Minister of Transport involves some very technical questions, and I have no doubt most hon. members have had the same difficulty that I have had in realizing what the statement implies. It is my understanding that the government will refer this particular bill, and the other two bills which the minister has just mentioned, to the standing committee of the house on railways, canals and telegraph lines for thorough study, with the idea that the committee may call before it anyone who wishes to give evidence on the bills. Perhaps the minister can tell me whether or not that is the intention. He made no reference to such plan in his statement of a moment ago. If such is the case it will shorten the discussion in the house both at this stage and when we are giving the bill second reading.

Mr. Chevrier: I think I can tell the hon. gentleman now that it is the intention to refer these bills to a select committee on railways and shipping.

Mr. Green: What does the minister mean by "a select committee"?

Mr. Chevrier: Perhaps I should have said it will be a select committee which will deal with this legislation.

Mr. Fraser: Not the standing committee.

Mr. Chevrier: Not necessarily, no.

Mr. Green: Will that committee be expected to call any witnesses, for example, from the railways, the provinces and various associations such as the farm and business associations?

Mr. Chevrier: That will be a matter, I think, for the chairman of the committee to determine but it is unquestionably—

Mr. Fraser: Not the chairman.

Mr. Chevrier: For the chairman to determine in consultation with members of the committee. I think there will be a desire to hear representations. Whence they should come is not for me to say, but the committee will have the power to call for persons, the same powers that any other committee possesses.

Mr. Green: It would be helpful if the minister would go a little further this evening and give us more information as to the national policy on transportation which is being adopted by the government as a result of the report of the royal commission. For example, he said nothing tonight about whether or not it is intended to give the board of transport commissioners jurisdiction over shipping and aviation as well as over the railways. As members of the house know, a recommendation to that effect was contained in the report of the royal commission, and I believe we are entitled to know whether or not the government intends to carry out that particular recommendation. I know those of us who are interested in shipping are very much concerned as to whether control over shipping is to be taken away from the Canadian maritime commission and given to the board of transport commissioners.

Then there was also a recommendation that the board of transport commissioners should be greatly strengthened. I understand the chairman of the board has been compelled to resign recently because of ill health, and I would not want to be taken as criticizing Mr. Justice Archibald in any way, because I think he was a thoroughly competent chairman. But we would like to know whether it is the intention to carry out the recommendation that the board should be strengthened.

There was also a recommendation with regard to the refinancing of the Canadian National Railways. The minister has said nothing this evening as to whether that recommendation is to be carried out. We would like to know whether it is the intention to do so at this session, and in what way.

Then, too, he has said nothing about the general freight rate investigation undertaken about two years ago or more by the board of transport commissioners. At that time there was a great hue and cry about freight rates. The government took off some of the pressure by passing an order in council which authorized the board of transport commissioners to carry on a general freight rate investigation. The understanding was that such an investigation would bring about an equalization of freight rates as between the different parts of the country. Unfortunately there do not seem to have been very many results flowing from that investigation as yet. I would ask the minister to tell us just what progress has been made by the board, and how that investigation fits into the amendments to the Railway Act now proposed.

Also, while there was no definite recommendation from the royal commission as to the control of transportation on the highways, within the last day or two a judgment has been handed down by the Supreme Court of Canada which seems to give the dominion wide jurisdiction over traffic on the highways, in so far as interprovincial and international trucking is concerned. We would ask the minister to tell us whether it is the intention at this session to take any action with regard to the control of transportation on the highways. I am not speaking either in favour of or against such control at the moment, but we would like to know whether the house will have to deal with legislation on that subject.

No doubt many other hon. members will have questions to place before the minister. I shall not take up more time, further than to say that I am glad to see this provision for what the commission has called a land bridge over the territory of northern Ontario, in which very little freight originates, yet which adds so much to the expense of carrying freight from one part of Canada to the other. I believe there will be general agreement with the subsidization of that haul, though I understand the figure of $7 million does not help a great deal; that it will not make very much difference. However, it does seem to me to be a step in the right direction.

I would ask that the minister deal with these questions when he replies. I shall not go into the matter at greater length now, on the understanding that when the bill comes in it is to be given second reading and then referred to a committee of one type or another; and that subsequently there will be full opportunity for debate on the whole matter.

Mr. Chevrier: If I may be allowed to deal with the questions asked by the hon. member for Vancouver-Quadra, I would say to him that if he were to read the statement I made following the introduction of my estimates at the last session of parliament, in which I dealt at some length with the recommendations contained in the report of the

royal commission on transportation, he would find there the answers to most of the questions he has asked this evening.

However, to summarize briefly, I said at that time that generally speaking the report could be divided into three parts, namely that dealing with the equalization of freight rates, that dealing with the refinancing of the Canadian National Railways, and that dealing with the co-ordination of transportation facilities. I pointed out that so far as the first part of the report was concerned the government had then decided to implement the recommendations of the royal commission and would introduce legislation, which it did; and the legislation is now before the house. So that is all we are dealing with at this time, legislation having to do with the equalization of freight rates.

The government has not yet considered the other two matters to which my hon. friend has referred; but when it does, it will in due course announce its policy. I think that deals with the greater number of questions of the hon. member, with the possible exception of the general freight rates investigation. That is a matter which has come up in the house from time to time. By virtue of order in council P.C. 1487 the government some time ago referred to the board of transport commissioners the whole matter of investigation of the freight rate structure. The board entered upon that investigation and invited the provinces to give evidence. The provinces, however, indicated to the board that they were quite busy with the applications before the board for revenue increases, and asked that the matter be stood over. When the matter came up again in the latter part of this year the provinces, together with the railways, I believe, indicated they would prefer to have the matter stand over until they had some opportunity to consider the legislation about to be discussed in the house.

That is where the matter stands. I might add that the report of the royal commission indicates that, in principle, the recommendations of the commission should be put into effect as guides to the board, and also so that the board by means of the information it will obtain from such investigation will be in a better position to equalize freight rates from one end of the country to the other.

I think I have dealt with everything mentioned by the hon. member, with the exception of the matter of strengthening the board. The government announced recently the appointment of a new chief commissioner who will take office early next month, in the person of Mr. Kearney, a scholar of renown, a great student, who is in the diplomatic service and who I understand is now or shortly will be on his way back to Canada to take over his new duties.

Mr. Argue: Mr. Chairman, I should like to speak to the resolution now before the committee. Along with other members from western Canada I am pleased to see the government following out the recommendation in the report of the royal commission which asked for the payment of up to $7 million as a subsidy to the railroads to help pay the cost of maintenance of the gap between western and eastern Canada. The minister has already quoted from page 254 of the report the following:

> It is expected that the assistance herein provided will be particularly effective as a measure of relief in the case of charges on westbound traffic passing over this bridge.

It is one thing for the government to pay the subsidy, which I welcome, and it is another to see that the subsidy is in fact used for maintenance and will result in a decrease in the charges on traffic westward bound. While we welcome the announcement that the subsidy will be paid, it now rests with the minister and the government to see to it that that subsidy does result in lower freight rates on traffic to western Canada.

The next sentence in this part of the report reads:

> The Crowsnest pass rates structure provides to a considerable extent, although of course not altogether for the requirements of traffic eastbound.

We on the prairies are, of course, pleased that the commission recommended the maintenance of the Crowsnest pass rates. We realize that they do constitute an advantage for the prairie provinces. They are low rates. I sometimes wonder if the railway companies, particularly the Canadian Pacific, are not a little less anxious to haul western grain at the speed they might otherwise be prepared to haul it because of these low rates. It seems to me that the Canadian Pacific in particular is using its box cars for more lucrative freight at the expense of grain shipments from the prairie provinces. Having gone through the southern part of Saskatchewan, I found others who shared the view that the Canadian Pacific in particular is not hauling adequate amounts of grain, not nearly as much as our government owned railway. I say I am glad we have the Crowsnest pass rates and I hope the railway companies, particularly the Canadian Pacific, will play fair and do the job of hauling prairie grain to the terminals.

I notice the minister also quoted that portion of the royal commission report which reads as follows:

> The objective of equalization is something which can only be attained after considerable study by the

board and by the railways . . . Having regard to the large number of rate changes which will be involved, the problem is one peculiarly for the board to resolve finally after the general rate investigation and after all parties who may be affected by the proposals have had an opportunity of being heard.

According to the royal commission report, after the general freight rate investigation has been completed the board of transport commissioners should be in a better position to equalize freight rates throughout Canada. I should remind the house that the general freight rate inquiry was instituted more than three years ago. Through an order in council passed on April 7 the board of transport commissioners was directed to make a general freight rate inquiry which would result in more equal freight rates for all parts of western Canada. While that general freight rate inquiry was under way, or supposedly under way, three separate horizontal increases in freight rates were granted.

We then had the report of the royal commission on transportation under date of February 9, 1951. Some eight months later the government is asking us to implement some of these recommendations. As I see it the main recommendation in the report is that the board of transport commissioners should bring about the equalization of freight rates in all parts of Canada. That being the case, what did the board of transport commissioners do? Did they go ahead with the general freight rate inquiry? Apparently not. The minister says the provinces were not prepared to go ahead. The board of transport commissioners was directed by the government to undertake the general freight rate inquiry, and the order in council said nothing as to the convenience of the provinces in submitting evidence before the board. I say that the board of transport commissioners has too long delayed the completion of that report. The royal commission makes practically the same statement in criticism of the work of the board of transport commissioners.

In an assessment of complaints the commission says at page 271 of the report:

That the board did not itself obtain, or compel the railways to file with it, proper statistics concerning traffic movements so as to enable it to determine which articles could bear greater or lesser increases in rates.

In other words the board of transport commissioners has failed in its job of bringing about an equalization of freight rates in Canada. Tonight the minister said that it is still a job for the board to effect and maintain uniformity of rates throughout Canada. The minister said also that it will take some time and much study to bring about that equalization. The board of transport commissioners has been studying this problem for three and a half years. The question I want to ask the minister is, how long do the people of Canada have to wait for the board to complete that study and bring about an actual equalization of freight rates throughout this country? After the recommendation for equalization made in this report dated February 9, instead of the board of transport commissioners doing something to bring about the equalization of freight rates it took action to increase the disparity in rates and place an even heavier burden on the people of the prairies and the maritime provinces than prevailed when the report was tabled in this house.

On July 4 the board of transport commissioners, after having allowed three separate horizontal increases in freight rates in the past three years, allowed a fourth horizontal increase of 12 per cent. This brought the total increase in freight rates from early 1948 to July of this year to 62½ per cent. I ask the minister, how can the people of Canada have any faith in the present board of transport commissioners when the first action it takes after the tabling of the royal commission report, recommending that it bring about an equalization, is the allowance of a further 12 per cent horizontal increase? It cannot be contended that in July of this year the railway companies in Canada were suffering unduly financially. As a matter of fact the dominion bureau of statistics report for the first six months of this year shows a gain for all railways of $6,312,646 in operating income; $24,828,573 compared with $18,515,927 at the end of June, 1950. In other words the operating income of the railways of Canada for the first six months of this year was $6 million more than for the comparable period a year ago. With the royal commission having recommended that the board bring about an equalization of freight rates; with the railway companies making large incomes, more than they made a year ago, in the face of all that the board of transport commissioners once again allowed a 12 per cent increase in freight rates. And after July 4, what did it do? Did the board then undertake or resume its general inquiry? Did it endeavour to complete that general inquiry as soon as possible? As far as I know it did little. The board of transport commissioners adjourned this case on July 4, to be resumed again on November 12.

The board apparently took a holiday. It is no holiday or no easy matter for the people of Canada to pay out the $54 million in additional revenue going to the railways as a result of the last 12 per cent horizontal increase in freight rates. It is not an easy thing for the people of western Canada to pay $30 million of this $54 million, as was estimated by the consultant economist of the

Alberta government would be the cost to western Canada. I therefore say that while we in this group and we from western Canada welcome any steps that may result in the equalization of freight rates, I can see no early promise of such equalization being brought about unless the government directs the board of transport commissioners to complete its inquiry in short order and, in fact, to bring about such equalization.

I do not know what needs to be done in order to make the board of transport commissioners more efficient than it now is. Perhaps it needs additional new blood. Perhaps, as the royal commission suggests, it needs a larger and more competent staff. Something is lacking in the present board. That something should be corrected by the government so that in fact the board of transport commissioners will fulfil the excellent recommendations outlined in the report of the royal commission.

Mr. Low: Mr. Chairman, I do not intend to speak at any length on the resolution at this stage. The minister answered a number of the questions that were in my mind when he replied to the hon. member for Vancouver-Quadra. I should just like to say at this point, Mr. Chairman, that we believe the report of the royal commission on transportation, which we received during the last session, is a most important document, which we feel will go a long way toward helping to bring about in Canada a real and important national transportation policy; provided, of course, that the government will feel like going as far as we should like to see them go in implementing the recommendations of the commission.

We hope to see the government prepared to bring in legislation and give effect to at least some of the royal commission's recommendations at this session. I say "we"; I am speaking now on behalf of the people of the province of Alberta whom I represent, as well as for my group who are entirely from Alberta. We in that province have for many years been labouring under the heaviest freight rate structure in the whole Dominion of Canada. We have been at the peak of the whole structure, and we have suffered under discriminatory rates. I think that claim has been made a good many times on the floor of this house, and has been denied a number of times by people on the government side. The report of the royal commission is evidence that there has been marked discrimination against the west, particularly Alberta and Saskatchewan. We rejoice that at long last some recognition has been given to the claims of the people of my province for redress of these discriminatory rates. We are happy at this time to give support to the resolution and also to the minister's request that it be sent to a committee, there to be studied in detail. Later I suppose the legislation will come back into the house for complete discussion.

There is only one thing I should like to say at this time in support of what has been said by my hon. friend who has just taken his seat. I have always felt that one of the reasons we have not had redress of these unequal railway rates before has been that the government has never given directives in any specific terms to the board of transport commissioners. I believe the legislation which is forecast in this resolution contains some rather specific directives to the board, and to the railways as well, with respect to competitive rates and rates for intermediate hauls between the large district in the east to that district comprising largely Saskatchewan and Alberta in the west. We are happy to see that at long last the people of Alberta will not be obliged to pay, let us say, over one-third more to haul canned goods from Toronto to Calgary and Edmonton than they are obliged to pay for hauling them from Toronto clear to Vancouver. We think that is quite a substantial step forward because in a number of cases we know of rates that have been 100 to 150 per cent more. That has not been a good thing. We feel that it has been rankly discriminatory. However, while we feel that a step forward has been made in this respect, we are not yet satisfied that the government has done all it can to give direction in specific terms to the board of transport commissioners with respect to this matter of bringing about full equalization across the country, and particularly uniformity in the various areas of Canada.

To leave it to the board is not enough. I have already pointed out on a number of occasions that the board of transport commissioners is not a policy-making commission. That board is more or less a technical commission that should listen to all sides of the case and then make decisions on the basis of their findings. Surely the government must realize that it must take the responsibility for policy. As my hon. friend in the C.C.F. party has already pointed out, what we need now is some specific direction from the government in order to ensure that, in a reasonable time, the board of transport commissioners will have for Canada a schedule of more or less uniform freight rates, so there will not be discrimination as between one area and another. That result can only be accomplished, in my judgment, by having

embodied in some form of legislation or other directive to the board some specific recommendation that they should follow.

My hon. friend who just took his seat says the board of transport commissioners has been studying this matter for three and a half years. As a matter of fact they were given direction nearly twenty-five years ago to do the same thing. They have been plodding along—and I say "plodding" advisedly—for that length of time and have not accomplished anything until now, when they are being given specific direction from the government, which is the policy-making body today. I am hoping that before the committee brings back its report it will give careful consideration to this whole matter of directives in the field of uniform freight rates throughout Canada so as to help the board in its work.

One other thing: on behalf of my supporters in this house and the people of Alberta I do wish to express our appreciation of the steps the government is taking now to implement the royal commission's recommendation for subsidizing the maintenance of the trackage over what has already been described as the great land bridge between the east and the west. In my judgment that will go a long way toward helping to bring about some form of equalization throughout Canada. We are gratified with the steps that are being taken. We are not satisfied that it has been as much as the people could reasonably expect, but just the same we are going to give it our support and the closest possible study.

Mr. McIvor: Is there any relief for the discrimination in freight rates against the lakehead? You can ship from Toronto to Winnipeg at the same rate that you can ship to Fort William. We feel that this is unfair to our wholesalers and retailers. I am not a railway expert, but I was wondering whether there was any remedy for that. If there is we shall appreciate it.

Mr. Higgins: I do not know whether I understood the minister correctly when he said that the bill to be based on this resolution was to be basically the same as Bill No. 377. That is correct, is it?

Mr. Chevrier: With certain exceptions. I said in the statement which I made—

Mr. Higgins: Will section 332A still be in it?

Mr. Chevrier: If that is the section dealing with the national freight rates policies, yes.

Mr. Higgins: Equalization?

Mr. Chevrier: Yes.

Mr. Higgins: That being so—I am not going into this extensively at the present time—I certainly must warn the minister that he is going to face a united front in this matter so far as the Newfoundland members are concerned. I feel he is going to have the same so far as all the maritime members are concerned. I do not think I am speaking out of turn when I say that. Already in the other place we have had a Liberal senator from Newfoundland take a very strong stand on the matter. I do not have any hesitation in saying definitely that we are all going to be as one on this particular item. We have been informed very definitely by the people of Newfoundland principally interested in this matter that the proposed increases will be practically ruinous to local industry.

Mr. Chevrier: I hope the hon. gentleman will allow me to interrupt him. I do not want to break in on his speech, but let me make it quite clear that these bills that are to be introduced propose no increases whatsoever; so that when my hon. friend refers to these increases going into effect, let me assure him right now that these bills do not propose increases. On the other hand, these bills propose equalization.

Mr. Higgins: Equalization will mean an increase. It is going to be equalization all across Canada. That is not going to operate fairly for the maritime areas. That is a fair question, is it not? Does the minister suggest that he is going to lower freight rates for the maritimes?

Mr. Chevrier: I have already explained to the house on many occasions what is meant by equalization. My hon. friend need only read the recommendations in the report, which the government is implementing. I am not saying, nor did the report say, that there were going to be lower freight rates. The provinces asked for equalization, and by these bills the government intends in so far as is possible to implement the recommendations of the royal commission on equalization. That is what these bills are doing.

Mr. Higgins: So that I do not misunderstand—I am not deliberately trying to misunderstand—will the freight rates in the maritimes be increased from their present levels or not?

Mr. Chevrier: The answer to that question is first of all that the royal commission on freight rates made it quite clear that the preference referred to in the Maritime Freight Rates Act would not be affected. My statement a moment ago indicated in addition that this legislation is subject to the Maritime Freight Rates Act.

Mr. Higgins: The Maritime Freight Rates Act is all very well. If you increase the freight rates to such an extent that the maritime freight rate preference, while it still exists, is going to be offset to such a degree as suggested, what value is it?

Mr. Chevrier: I can only repeat that this legislation does not increase freight rates.

Mr. Browne (St. John's West): In reply to my hon. friend a moment ago the minister said that the provinces asked for this equalization. I have the report of the royal commission in my hand. According to a paragraph at page 124 "the maritime provinces said they did not subscribe to or support so-called equalization in freight rates! They also stated that rate equalization is impossible of achievement!" I understand that in the past few days there has been a meeting in the maritimes of those who are advising the governments of the maritime provinces on this question, and that a resolution is to be put before this house opposing the application of equalization to the maritime provinces. Is that not right? Will the minister answer me that this idea of equalization will have the effect of increasing the rates say from the city of Toronto to Newfoundland by 100 per cent? Will he answer that question?

Mr. Chevrier: In the first place, dealing with the statement by my hon. friend that the provinces had not asked for equalization, if he will read the report he will find that the majority of the provinces asked that freight rates be equalized. It may be that the province of Newfoundland, which did not make representations, did not deal with that, but there is no doubt that the report clearly indicates that this was the request of the provinces, namely, the implementation of equalization in so far as that was possible.

Mr. Low: That is right.

Mr. Chevrier: With reference to the other matter, the order in council that proposed the investigation, namely, P.C. 1487, the reference to the royal commission as well as this legislation makes an exception in so far as the preference under the Maritime Freight Rates Act is concerned. Until the bills are before the committee for discussion, where representations can be heard, since we are now in the committee stage of the resolution, I think many of these detailed questions may be left for consideration by the committee or at the committee stage of the bills.

Mr. Browne (St. John's West): On the point that we were just discussing may I ask the minister this. When I read this resolution I see that there is nothing at all in it about freight rates. The most important part of this resolution is concealed. Why was it not disclosed in the resolution that the minister proposed bringing in equalization under it?

Mr. Knowles: The important part is covered up by two Latin words.

Mr. Browne (St. John's West): Yes, *inter alia.*

Mr. Chevrier: We cannot have this both ways. When the bills were discussed at the last session of parliament hon. members from the hon. gentleman's side of the house said: Why is there not some reference to the subsidy for western Canada? How is it that is not in the bill? Is the government going to give us the subsidy for which we asked? And now that we put it in the bill and in the resolution my hon. friend rises in his place and says that we are concealing something. Where is the rest of it? Well, the rest of it will be discussed when the bills are in committee. My hon. friend cannot complain about there being secrecy or that we have hidden something, because he has had the bills since last session. The bills will be the same with one or two exceptions, as I stated earlier in my presentation. There is no intention to hide the slightest thing from parliament. The government wants to place before parliament its understanding of the recommendations made by the royal commission.

Mr. Browne (St. John's West): I listened to what the minister said, and I wonder if I am right in thinking that the bills that were introduced last session are not going to be continued as separate bills but are to be included in the bill to follow this resolution?

Mr. Chevrier: No, that is wrong. There will be three bills, as was mentioned by the leader of the house in his announcement last night. First there will be a bill to amend the Railway Act which will contain a provision not in the earlier bill, namely, the provision for the payment of $7 million for maintenance.

Mr. Browne (St. John's West): Is that Bill 6?

Mr. Chevrier: It has not received a number because it has not been introduced. It was Bill No. 377 of the last session. Then there will be two other bills, one to amend the Canadian National-Canadian Pacific Act and one to amend the Maritime Freight Rates Act.

Mr. Browne (St. John's West): Are you going to introduce new bills?

Mr. Chevrier: They will be the same in effect. The only reason we did not deal with this at the last session was the lack of sufficient time. If we had sat on we

probably would have dealt with the three bills which my hon. friend has in his hand. I think it was the intention then to deal with the subsidy in another fashion, but since we had a new session of parliament we decided to put the whole thing in one package, namely, the $7 million subsidy along with the amendments to the Railway Act, and also the amendments to the other two acts since they concerned statutes already on the statute books.

Mr. Browne (St. John's West): Will the bill to amend the Maritime Freight Rates Act arise out of the recommendations in regard to equalization?

Mr. Chevrier: It will arise out of the recommendations made in the first part of the report of the royal commission on transportation, most of which deals with equalization but a part of which deals with the Maritime Freight Rates Act.

Mr. Browne (St. John's West): Has the minister given consideration to the effect the recommendations on equalization are going to have on freight rates to Newfoundland? We are informed that this is going to double the freight rates to and from Newfoundland. If that is so, people are going to suffer considerably. I do not think we ought to be prevented by any niceties of expression in the resolution from taking the strongest opposition at this stage of the proceedings. Would the minister be good enough to assure us that no such increase in rates is likely to occur?

Mr. Chevrier: When we get to the committee stage of the bill, or when we discuss second reading, it will be found that there are clauses which deal with that very thing. On the resolution stage it is customary not to discuss the details of a statute.

Mr. Browne (St. John's West): But the minister can tell us whether that is so?

Mr. Chevrier: There are sections in the bill providing for that. As I said in my statement earlier, I felt that I was precluded from discussing other than the general provisions of the legislation. I still feel that way. When we get into the committee stage, whether it be in the house or before the select committee to be appointed, these matters can then be considered.

I can assure my hon. friend that there is no truth in any statement such as he has made or such as was made by the hon. member for St. John's East to the effect that this legislation will increase freight rates in the maritime provinces by 100 per cent. The legislation which will follow this resolution does not increase or decrease freight rates; it simply implements the recommendations of the royal commission as we understand them. What we are doing is sending this legislation to a committee so that anyone who feels aggrieved can come and tell the committee in what form or manner he is aggrieved. My hon. friend can state how he feels freight rates in his part of the country will be affected. Having made that statement, and since we are in the resolution stage, I think the discussion should centre around the resolution.

Mr. Ross (Souris): Mr. Chairman, I shall be brief. I think this resolution is most important to the people of the prairie provinces. They are in the centre of Canada's railroad system. They are heavy producers of export goods and they are heavy consumers of Canadian manufactured goods. As has been recognized, they buy their goods plus freight and they sell their goods less freight. That represents quite a burden upon these people. Reference has been made by previous speakers to the report of the royal commission and I should like to refer particularly to paragraphs of the recommendations appearing on page 271 of the report, as follows:

> 5. That the board has not over the years kept close enough supervision over competitive rates. It will be sufficient in this regard to refer to the conclusions on this subject to be found in the section on competitive rates in this report;
>
> 6. That the board has not in the past twenty-three years taken steps to bring about equalization between rates in the west and in the east; and
>
> 7. That the board has not paid proper attention to the effect of increases in rates on long-haul traffic.

I think it makes it quite plain that the transport board has been falling down on its job. It may be that it has not received proper directions from the government, but certainly it has been most remiss in its duties.

It has been said that the Crowsnest pass rates are not to be altered, but I do believe the Canadian Pacific officials rather resent that. I have an article here reporting a speech made in Brandon by D. S. Thomson, vice-president of the Canadian Pacific, as late as September 24. Referring to the Crowsnest pass rates he declared these rates to be unprofitable, that railway costs of operation have increased over 400 per cent, and that there was a heavier transportation charge on other commodities apart from grain. I am not going to take the time to place full details on the record, but I have figures here from 1907 to 1945 which indicate that the total profits on the eastern lines amounted to $361,705,798 while the profits on the western lines for the same period amounted to $753,334,134. That

is twice the profit in the west for doing half the business done in the east. I think that is a most unfair comparison.

I should like to make some reference to the difficult problem we have in the prairie provinces right now. I am not sure who is to blame, but we are faced with a serious transport problem in connection with our grain. Many of us have been asking questions on the orders of the day. I appreciate that a transport controller has been appointed but there seems to be more difficulty in our part of the country in getting cars from the Canadian Pacific than in getting cars from the Canadian National, though it is bad enough in either case. Certain directives have been put out by the controller that only milling grain is to be moved because of the great shortage of that grade of wheat, and we had a similar statement from the Minister of Trade and Commerce in the last few days. In contradiction to that we have the statement from the leaders of the three prairie pools that they have many elevators plugged with grain, and have quite a quantity of milling grain. There is definitely something wrong with the transportation set-up. I think there should be more direction. The fact that the people on the prairies have to purchase everything plus freight and sell everything less freight is a very important point. It is rather significant that the exact wording of the resolution is copied from the report of the royal commission on transportation at page 253, and that wording is taken word for word out of a brief which was submitted to the commission by the united farmers of Alberta. Therefore, if followed through properly, I think it should be very helpful to those in the prairie provinces. I want to press upon the minister again that I trust he will check on the Department of Transport and try to see that they are more effective and do their job much better than it has been done for many years in the past.

Mr. Macdonnell (Greenwood): I want to bring to the attention of the minister a passage from the report of the Turgeon commission which I find hard to understand in the light of what has been said about equalization. There have been some rather strong things said about the transport commissioners, and even the suggestion of threats if they did not do their duty. However, I have been asking myself if I were a transport commissioner how I would interpret the passage I am going to read from page 125. It is under the heading of "Conclusions and recommendations", and reads:

1. It would appear, from the foregoing . . . that the broad general principle of equalization throughout the country is now accepted. It must be noted, however, that the order in council provides that this equalization shall be subject to such special statutory provisions as affect freight rates.

Paragraph 2, which is the important one, reads:

2. It is difficult to conceive of an unqualified statutory rule for equalization. Exceptions to equality must necessarily be permitted in the following cases and other cases which may come to the attention of the board as the investigation proceeds—

I invite the minister's attention particularly to these cases that are set out, and I invite him to remember also that it says there may be others. Let us look at the list:

(a) All international rates;

(b) Rates on export and import traffic through Canadian ports, where in practice such tolls bear a fixed and long standing relationship with rates on similar freight through ports in the United States;

(c) Competitive rates under the conditions discussed elsewhere in this report:

(d) Agreed charges authorized by the board under the Transport Act;

(e) Rates over the White pass and Yukon route; and

(f) Rates on railway lines not embraced in the Canadian Pacific or Canadian National systems and which may not be able to operate on rate levels in force elsewhere.

I do not know enough about the railway business to know how broad these exceptions are but they appear to me to be very broad. They look to me as if they would except a very large percentage of the business. As a matter of fact, reading them broadly I wonder if they would not except the vast part of the railway business. Let us look at them again: all international rates, rates on export and import traffic to Canadian ports, competitive rates, and so on. I will not press the point further but I suggest that at this stage we had better find out whether or not we are really talking about equalization. To me it is a funny kind of equalization if all these things are exempted from it. Perhaps the minister will tell me if he thinks I am construing this unfairly.

Mr. Chevrier: No, I do not think the hon. gentleman has construed it unfairly at all. He is reading from the recommendations in the report which I included in my statement a moment ago, and in the statement I made I said exactly the same thing my hon. friend has stated in so far as exceptions are concerned. What proportion these exceptions represent of the total freight rate structure or of total freight rates I am unable to say, but that is a matter we can get as we proceed. I think we are getting away from the whole subject of this discussion. What the government said it would do at the last session, and what it is doing now, is implementing the recommendations of the royal commission on transportation.

It was the provinces that asked the government to set up a commission, and the commission having been set up it made certain recommendations. The government was free to pay no attention to the recommendations at all and throw the report out the window, or to implement the recommendations; and that is what it is doing. It is not implementing them in part. It is implementing them in whole as it feels they should be implemented. In so far as the details are concerned, there may well be cases where inequalities will still continue. That is the reason we are referring the matter to a committee, so that any group, individual or association who feels that the interpretations we have put on the recommendations of the royal commission are not correct may tell us wherein the sections of the bill that will be implemented later on are unfair in their effect on their regions. Therefore in effect what we are doing by this resolution, and later on by the legislation, is to implement the recommendations of the commission.

Mr. Macdonnell (Greenwood): I am not going to take any more time except to say it seems to me that at this committee stage it is worth considering, if it is a fact—as it seems to me to be the fact—that we are just heading into something which is going to be productive of all kinds of disappointment and misunderstanding by reason of the use of the word "equalization" which, if I understand the section I have just read, means almost nothing.

Mr. Gillis: I am not going to argue the merits or demerits of freight rates because I do not think the resolution calls for it, but I am suspicious of the resolution itself. The resolution can mean anything. The minister said in the beginning that the whole question of implementing the royal commission's recommendations in railway matters, freight rates and so on, would be referred to a committee. He said it might be a special committee or it might be one of the standing committees. The resolution merely seeks to amend the Railway Act to carry out certain recommendations in the report of the royal commission on transportation, and then there are the words *inter alia*, which I take to mean "among other things". You can dump a lot of things in there on the basis of those two words, and with the exception of the very mild purpose set out in the rest of the resolution the house does not know now what is going to come before the committee. Of course we take the minister's word for it—very few of us doubt his word—that certain matters are going to be discussed, but what I am thinking about is the committee itself.

The resolution could be taken as the terms of reference to the committee unless it is given other terms of reference when it is set up. I am also a little suspicious of the minister's statement that the chairman of the committee, in consultation with the members, will determine what the committee's functions will be, unless the chairman is pinned down to certain specific terms of reference by the house. My experience of chairmen of committees is that they call the shot. They say what the terms of reference are unless they are pinned down in the house. The matter is very important. The minister says it is the intention of the government to carry out the recommendations of the royal commission. The maritime provinces did not accept the recommendations of the commission as a solution to their problems. I think it is a matter that should not be hurried, and should be given careful consideration. First I think the minister should make it quite clear who the committee will be. I think it should be the committee on government owned railways and shipping, which examines the reports from year to year of the Canadian National Railways. Members of that committee have gained considerable knowledge of the matters it will be handling.

An hon. Member: The committee on railways, canals and telegraph lines?

Mr. Gillis: No, on government owned railways and shipping.

Mr. Knowles: What about the C.P.R.?

Mr. Gillis: We are not particularly anxious about the C.P.R. They can get a free enterprise committee to look after their interests. I am concerned now about what the government is going to do, and I should like to see that committee handle the matter. I would like to see, further, that it goes to the committee with very definite terms of reference, as to what the duties and the latitude of the committee will be.

I am not going to argue the maritime case here, because I do not think this is the place to do it. However, I would like to have a little time before a committee that has some authority from the house to go into the matter thoroughly, as it deserves. Equalization of freight rates? I do not think there is any such animal in Canada. I do not think it is possible in a country like Canada to have equalization of freight rates. But I would suggest to the minister that he tell us exactly what is going before that committee, that he give the committee certain definite terms of reference, and that it should not be nailed down only to the recommendations of the royal commission. So far as I am concerned the case for the maritime provinces

contains considerations other than those mentioned in the commission's recommendations.

Mr. Browne (St. John's West): I should like to repeat the question I asked a moment ago, because it seemed to me that in his reply the minister was trying to evade a very difficult question. I do not blame him for doing so, but I think now is the time he should explain just how far-reaching this legislation is going to be, so far as the maritime provinces and Newfoundland are concerned. When the minister was speaking he said that the provinces, in their majority, asked for this legislation. The minister knows that is not true. He is giving a false impression when he uses such an expression; because here is the royal commission's report. Here is what it says:

> British Columbia, Alberta and Manitoba urged that equalization be effected, and insisted that fresh legislation is required and that, based on past experience, it will never be achieved except by legislation. They argued that P.C. 1487 leaves the board in the same position as in the case of the order in council of 1925, and as it was in on March 30, 1948, when it delivered the judgment in the 21 per cent case. Saskatchewan stated that although equalization was desirable it may be impossible to achieve.

But there is no mention of Ontario and Quebec, because those two provinces are so happily situated that they do not care what the government does, or what the board of transport commissioners does. But the maritime provinces are in a different position altogether, because they have certain rights they acquired at the time of confederation and which have been confirmed at various stages subsequently. Then the Newfoundland government has its terms of union. If those terms of union are to mean anything more than a scrap of paper the minister must come out and tell us what the effect of the legislation is going to be. I have here an article which appeared in the *Daily News* of St. John's, Newfoundland, dated September 28, 1951; it indicates how seriously the question is regarded there. It states, under the heading "Freight Structure Imperilled"—

> The present Newfoundland freight structure is imperilled and the whole island jeopardized by proposals now under consideration for the equalization of Canadian freight rates.

The word "equalization" sounds fair, equal and equitable. Everybody is going to be treated alike, and it is going to be the same for carrying coal from North Sydney to Montreal as it is from Alberta to Vancouver, or anywhere else. People may be taken in by that. But if anyone here has been down to St. John's, Newfoundland, he will know that when you reach there you are half way to England. We are out in the Atlantic, two thousand miles away, and there is no use charging us the same rate that is charged from Toronto to Ottawa when we attempt to ship goods from St. John's, Newfoundland, to Ottawa.

There have to be special considerations, and those considerations were supposed to be enshrined in that document known as the terms of union. But does the minister remember last year, after an inquiry had resulted in a change in the freight rate structure in regard to Newfoundland, and new rates were brought in which meant a considerable reduction in the rate on goods going to and from Newfoundland, that I asked him "What about the $4 million that has been taken illegally during the last eighteen months?" and he said, "We cannot do anything about it." Nothing was going to be done about it. This legislation now means that $4 million is going to be taken every year, on the principle of equalization laid down by the royal commission on transportation.

I feel that in such an important matter we should not let this stage go by without a statement from the minister that it is not going to have any detrimental effects upon trade to and from Newfoundland.

Mr. Chevrier: It has never been the practice to deal with legislation at the resolution stage, in a matter brought before the house, and I certainly have no intention of dealing with the legislation at this stage. This is a resolution; and the only reason a resolution is brought forward is the financial requirement of $7 million. My hon. friend knows that just as well as I do; because at the last session of parliament it was not the intention to include it in the bill, but to deal with it in some other manner. Therefore it was not necessary to have a resolution; and the only thing that is before the house at this time is the resolution which has to do with the $7 million subsidy.

Mr. Browne (St. John's West): Then why did you go into other subjects yourself?

Mr. Chevrier: When we get to the legislation stage, we will deal with the legislation. My hon. friend said a moment ago that I made a statement which was untrue, that the statement I made was wholly inaccurate. I thank my hon. friend for that accusation. That is the second time he has accused me of making statements in the House of Commons which were inaccurate and false. If he is the kind of member I think he is, then he should not use that kind of language. I am not coming forward in the House of Commons to try to conceal anything or to try to dissuade hon. members from a position. Neither am I trying to say to them something that is wholly untrue, or even false or inaccurate.

My intention and the intention of the government is to put in legislative form the recommendations of the commission.

If my hon. friend had read further, as I indicated he should have a while ago, he would have found, just as the hon. member for Greenwood did a moment ago, that most of the things that have been discussed here this evening are taken care of in the statement I made earlier. If my hon. friend had read page 125 of the report he would have found this, dealing with equalization:

It would appear, from the foregoing and having regard particularly to the terms of order in council No. P.C. 1487, that the broad general principle of equalization throughout the country is now accepted.

Mr. Browne (St. John's West): By whom?

Mr. Chevrier: That is the royal commission making that statement.

Mr. Browne (St. John's West): Accepted by whom?

Mr. Chevrier: It is the royal commission making that statement, after having heard the evidence of various groups from one end of the country to the other.

Now, is that statement inaccurate? Is that statement untrue or false? If it is, then my hon. friend certainly is not the kind of member of parliament I think he is or should be. Still he accuses me of making inaccurate statements, statements that are untrue. I say to him that if he will read the report, if he will calm himself, if he will only take the trouble to look at the orders in council and see the trouble to which the government has gone, he will find that the position of the maritime provinces is protected at least three times in the documents which will be discussed from time to time as this matter goes on. Now I ask you, Mr. Chairman, if the time has not arisen to deal with the resolution, and with the resolution alone.

Mr. Browne (St. John's West): I must thank the minister for the good advice he has given me to remain calm in the discussion of this matter about which I feel so strongly. Yet while I appreciate the good advice I have not heard any statement in refutation of the statement I read from this report. I read from page 124, and the minister read from page 125. The minister says that a broad general principle of equalization throughout the country is now accepted. Such a statement is made on page 125. But on the other page it says:

The maritime provinces said that they did not "subscribe to or support so-called equalization of freight rates" and stated "rate equalization is impossible of achievement."

What are the maritime provinces? They are New Brunswick, Nova Scotia, Prince Edward Island and I suppose Newfoundland will be included with them. Will the minister say that these provinces did not and do not oppose equalization? That is the point I am making. The minister made the statement that the provinces in their majority—I think that is the expression he used—favoured equalization. I suggest he was giving a false impression, and I still say he intended to give a false impression.

The Chairman: Order.

Mr. Chevrier: On a question of privilege, Mr. Chairman, no member has the right to accuse another member in this house of, by intent or otherwise, making a false statement. I ask that the member abide by the rules and withdraw that statement.

Mr. Browne (St. John's West): Mr. Chairman, I am sorry for having used that expression. I did not mean to say that.

Some hon. Members: Withdraw.

Mr. Browne (St. John's West): I withdraw, certainly, but I still ask the minister what he has to say about the position of the maritime provinces on this question of equalization.

Mr. Chevrier: A moment ago I told the hon. member that I did not intend to be drawn into a discussion of the recommendations of the royal commission. They are there for any member of this house to read, and I can only restate the position that the recommendations as they were made, in my mind and in the mind of the government, represent what the royal commission thought should be done. One of the things they thought should be done was equalization, and that recommendation we intend to implement.

Mr. Higgins: I believe, Mr. Chairman, that my colleague got himself mixed up in this because of the memorandum on freight rate equalization submitted to the minister by Associated Newfoundland Industries Limited. As the minister will recall, that memorandum contained a number of requests with respect to equalization. I do not imagine the minister has a copy with him now, and there are so many things that pass through his hands I am sure he will not mind if I make a brief reference to this particular chapter.

We recommend most earnestly that the equalization section 332A of Bill No. 377 be thrown out. As far as Newfoundland industry is concerned, introduction of the equalization plan would have a serious general adverse effect. For certain industries, which might be considered marginal because of their sensitivity to freight rate increases, the present proposals would almost certainly be disastrous. On this point, it might be recalled that not all Newfoundland industries were able to survive the effects of confederation with Canada. Those still operating have had to make serious re-adjustments often at high cost, both in the mode of their operation and the type of their products. These

forms of adjustment have now been exhausted and it is impossible for them to escape the consequences of additional emergencies in the form of alarming freight increases.

Then I should like to quote this last paragraph:

In conclusion, we submit for your earnest consideration the contention that to place Newfoundland and the other maritime regions in an unfair and disadvantageous position in the vital matter of freight rates does violence to the very principles and ideals of the confederate system of government under which we live. It is, we submit, inconsistent with the principles of confederation for some citizens of Canada to be penalized in the matter of rates for vitally important public services merely by virtue of their geographical location and to be deprived of the standard of living to which they justly aspire, by their inability to compete with other provinces which, because of their central location, are progressively and automatically favoured as one upward freight revision follows another.

I do not intend to go further into that particular memorandum. I merely remind the minister of it, and I feel sure that is what was in the back of my colleague's mind when he was referring to the fact that we were not satisfied with equalization.

Mr. Knowles: I should like to ask the minister a question based on the terms of the resolution. Just now I am not concerned with all the other things that are covered by the words "inter alia." I am concerned rather about the part that is before us in the resolution, namely that which refers to the payment of $7 million a year for the maintenance of the tracks of the railway lines in the area described as a bridge between the east and the west. The minister knows that we have had in our possession since the latter part of the last session this bill in the form in which it was presented to us on June 14. The purpose of giving the bill first reading at that time, along with the other two that were presented, was to enable us to study it in detail before coming back to deal with it this fall.

It happens that, although we have had the former Bill No. 377 for these several months, the bill to be introduced following this resolution will include things that were in the former bill, plus this $7 million proposition. We have not had an opportunity of studying the details of any formula which the government may have in mind with respect to paying out that $7 million. I would appreciate it if the minister would give some indication of that now. I hope he will not take the position that we should wait until we see the bill. I suggest, in view of the fact that we have knowledge of the other features in the bill, that he should tell us how it is planned to pay out that $7 million as between the two companies, as among three different lines of railway, and so on.

Mr. Chevrier: In the first place, the method or formula which the commission recommends is to be found at pages 253 and 254 of the report, which chapter is headed "The Rail Link between East and West". I need not read it all, but there is this—

Mr. Knowles: I have read it, but I did not see a formula.

Mr. Chevrier: It reads:

The problem presented is that of maintaining this link so long at least as it does not provide sufficient revenue for its own maintenance. This problem concerns the whole country and not only its western portions, and the responsibility for its solution should be assumed by the nation as, for instance, in the case of the maintenance of our canal system.

Reading from other parts of the report it would appear that the commission has suggested that the annual cost of maintaining the trackage on both the Canadian National and Canadian Pacific be paid out of this $7 million subsidy. I think that the commission had in mind, although I have some doubts about it myself, that the proportion of the $7 million which should be divided as between the railways was to be left to the board of transport commissioners.

As I said earlier in the statement, the intention is that an amount equal to the annual cost of maintaining the trackage between Sudbury and Fort William on the transcontinental line of the Canadian Pacific Railway and between Capreol and Fort William and between Cochrane and Armstrong on the transcontinental line of the Canadian National Railways should be certified by the board of transport commissioners. The amount for each railway is a matter which will be left to the board; but there is a section which has been carefully thought out by the committee charged with this legislation in the Department of Transport, and I think it will meet the recommendation that is contained in that chapter.

Mr. Knowles: One problem that occurs to me, and one which I think is important in asking for a formula, is this. Suppose one railway presents a bill for maintenance that is at a higher rate per track mile than that charged by the other company. In that instance how will a decision be made, and what steps will be taken to make sure that these payments to the companies for the maintenance of those tracks will, in the end, result in the advantage to western Canada that was intended by this recommendation?

Mr. Chevrier: The board will have to work out the proportion of the maintenance cost of track as between the two railways. I hesitate to anticipate the interpretation of the section before it is before the house. Having said

what I did say, perhaps the hon. member will wait until the section itself is before the house.

Mr. Knowles: I will not press the minister for that if he prefers that we should wait and see the bill. But I would make this suggestion now in view of the importance of this section. If this bill gets first reading tonight, as I imagine it will, I suggest that he do not ask for second reading tonight. Let us have a chance to look at the bill before second reading is given.

Mr. Chevrier: I am in the hands of the committee. I am quite prepared to abide by the suggestion of the hon. member, if that seems to be the wish of the committee.

The Chairman: Shall the resolution carry?

Mr. Bater: Speaking as a western member I want to commend the minister for bringing in this legislation at this session. This is something we in the west have been awaiting for a long time. I was rather surprised at the remarks made by the hon. member for Assiniboia. Again, in his usual manner, he seemed to me to be seeing only the hole in the doughnut. The people of my constituency are located in a fairly high freight rate zone in western Canada, and the matter of freight rates affects us in a plus and minus way. When we drive to the elevator and unload our wheat, we find that we receive payment minus the freight to Fort William. But if we drive across the street, pick up a piece of furniture or an implement and load it up to take home, we find that we pay the cost of production plus the freight to our point in our own constituency.

In fairness to a former member of this house, I think I should mention at this time that the recommendation dealt with in this resolution was suggested to the transport commission by the former member for Rosthern, Mr. Tucker. I want to pay tribute to him for having done so. We are now getting action on it.

As a result of listening to the discussion tonight may I say I think that had the word "equalization" been put into the resolution, it might have saved a lot of words. As far as the increase in freight rates to any part of the country is concerned, surely that is why this $7 million is mentioned.

The Chairman: Shall the resolution carry?

Mr. Macdonnell (Greenwood): No. I want to ask one question of the minister. I know I am not allowed to ask him why the government is not dealing with that part of the commission's report which deals with trucking, but I should like to ask the minister this question. After dealing with this problem that is now being dealt with in Bill No. 377, or whatever its new number is, without these other important questions having been settled are we not in danger of finding that we may have to do the thing all over again? In other words, are we not leaving out one important factor with regard to trucking, and going ahead and dealing with the thing in a partial manner?

Mr. Chevrier: I think I made my position quite clear earlier when I told the hon. member for Vancouver-Quadra that we were dealing with the first part of the report only. I disagree with my hon. friend when he suggests that we cannot deal with this matter now and deal with the other question later. I know what my hon. friend wants. My hon. friend wants from me tonight a statement that will go out across the country to the effect that we are going to amend the Railway Act to meet the judgment of the Supreme Court of Canada. I will not make that statement. I will not make it, in the first place, because we have not given the slightest consideration to the matter.

Mr. Macdonnell (Greenwood): I am a simple soul, and should not be suspected of having any such intention.

Mr. Chevrier: I will not make that statement, in the second place, because it is a matter of government policy which, as my hon. friend knows, will be announced from time to time. Surely it could not be expected that I would deal with a matter of such great importance in connection with legislation concerning equalization. Again I submit with respect and deference to my hon. friend that I disagree with his suggestion that we cannot deal with this matter now and deal with the other later, should we decide so to do.

The Chairman: Shall the resolution carry?

Mr. Coldwell: May I just say that I think all hon. members welcome this resolution as foreshadowing legislation that will be of benefit to the country at large. I hold the view strongly—and this is perhaps a personal view—that this whole transport system in Canada must be considered as a whole. While we welcome this particular legislation in an attempt to bring about some equalization, we must bear in mind of course—as the minister has already said and as the recommendations of the report indicate, as read by the hon. member for Greenwood—that there must be some exceptions to equalization; for instance, maritime freight rates, Crowsnest rates and so on. They must be separated from or left out of this legislation altogether. But in my opinion this legislation is important, particularly for those of us who represent

constituencies in the distant parts of Canada. What has been said tonight with regard to the effect of the discriminatory freight rates on this country is absolutely correct.

What I was going to say to my hon. friend the minister is that, having read much of the evidence that was given before this commission, I am convinced that what we shall have to do is give the board of transport commissioners more expert help in dealing with these matters. I believe one of the causes of the failures of the board in the past has been that the staff has been quite inadequate to deal with the various problems that have been placed before it. No doubt this legislation will be discussed thoroughly in the committee. When it comes back to the house and is passed I hope the government will see to it that the board of transport commissioners is strengthened not so much perhaps as to the personnel of the board itself but as to the personnel of the officials, experts, accountants and so on who have to deal with this intricate problem of freight rates which I believe the railways themselves do not properly understand. That this is the situation is indicated when you find—as most of us have from time to time—that one person will figure the freight rate on a particular article or group of articles to be quite a different amount from what someone else will figure it. That is something which has caused some of the big companies in this country—and I could name them; some of the big mail order houses—to keep a staff reviewing the rates that are being charged for freight on the goods going out of their stores, warehouses and so on. It pays them to keep such a staff to recover the overcharges that are made in connection with freight and express. Therefore I say, dealing with this intricate problem, that one of the main things in connection with it is to see to it that we have a board of transport commissioners that is properly equipped with a competent and large enough staff to look into these matters. As far as equalization is concerned, I realize that there must be certain exceptions, but we want to see the discrimination that has been in effect for years removed, and in that way equalization is the term which we use regarding the freight rates.

Mr. Macdonnell (Greenwood): Now that the minister understands my question was not a subtle question but a very simple one, I am going to repeat it for him because I am sure he can answer it. I realize we cannot discuss the question dealing with trucking, but I ask him does he not think that it will be very difficult for the board to fix the rates they are going to have to fix while this other important matter is left undone? That is my only question.

Mr. Chevrier: No, I do not think so, because we are dealing with the Railway Act, and the other matter deals with another act altogether.

Resolution reported, read the second time and concurred in.

Mr. Chevrier thereupon moved for leave to introduce Bill No. 12, to amend the Railway Act.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): I move the adjournment of the house. There are only five minutes left; therefore I do not think we will have time to take up any other matters. Tomorrow we will revert to the debate on the address. If the debate is concluded we will take up Bills Nos. 8 and 9 on today's order paper, to amend the North Fraser Harbour Commissioners Act and respecting the Toronto harbour commissioners. We may take up the Toronto bill before the North Fraser harbour bill.

Motion agreed to, and the house adjourned at 9.55 p.m.

HOUSE OF COMMONS

Wednesday, October 24, 1951

The house met at two o'clock.

DOMINION ELECTIONS ACT

PERSONNEL OF SPECIAL COMMITTEE

Mr. W. G. Weir (Portage-Neepawa): I move:

That the following members comprise the special committee on the Dominion Elections Act as provided for in the resolution passed by the house on Friday, October 12, 1951: Messrs. Applewhaite, Argue, Balcer, Boisvert, Boucher, Cameron, Cannon, Cauchon, Churchill, Decore, Dewar, Fair, Fournier (Maisonneuve-Rosemont), Fulford, Harris (Grey-Bruce), Hees, Hellyer, Herridge, Higgins, Jeffery, Kent, Kirk (Antigonish-Guysborough), MacDougall, McWilliam, Murphy, Nowlan, Valois, Viau, Ward, White (Middlesex East), Wylie.

Motion agreed to.

QUESTIONS

PHYSICALLY INCAPACITATED PERSONS—PROVINCIAL SURVEYS—PENSIONS

Mr. Fair:

1. Has a survey been made during recent months in the various provinces to ascertain specific information regarding a group of persons known as the physically incapacitated?

2. If so, what has been the result of such survey, particularly with respect to number in each province, the degree of disability and the number who are not capable of providing their own livelihood?

3. What action has been or is being taken by the federal government to provide adequate pensions for these people?

Mr. McCusker:

1. The national sickness survey has been in progress since last fall. Part of the information derived from this survey will give an estimate of the number of persons in Canada who have one or more permanent physical disabilities, as well as the extent and nature of such disabilities.

2. As the national sickness survey will not be completed until the end of this year no final results will be available until after that time.

3. As the joint parliamentary committee on old age security pointed out, in putting forward its proposals, "To the extent that the age of eligibility under old age assistance is lowered to 65 it can be considered as making a significant contribution to the security needs of the disabled members of the population in the upper age groups". Action was taken to implement this assistance scheme at the last session of parliament. It is estimated that 45,000 totally and permanently handicapped persons will be receiving financial aid under the old age assistance scheme and the universal old age pension plan.

Aside from disabled persons qualifying for other types of cash benefit, such as the old age assistance scheme, the universal old age pension plan, and war veterans' allowances, the three principal measures in terms of numbers covered and benefits paid are the federal pensions for disabled veterans, pensions for work-connected disability of either a temporary or permanent nature under the federal and provincial workmen's compensation schemes, and blind pensions under the federal-provincial scheme.

In addition, a number of disability payments are provided through a variety of provincial assistance programs. These include the provision of assistance under the provincial mothers' allowances programs where physical or mental incapacity prevents the husband from working, as well as, under provincial and/or local general assistance programs, financial aid for disabled persons in need. Newfoundland and Ontario have introduced incapacitation allowances as a means of ensuring financial assistance for certain disabled persons. Some provinces have made provision for special allowances for persons incapacitated by tuberculosis.

It is estimated that in 1950 over 325,000 persons were receiving disability cash benefits at a cost of about $110 million. If disabled persons qualifying for other types of cash benefit, such as old age pensions and war veterans allowances, were also included, the number would be substantially higher and the cost might be in the neighbourhood of $130 million.

In February this year a national conference on rehabilitation of disabled persons was convened by the federal government to discuss matters relating to the disabled in Canada. That conference recommended the establishment of a national advisory committee on rehabilitation and the federal government has taken action to set up this committee. It is anticipated that this committee will review all aspects of the needs of the disabled in Canada as a part of its work.

IMMIGRATION QUARTERS, HALIFAX, N. S.—GUARDS' SALARIES AND SERVICE

Mr. Balcom:

1. How many guards were employed at immigration quarters, Halifax, during the first six months of 1950?

Questions

2. What was the gross amount paid in salaries to such guards for this period?

3. Were any guards released from service during the first six months of 1951?

4. If so (a) what number; (b) what saving was made by such action?

5. What was the gross amount of salaries, including overtime, paid to guards for the first six months of 1951?

Mr. Harris (Grey-Bruce):

1. 22.

2. $22,165 (salaries only).

3. Yes.

4. (a) Three. (b) For six-month period: $1,328 in salaries. This saving in salaries would have totalled $3,105 if they had been struck off strength on January 1, 1951.

5.	Salaries	$25,296.50
	Overtime	2,845.14
	Total	$28,141.64

Note: Salaries were increased by approximately 12·5 per cent, effective December 1, 1950.

OLD AGE PENSIONS—EXPENDITURES ON ADVERTISING

Mr. Shaw:

What has been the total amount spent since July 1, 1951, by the Department of National Health and Welfare on radio, magazine, newspaper and other forms of advertising, respecting the payment by the government of Canada of universal old age pensions to those 70 years of age and over?

Mr. McCusker: As some invoices have not yet been received, total expenditure figures are not available. However, commitments since July 1, 1951, total $49,100.

SOUTH SASKATCHEWAN RIVER PROJECT—EXPENDITURES SINCE MAY 1, 1951

Mr. Diefenbaker:

What has been the expenditure, month by month, since the 1st of May, 1951, and to date on the South Saskatchewan river power and irrigation project?

Mr. McCubbin: April to June, $66,692.77; July, 42,356.79; August, 65,288.91; September, 66,470.81.

WHEAT SHIPPED THROUGH CHURCHILL—STORAGE AT CHURCHILL AND IN PRAIRIE ELEVATORS

Mr. Diefenbaker:

1. What was the total amount of wheat shipped through Churchill in 1951?

2. How many bushels of wheat are in storage at Churchill at the present time?

3. How many bushels of wheat are in storage as of this date in the local elevators on the prairies, and of this amount how much is of wheat harvested during the present season?

Mr. McIlraith:

1. 7,278,443-50 bushels.

[Mr. Balcom.]

2. As at October 15, 1951, in store, 1,380,392 bushels; en route, 575,001 bushels; total, 1,955,393.

3. As at October 15, 1951: 1950-51 crop account, 20·4 million bushels; 1951-52 crop account, 65·1 million bushels; total, 85·5 million bushels.

DEPARTMENT OF NATIONAL DEFENCE —EMPLOYEES OTHER THAN BRITISH SUBJECTS

Mr. Gagnon:

1. Are there any employees in the Department of National Defence who are not British subjects?

2. If so (a) what are their names; (b) respective positions; (c) nature of their work; (d) salary of each; (e) place of origin; (f) by whom and on what date was each recommended?

Mr. Blanchette: As the hon. member now has the answer to this question, which was tabled on October 17, 1951, sessional paper 78-A, may I suggest that it be dropped.

Mr. Speaker: Dropped.

FERRY SERVICE, PORT AUX BASQUES-NORTH SYDNEY

Mr. Browne (St. John's West):

What progress has been made in connection with the construction of the ferry steamer between Port aux Basques and North Sydney?

Mr. Chevrier: Because this vessel is of an unusual type, requiring the incorporation of various special features, it has been necessary to devote a great deal of time and effort to the preparation of the design plans and specifications. For this reason the plans and specifications have not yet been completed, but considerable progress has been made.

COMBINES INVESTIGATION ACT—CONVICTIONS JANUARY-SEPTEMBER, 1951

Mr. Catherwood:

1. How many convictions have been made under the Combines Investigation Act in the nine months ending September 30, 1951?

2. What is the total of fines collected under this act, during the above period?

Mr. Garson:

1. The trial of six bakeries in the Supreme Court of Alberta under section 498(d) of the Criminal Code for conspiracy to unduly prevent or lessen competition had concluded prior to September 30, 1951. The accused were convicted and fined a total of $30,000, together with the whole of the costs or expenses incurred in or about their prosecution and conviction. This judgment was delivered October 2, 1951.

The trial of five match companies in the Quebec Court of King's Bench for an offence against the Combines Investigation Act had

also concluded prior to September 30, 1951 but judgment was reserved until October 29, 1951.

2. Answered by No. 1.

BUTTER—PERMITS TO PRIVATE FIRMS FOR IMPORT AND EXPORT

Mr. Fraser:

1. Were any permits issued to private firms in Canada for the importation of butter in 1951 to date?
2. If so, to whom were they issued?
3. On what dates were these permits issued?
4. How many pounds of butter did each permit cover?
5. Were any permits granted to date in 1951 for the export of butter?
6. If so, to whom were they granted?
7. On what dates were the permits issued?
8. How many pounds of butter did each permit cover?

Mr. McIlraith:

1. Yes.

2. The information contained in an application for export or import permit is confidential. As this information has a trade value to competitors, it is not in the public interest to make known the names of the individuals. Permits were issued to four firms which we will designate as A, B, C and D.

3 and 4.

	Number of Permits	Date of Issuance 1951	Quantity lbs.
A.	3	August 14	56,000
		August 14	56,000
		August 14	56,000
B.	3	August 17	1,120,000
		August 14	896,000
		August 14	22,400
C.	2	August 17	1,120,000
		August 14	22,400
D.	2	August 21	22,400
		August 17	1,120,000

5. Yes.

6. See answer to No. 2.

7 and 8.

	Number of Permits	Date of Issuance 1951	Quantity lbs.
A.	2	April 9	4,000
		May 23	1,000
B.	1	January 19 ...	5,000
C.	3	January 25 ...	96
		August 31	1,650
		September 11 .	60
D.	1	July 27	40
E.	1	April 25	28,000
F.	1	August 23	56,000
G.	4	February 5 ...	800
		March 6	1,500
		June 6	2,320
		August 23	500
H.	9	February 20 ..	720
		February 23 ..	1,620
		March 8	3,500
		April 11	1,680
		June 12	600
		July 13	1,650
		July 19	500
		August 31	250
		October 5	1,900
I.	2	February 19 ..	6,000
		July 9	6,000
J.	22	January 19 ...	1,740
		January 23 ...	2,880
		February 12 ..	3,600
		February 19 ..	4,020
		April 6	1,800
		April 6	720
		April 17	540
		April 20	1,500
		May 21	1,500
		May 21	1,020
		May 15	1,020
		July 5	840
		July 5	1,380
		July 9	480
		February 23 ..	1,500
		July 26	4,500
		August 1	2,040
		August 9	2,520
		August 14	1,800
		September 24 .	1,200
		September 20 .	1,500
		September 24 .	2,460
K.	1	June 25	20,000
L.	1	August 8	56,000
M.	1	August 22	750
N.	1	September 25 .	500
O.	1	April 9	56,000
P.	6	February 23 ..	1,056
		March 12	1,344
		April 20	2,592
		May 2	4,800
		May 28	2,300
		January 18 ...	3,500
Q.	2	August 2	5,400
		September 25 .	5,400
R.	3	April 6	2,000
		May 31	1,000
		August 14	1,000

Questions

Number of Permits		Date of Issuance 1951	Quantity lbs.
S.	12	January 19 ..	50,000
		January 22 ...	1,250
		January 22 ...	500
		January 22 ...	500
		February 28 ..	2,000
		April 26	50,000
		May 14	5,000
		June 16	75,000
		July 9	5,000
		August 13	6,500
		September 25 .	5,000
		October 3	50,000
T.	7	January 10 ..	4,000
		March 6	1,710
		April 20	2,850
		July 9	4,000
		September 18 .	4,000
		September 28 .	1,500
		September 25 .	4,200

ORDERS IN COUNCIL—INQUIRY AS TO WITHHOLDING FROM PUBLICATION

Mr. Knowles:

1. What is the number of order in council passed on July 4, 1951, under the Emergency Powers Act, which was exempted from publication as noted in the summary of orders in council tabled by the Prime Minister on October 9, 1951?

2. How many orders, ministerial, administrative or otherwise, have been made under the provisions of the order in council referred to in question 1?

3. Are these orders exempted from publication? If so, by what authority?

Mr. St. Laurent: Perhaps I might be allowed to answer this question orally. The number of the order in council in question is P.C. 3486. The authority for exempting regulations, and that comprises orders, is subsection 2 of section 9 of the Regulations Act, chapter 50 of the statutes of 1950. The hon. member will remember that when the emergency powers legislation was under discussion on March 1 I referred to the possibility of the international situation being such that it might make it unavoidable to take action in the interests of security which should not be published or divulged. In referring to the provisions of the Regulations Act I explained how the government intended to deal with such situations. I would refer the hon. member to the report of that explanation which is to be found on pages 806 and 807 of *Hansard* of March 1, 1951. This is the sort of order that I had in mind in that discussion. I remember that I said that if any hon. member felt that he should have some further information about that type of order I would be glad if he would speak to me privately. I felt sure that if it appeared to him that it should be withheld for security reasons we would not hear any more about it. I shall be glad if the hon. member will mention this to me and I hope he will take this as being sufficient answer at this time.

CROWN PROPERTIES—PAYMENTS TO MUNICIPALITIES IN LIEU OF TAXES

Mr. Murphy:

1. What municipalities, which have within their boundaries crown companies or government-owned properties, were paid grants in lieu of taxes for the year 1950?

2. What was the amount paid to each municipality, specifying the amount paid for each property in such municipality?

3. What was the cost to the government of each government-owned property or crown company?

4. If a municipal assessment was made, what was such assessment in each case?

5. If 1951 payments have been agreed upon, what are the particulars in each case?

Mr. Sinclair: Part of this question cannot be answered from our existing records while other parts would involve a large amount of office research to provide answers. I have discussed the matter with the hon. member and he has agreed to drop this question and place another question on the order paper which will give him the information he wishes.

Mr. Speaker: Question dropped.

GEOLOGICAL SURVEY ORGANIZATION IN CAPE BRETON, N.S.—COAL AND OTHER MINERALS IN CAPE BRETON AND INVERNESS AREAS

Mr. Gillis:

1. Has the Department of Mines and Technical Surveys a geological survey organization in Cape Breton, Nova Scotia?

2. If so, when did they begin the survey?

3. What areas are they covering?

4. Will the survey cover the areas under lease by the Dominion Coal Company?

5. Will the survey cover the Inverness area?

6. What progress has been made, if any, in the Cape Breton area toward finding new seams of coal or other minerals?

7. What progress has been made in the Inverness area toward finding new seams of coal or other minerals?

Mr. Winters:

1. Yes. A staff is assigned to Sydney in co-operation with the Department of Mines and Research Foundation of Nova Scotia to carry on research in coal petrology.

2. 1948.

3. Sydney coalfield principally, but minor investigations in coalfields of Inverness county.

4. Yes.

5. Yes.

6 and 7. This investigation has been directed towards structural features and microscopic study of known coals with a view towards their correlation and development.

Progress to date indicates that investigation should be of considerable value to the coal mining industry of Nova Scotia, although much detailed work remains to be done before its full practical value can be determined.

HOMER, ONT., DOCK BUILDINGS

Mr. Charlton:

1. Have the government dock buildings at Homer, county of Lincoln, been leased or otherwise disposed of?

2. If so, in whose favour was the lease or other disposition made, when was it made, and upon what terms?

Mr. Chevrier:

1. A lease is being prepared.

2. In favour of Richard M. Robertson (Robertson Cartage and Storage), effective August 23, 1951, for a term of 5 years cancellable by either party upon 6 months' notice, at a rental of $2,400 per annum, payable semi-annually. The company has been granted permission to occupy the building at its own risk, pending completion and issuance of the lease.

STEEL IMPORTS FROM COUNTRIES OTHER THAN UNITED STATES, JANUARY, 1950-OCTOBER, 1951

Mr. Boisvert:

What quantities of steel were imported from January, 1950, to October, 1951, from (a) Great Britain; (b) other countries, except United States?

Mr. McIlraith:

(a) and (b).

Imports of Steel into Canada

	From United Kingdom		From Other Countries, Except United States	
	1950	1951	1950	1951
	(tons of 2,000 pounds)			
January	4,952	17,982	199	5,949
February	4,461	14,442	3,648	6,606
March	4,729	16,383	1,325	13,880
April	10,805	24,837	5,870	27,449
May	22,150	28,515	4,565	37,231
June	26,129	28,613	4,061	40,533
July	18,747	27,585	12,832	44,661
August	16,254	24,216	7,427	27,518
January-August	108,227	182,573	39,927	203,827
September	20,001	.....	15,730	.....
October	35,061	.....	27,638	.....
November	37,332	.....	25,225	.....
December	22,624	.....	7,693	.....
Total for year	223,245	.....	116,213	.....

PRICES—INCREASE IN PRICE-MAINTAINED AND NON-PRICE-MAINTAINED ARTICLES

Mr. Murray (Oxford):

1. Has an analysis been made within the past ten years as between the percentage increase of price maintained articles and articles that were not price maintained?

2. If so, what has been (a) the percentage increase of price maintained articles; (b) the percentage increase of articles that were not price maintained?

Mr. Garson:

1. No.

2. Answered by No. 1.

It is assumed that the question refers to the relative changes in the retail prices of price-maintained and non-price-maintained articles of the same kind or class, as articles of different classes or kinds would not be affected by the same factors of cost or market conditions. Studies of price changes which were undertaken were for the purpose of securing information with respect to the price behaviour of a variety of individual articles and do not distinguish between price-maintained and non-price-maintained articles of the same class.

ARMAMENT EQUIPMENT ON F-86E SABRE AIRCRAFT

Mr. Dinsdale:

1. Is the F-86E Sabre aircraft used by the Royal Canadian Air Force, 410 squadron, being equipped with 50-calibre armament?

2. If so, is this a change in armament policy, and for what reason?

Mr. Blanchette:

1. Yes.

2. This is not a change in armament policy.

BREAD—QUESTION AS TO REPRESENTATIONS REGARDING BROWN LOAF

Mr. Knowles:

1. Has the government received any representations, since January 1, 1950, asking that regulations be made to ensure the purchasers of brown bread that they are buying whole wheat rather than white bread dyed brown?

2. If so, from whom have such representations been received?

3. What progress is being made in the consideration of such representations?

Mr. McCusker:

1. No.

2 and 3. See answer to No. 1.

The department is proceeding as rapidly as possible with consultations with the baking and milling industries and others concerned with a view to a revision of our flour and bread standards and labelling requirements.

DEPARTMENT OF NATIONAL DEFENCE—WAGE SCALE FOR VARIOUS CIVILIAN EMPLOYEES IN NOVA SCOTIA

Mr. Nowlan:

What is the hourly and/or, where applicable, the monthly wage scale paid by the Department of National Defence at its various establishments in the province of Nova Scotia, to civilian employees of the following classifications: (a) carpenter; (b) charwoman; (c) chauffeur and motor truck driver; (d) crane operator; (e) electrician; (f) labourer; (g) motor mechanic; (h) painter and glazier; (i) painter, spray; (j) plumber and steamfitter; (k) tailor; (l) tailoress; (m) tractor operator, large; (n) tractor operator, small; (o) trades helper?

Mr. Blanchette:

Wage rates authorized for employment at service establishments in the province of Nova Scotia as of October 19, 1951

	Aldershot	Cornwallis	Debert	Greenwood	H.M.C. Dockyard Halifax	Halifax-Dartmouth (outside dockyard)	Sydney
(a) Carpenter	$ .85	$ .85	$ .95	$ .85	$1.32	$1.33	$1.40
(b) Charwoman	....	.50	....	....	.65	.65	....
(c) Chauffeur and motor truck driver	....	133.00 monthly	....	....	.96	.96	1.04
(d) Crane operator	....	1.25	....	....	1.02-1.32	1.45	1.25
(e) Electrician	.85	.90	.90	.90	1.32	1.43	1.27½
(f) Labourer	.60	.65	.70	.60	.97	.91	.99
(g) Motor mechanic	....	.80	....	....	1.27	1.00	1.10
(h) Painter and glazier	.75	.85	.75	.75	1.32	1.17	1.20
(i) Painter, spray	.80	.90	....	.85	....	1.27	....
(j) Plumber and steamfitter	.85	.95	.95	.90	1.32	1.40	1.50
(k) Tailor	....	.70	....	....	.94	....	....
(l) Tailoress (seamstress)	....	.55	....	....	.83	....	....
(m) Tractor operator (large)	....	1.00	....	.80	....	1.20	....
(n) Tractor operator (small)	....	.85	.80	.70	1.07	1.00	....
(o) Trades helper	....	.70	....	....	.97-1.07	.96	1.04

(Rates per hour except where otherwise indicated)

NOTE.—Hourly rate employees of the Department of National Defence are paid at the rates prevailing for similar occupational classes of work in the locality as determined and recommended to this department by the Department of Labour and approved by the treasury board.

QUESTIONS PASSED AS ORDERS FOR RETURNS

TOBACCO—TAXES AND EXPORTS

Mr. Coyle:

1. What was the total amount paid in taxes on tobacco in each month of the year 1951?
2. Of these amounts, how much was paid on (a) flue-cured tobaccos; (b) other kinds?
3. During each of these months, what amount of tobacco was exported?
4. To what countries was it exported, and what amount to each?
5. What was the value of the exports to each country?

Mr. Bradley: Return tabled.

CEMENT—GOVERNMENT PURCHASES

Mr. Cardiff:

1. How many bags of Canadian cement did the government buy during the first six months of 1951?
2. What was the price paid per bag?

NOVA SCOTIA—EMPLOYMENT BY GOVERNMENT DEPARTMENTS OF CORPS OF COMMISSIONAIRES—RATES OF PAY

Mr. Nowlan:

1. In the province of Nova Scotia, what departments of the government of Canada employ the corps of commissionaires?
2. In what places in the said province is the corps so employed, and what are the rates of pay prevailing in each of such places?

TELEVISION—RECEIVING SETS, TRANSMITTING STATIONS AND LICENCE FEES

Mr. Brown (Essex West):

1. How many television-radio receiving sets are there in use in each federal constituency in Canada?
2. How many television-radio transmitting stations are there in Canada, and where are they situated?
3. Are there any television-radio transmitting stations in course of construction in Canada? If so, where?
4. Is there a fee for the operation of a television-radio receiving set? If so, what is the amount of same?
5. How much has been collected in 1950, and to date in 1951, from licence fees for operation of television-radio receiving sets in each federal constituency?

DEPARTMENT OF EXTERNAL AFFAIRS—CHIEFS OF BRANCHES

Mr. LaCroix:

1. How many chiefs of branches are there in the Department of External Affairs?
2. How many are English-speaking Canadians?
3. How many are French Canadians?

Mr. Lesage: Return tabled.

NEWSPRINT—EXPORTS TO EUROPE AND UNITED STATES

Mr. Knowles:

1. What quantity of newsprint has been exported from Canada to Europe in each calendar month since January 1, 1950?
2. What quantity of newsprint has been exported from Canada to the United States in each calendar month since January 1, 1950?
3. Is the amount being shipped to Europe to be increased?
4. If so, will this increase come out of the amount being shipped to the United States, or out of the Canadian domestic quota?

MOTION FOR PAPERS

OLD AGE SECURITY—APPLICATION AND INSTRUCTION FORMS

Mr. Knowles:

For a copy of the application form issued to those wishing to apply for the universal pension to be paid under the Old Age Security Act, 1951, and also a copy of each form or sheet of instructions sent out to applicants for this pension who have difficulty in proving their age.

OLD AGE SECURITY

MOTION FOR ADJOURNMENT UNDER STANDING ORDER 31

Mr. Gordon Graydon (Peel): I ask leave at this stage, seconded by the hon. member for Lake Centre (Mr. Diefenbaker), to move the adjournment of the house under standing order 31 to discuss a definite matter of urgent public importance, namely, the state of uncertainty, confusion and distress among many of our elder citizens because of the refusal of federal authorities to accept reasonable evidence of age in establishing eligibility for pension under the proposed old age pension legislation.

Mr. Speaker: The hon. member for Peel (Mr. Graydon) has moved, seconded by the hon. member for Lake Centre (Mr. Diefenbaker), the adjournment of the house under standing order 31 to discuss a definite matter of urgent public importance. The hon. member has made his motion at the proper time and has handed a written statement of his motion to me in accordance with this standing order. Standing order 31, subsection 3, reads:

He then hands a written statement of the matter proposed to be discussed to the Speaker, who, if he thinks it in order and of urgent public importance, reads it out—

I must decide whether or not the motion is in order and is of urgent public importance. Under our rules urgency means whether or not the house will be given an opportunity to debate the matter at an early date. Paragraph 174 of Beauchesne's third edition reads:

"Urgency" within this rule does not apply to the matter itself, but it means "urgency of debate," when the ordinary opportunities provided by the rules of the house do not permit the subject to be brought on early enough and public interest demands that discussion take place immediately.

Paragraph 176 reads:

The "definite matter of urgent public importance," . . . must be so pressing that public interest will suffer if it is not given immediate attention.

Paragraph 176 goes on to state that the matter must be so urgent that the proceedings of the house should be halted so that it may be discussed. The Minister of National Health and Welfare (Mr. Martin) was asked a question yesterday about this matter and he replied that it would be discussed when the bill which he proposes to introduce is before the house for consideration. I have the order paper before me, item No. 7 of which reads:

In committee of the whole—the following proposed resolution:

Resolved, that it is expedient to introduce a measure to provide for the payment of pensions, without a means test, of forty dollars a month to persons who have attained the age of seventy years and have appropriate residence qualifications, and to establish a fund made up of special contributions levied for that purpose.

Yesterday the minister stated that this resolution would be considered at an early date. Therefore there will be an early opportunity, without interfering with the regular rules of the house, to discuss the subject matter of the motion which has been moved by the member for Peel (Mr. Graydon). For that reason I shall have to rule that the matter cannot be considered now, in accordance with standing order No. 31.

IRRIGATION

SOUTH SASKATCHEWAN RIVER PROJECT—AVAILABILITY OF REPORT

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): Will the Prime Minister state whether the report of the royal commission inquiring into the South Saskatchewan river project will be available this session, so that, if it is favourable, contracts can be let for an early start in the spring?

Right Hon. L. S. St. Laurent (Prime Minister): On receiving notice of the hon. member's question I communicated with the secretary of the commission. I was informed that it would not be possible for them to have their report available before the end of this session, if the session were completed before the end of the year. I believe it will probably be available for the regular session in 1952.

I can give the hon. member the assurance that I do not think there is anything being lost by the time they are taking to consider the economic problems involved, because as would appear from the answer to question No. 14 on today's order paper, given this afternoon, there is substantial expenditure being made out of moneys already appropriated by parliament, under the prairie farm rehabilitation organization, for engineering which has to do with that project.

[Mr. Speaker.]

OLD AGE SECURITY

ACCEPTANCE OF AGE RECORDS—REFERENCE TO CENSUS RECORDS

On the orders of the day:

Mr. Gordon Graydon (Peel): Will the Minister of National Health and Welfare state whether there is any administrative objection to accepting prima facie proof of age under the universal old age pension legislation, and then referring that to the census records to have the matter checked? Then there would not be the confusion which I have tried to indicate there is.

Hon. Paul Martin (Minister of National Health and Welfare): If my hon. friend's question serves no other purpose, it serves at least to give me an opportunity to say to him at once that there is no confusion whatever. It affords me an opportunity also of saying that great progress has been made in the number of applications that have been put in, and in the number that have been processed. He will be quite surprised when the figures are given tomorrow to see how few applications remain to be put in out of the potential 700,000 applicants. This will indicate that there is no confusion. Because I know he is so interested, I believe the hon. member would be the first to recognize the importance of not leaving the impression that there is the kind of confusion which, in his earlier remarks, he suggested there was. I assure him there is no confusion. I know that if I have not succeeded in assuring him now, I shall succeed in convincing him tomorrow.

ROYAL CANADIAN MOUNTED POLICE

QUESTION AS TO INCREASE IN SALARY

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I should like to direct a question to the Minister of Justice. Has consideration been given at this time to increasing the salaries of members of the Royal Canadian Mounted Police?

Hon. Stuart S. Garson (Minister of Justice): Since the hon. member did not give me notice of his question, I shall take his question as notice and bring down an answer.

HEALTH INSURANCE

QUESTION AS TO SETTING UP OF COMMITTEE

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Will the Minister of National Health and Welfare consider setting up at this session the committee on health insurance

which has been promised for the next session, so that the committee could at least get started with its work on this important question?

Hon. Paul Martin (Minister of National Health and Welfare): I believe the hon. member asked me that question some months ago. The reply I made on that occasion would serve as well on this occasion.

POULTRY

NEWCASTLE DISEASE—QUESTION AS TO CHANGE IN POLICY OF SLAUGHTERING FLOCKS

On the orders of the day:

Mr. G. R. Pearkes (Nanaimo): May I ask the Minister of Agriculture if there have been any changes in government policy on the slaughtering and paying of compensation for flocks infected with Newcastle disease?

Right Hon. J. G. Gardiner (Minister of Agriculture): The hon. member was kind enough to send me a copy of his question. In reply I may say there has been no change in policy on slaughter and compensation for poultry flocks which have become infected with Newcastle disease. Modifications of the policy have been discussed with provincial departments of agriculture with the hope that it might be possible to avoid the most destructive aspect of the present policy; namely, the slaughter of mature laying flocks.

More than 900 flocks in British Columbia have been vaccinated by veterinary officers of the Department of Agriculture. Vaccine is being provided to provincial authorities for immunization of flocks supplying eggs to approved hatcheries. Progress in this field to date has been most encouraging, and there is every reason to hope that vaccination will replace slaughter of mature flocks as a means of preventing the spread of the disease. Present indications are that it may be necessary to continue for a longer period slaughter of chicks in infected hatcheries and young stock on other infected premises. Compensation, of course, will continue to be paid whenever birds are slaughtered to prevent the spread of the disease.

[*Later:*]

Mr. G. A. Cruickshank (Fraser Valley): I should like to ask the Minister of Agriculture a supplementary question in connection with Newcastle disease. Will the government pursue the investigation of new methods for controlling this disease?

Mr. Gardiner: We are continuing the investigation of new methods and other possibilities. This is an indication of what we are doing at the moment.

UNITED NATIONS

POSSIBILITY OF DISTRIBUTING REPORTS OF SPEECHES MADE AT PARIS MEETING

On the orders of the day:

Mr. Gordon Graydon (Peel): I understand that the Secretary of State for External Affairs will leave this week for the meeting of the United Nations at Paris. Will he consider having the verbatim reports of speeches made at the plenary session of the United Nations made available and distributed to members of this House of Commons? I suggest that, because it affords members an opportunity of understanding world problems. I imagine that such a distribution is not normally made, and a good many members would like to know what was discussed at this plenary session.

Hon. L. B. Pearson (Secretary of State for External Affairs): I shall look into that matter, but I would point out that it is a large undertaking because many speeches are made in the plenary session of the United Nations.

EXTERNAL AFFAIRS

POSSIBILITY OF APPOINTMENT OF REPRESENTATIVE TO THE VATICAN

On the orders of the day:

Mr. Paul E. Gagnon (Chicoutimi): Will the Secretary of State for External Affairs say whether the government has any intention of appointing a representative to the Vatican?

Hon. L. B. Pearson (Secretary of State for External Affairs): From time to time the government gives consideration to the establishment of direct diplomatic relations with sovereign states in which Canada has at the present time no diplomatic missions. This, of course, includes the Vatican.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed, from Friday, October 19, consideration of the motion of Mr. Robert Cauchon for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto of Mr. Drew, and the amendment to the amendment of Mr. Coldwell.

Mr. J. S. Sinnott (Springfield): On September 14 of this year, Mr. Speaker, it was about six years since I first had the opportunity of seeing this green chamber. In the intervening time I have been able to hear and take part in many of the debates in this house. Many of the things which were discussed during that time are now on the statute books of Canada.

Before touching on my main theme I wish to make one remark. Up until now, I have been known as "two-job John". Possibly later on I may be known as three-job John.

Mr. Graydon: No-limit John.

Mr. Sinnott: However, as a result of the two sessions a year, I found it impossible to continue the leadership of the municipality which I have had the honour to represent for the last ten years; but I want to tell the house that I have left the municipality which I have represented for the last ten years in better financial position that it has ever been before since it was a municipality. I have the greatest of confidence in the people who used their good judgment in sending me down here, as a result of a misfortune of my late predecessor, Mr. John Turner, who, unfortunately, succumbed to a heart ailment and passed on to the next world. Through the good judgment of the people of my constituency, I was able to assume the position held by the late Mr. Turner, with a majority of 579. I thought I did fairly well. But after four years, in the 1949 election the electors of the good constituency of Springfield saw fit to give me a majority of over 3,000.

In the constituency of Springfield we have the most ardent of workers. The people are hard workers. They have the distinction of producing more in the crop district which I represent than is produced in any other crop district in the whole of Manitoba. This is an achievement of hard workers; but most important of all is the fact that the large majority of them are good Liberals.

I wish to join with those who have complimented the mover and the seconder of the address in reply to the speech from the throne. As I am in the difficult spot of being about the forty-fifth member to take part in this debate, I will try to confine my remarks to matters other than those which have been dealt with up to the present time. The speech delivered by the mover of the address in reply was certainly of the finest calibre. Then when we heard from the hon. member for Yukon-Mackenzie River (Mr. Simmons), who extolled the vast resources of the north, we could see the possibility for a population of four million or five million in that part of the country. Many of the people in the world who are today starving will find an opportunity in that vast north country. As a passing remark, possibly I should also draw to the attention of the house the fine speech we heard from the hon. member for Coast-Capilano (Mr. Sinclair). Since I have come here this young gentleman has gone a long way. Each speech he makes is better than the one before. I must say to the people back in Coast-Capilano that they did credit to themselves by electing such a member to this House of Commons.

Mention has already been made of the proposed increase in the veterans pensions. I was glad to hear the Minister of Veterans Affairs (Mr. Lapointe) rise in his place a few days ago and say that legislation would be brought down at this session for the purpose of relieving those people who have been suffering a great deal because of the rising cost of living. There is nothing that we in this house could do which would be more humane to those people who have given their lives, and many others their limbs, having suffered overseas for the protection of those who are living here in luxury today. The least we can do is to increase their pensions considerably so that they can live in comfort for the rest of their days.

I also wish to say that the government has taken a step in the right direction in its announcement that measures will be brought down this year to make available pensions at age 70 without a means test, and for those between the ages of 65 and 70. The municipalities have had a difficult time in looking after many of these aged people from 65 to 70. I am sure that the legislation which will be introduced before long will relieve the municipalities throughout the Dominion of Canada of a load which they have been carrying.

At this time I should like to draw to the attention of the Minister of National Health and Welfare (Mr. Martin) the fact that last year he promised some relief for the crippled. There are many people in this country who are in a crippled condition and who are deserving of a pension. It was only at our last council meeting that we had brought into our presence a boy in a wheel chair. He has been suffering from infantile paralysis since he was three years old and is not able to make a dollar for himself. Through the good graces of the council, we were only able to offer him $10 a month. If the Minister of National Health and Welfare will make provision for a pension something like that which will be provided for those over 70 years of age, I am sure that it will be welcomed throughout the length and breadth of Canada.

I should also like to say how pleased I am that at last Canada has taken it upon herself to say that if the United States will not share in the construction of the deep seaway in the St. Lawrence, she will undertake the project herself. To western Canada this will mean a great deal. It will mean something that we have been awaiting a long time. The congestion of freight boats in the great lakes will be relieved to a great extent when

these ocean-going vessels will be able to go up to the port of Fort William and load their grain instead of its being necessary to transfer it from one vessel to another.

In this house a great deal has been said about inflation. It may be true that there is inflation, but I want to refer to an address delivered to the National Council of Women by J. R. Petrie, the director of research of the Canadian Tax Foundation. This is what he had to say:

> What I shall say to you this morning represents an honest attempt to face facts and to reach conclusions which have some foundation in logic. I propose first to examine the causes of inflation, and then to appraise the remedies that have been advanced to cure it.
>
> It is perfectly obvious that inflated living costs have caused many people to suffer reduced living standards. In the calendar year 1950 the cost of living indexes rose by 10·1 points. In the first eight months of this year it has risen by another 17·8 points, bringing the cost of living to a point nearly 90 per cent higher than the average during the period 1935-1939. This is another way of saying that our dollar will buy only about half as much as it did before the war.
>
> But that is only part of the story. While dollars are much less valuable than they used to be, we have far more of them. Per capita net personal incomes, after direct personal taxes, amounted to $305 in 1939. In 1950 it was $898. Thus, while the cost of living has increased by 90 per cent, net personal income has increased by more than 190 per cent. And despite high taxes and high prices, personal saving was 147 per cent greater in 1950 than in 1939.
>
> These figures indicate that in general terms the problem of inflation is not as serious from an economic viewpoint as many people would have us believe. Many, perhaps most, Canadians are in fact better off materially than ever before.

Then on page 5 he has this to say:

> One thing should be clearly understood about monetary and fiscal policy. It can be made to put an abrupt stop to price increases if applied ruthlessly. But the price to be paid is unemployment. You can take your choice of low employment and low prices (we had that situation in the thirties) or full employment and high prices. Nobody has ever devised a way in a free society whereby the brave new world of perfect equilibrium between demand and supply can be maintained, and I suggest that nobody ever will. Remember, I used the words "in a free society." Anything can happen in a slave state, where the principles of economics become as meaningless as the principles of liberty, justice and the dignity of man. I cannot believe that the Canadian people are really prepared to accept complete regimentation in return for the possible reward of price stability. And probably the reward would turn out to be just as illusory as it has been in Britain.
>
> So much for the government's policy of attacking two pressure points on the price level—consumer spending and capital expansion. I mentioned a third pressure point earlier—that is, government spending, which is just as inflationary as private spending. It is just as important to curb government spending as it is to curb private spending.
>
> In 1939 all governments in Canada, federal, provincial and municipal, spent $1,181 million on current account. In 1948 they spent $2,917 million. Last year the figure reached $3,826 million, more than three times the figure for 1939. Now, in the current fiscal year, it looks as though the total of all government expenditures would be over $5,000 million. And there is no end in sight. When the bill for old age pensions comes in next year, the federal budget alone is likely to approximate $4,000 million, and if provincial and municipal governments continue to increase their spending, the total would be about $5,500 million. In other words, proposed government spending next year amounts to $393 per head for every man, woman and child in Canada, compared with $102 in 1939.

On October 15, at page 45 of *Hansard*, the leader of the C.C.F. party (Mr. Coldwell) had this to say:

> In a recent broadcast, which I subsequently criticized, the Prime Minister contended that if prices were controlled there might not be a fair distribution of some scarce commodities without rationing. Let me say once again that the Canadian people are rationed now, not by tickets but by a much more cruel, harsh and unjust system of rationing, rationing by the purse.
>
> Mr. Gibson: Has that not always been true of every nation at all times?

You know, Mr. Speaker, I do not always come to the defence of the hon. member for Comox-Alberni (Mr. Gibson), but at this time I do. If the leader of the C.C.F. party thinks that he is going to distribute the wealth equally to every man, woman and child in Canada, then I wonder how he is to equalize the amount of work performed by each man, woman and child. There are men in this country who through their own ability cannot earn enough to make their own living. Is the man who has the ability to go out and work and earn a substantial living for himself, through his own initiative, expected to work and earn enough for the fellow who does not want to earn a living for himself?

I continue with the quotation:

> Mr. Coldwell: That is an old Tory talking. That has always been done and therefore it always has to be done. I intend no reflection on the Progressive Conservative party; I said "Tory." May I say that we were treated this afternoon to a great deal of information regarding what is happening in other countries.

Who was talking about what is happening in other countries? The C.C.F. party has generally been holding up Britain as an example. Then we were shown the critical condition of Canada. That was illustrated by the hon. member for Winnipeg North (Mr. Stewart). He said that the time is now for over-all control. Over-all control of what? Did he mean wages? He never said a word about wages. And yet I read an article in an Ottawa paper dated October 16 which says that jobs reach peak level in Canada. We were told a few years ago, and have been told the same thing year after year since 1946, that this country would have a vast amount of unemployment. But the article I hold in my hand does not say that. After all the immigration we have had into Canada we find that jobs have reached a peak level in Canada.

I hold in my hand another article dated October 19 which says that labour earned $832 million during July, an all-time high. In this country, in the policies that the government has followed, wages have not been frozen. They have been determined by mutual agreement between employers and the workers of Canada. I am sure that if the wages had been frozen as they were in Britain we would not be finding such headlines in the papers as "Labour earns $832 million during July, an all-time high."

Then we have another member of the C.C.F. party making a request. These little requests that you see in the paper are what I call political dodges. While the hon. member may be sincere in what he says, it does not conform to the policies of the C.C F. party. If that is his own opinion then the place for him to sit should be on this side of the house. I am now referring to the hon. member for Selkirk, and the headline reads: "Bryce urges government to help dairy industry."

He said one of the greatest troubles today is that a cream shipper realizes only about $2.30 per hundred pounds for milk testing 3·5.

He appealed to the government "to give serious consideration to the plight of the dairy farmers so that butter may become more plentiful."

Mr. Bryce: What is wrong with that?

Mr. Sinnott: There is nothing wrong with that, my dear friend, but your party has been hounding this party for a lower cost of living all the time, and here you are asking for an increase to the farmers.

Mr. Bryce: May I ask the hon. gentleman a question?

Mr. Sinnott: My time will all be taken up with what I have to say. If I have time when I finish I shall be glad to answer the hon. member.

Mr. Bryce: Mr. Speaker—

Mr. Gauthier (Portneuf): No permission.

Mr. Speaker: Order. The hon. member for Springfield has the floor.

Mr. Sinnott: Thank you, Mr. Speaker. We have heard much about inflation from the Tory party and the C.C.F. party, and the terrible wrong it is to have $500 million surplus. They have told us that it has been a terrible wrong, a terrible crime. If it has been a terrible crime, and yet is going to be used to pay off Canada's national debt, and reduce Canada's interest charges over a period of years, then I do not see anything wrong with it. But if we had on this side of the house a deficit of $500, then you would hear a roar from the other side!

Mr. Gauthier (Portneuf): Strike one!

Mr. Sinnott: I do not pretend to be one who knows it all. I have had to make my way by going the hardest way; I have gone from the bottom to where I am today—thanks to the people with whom I have been associated for a long time.

I say to the minister who is in charge of the income tax branch that the only way we can get lower prices is to give greater incentive to the primary producer. If adequate steps are taken by the Minister of Finance (Mr. Abbott) to reduce the income tax of the primary producer he will find that they will produce far more than they are today. I know many people who could raise hogs, but they say, "Why should we raise hogs, if I have to give the profit all back to Mr. Abbott?"

Mr. Sinclair: A good man to give it to.

Mr. Sinnott: Well, people who work sixteen hours a day on the farms, feeding hogs, milking cows and doing the many other jobs there are on the farm want to have something more for themselves. They may not see a show once in a month. I urge upon the Minister of Finance that there should be some difference in the tax regulations as applied to primary producers and consumers. In the long run the consumer will get the benefit of the lower prices, if there is greater production in the country.

I have before me several news items, one of which states "Agricultural farm prices show decline", and another which states "McColl-Frontenac six month net up". One of the major oil companies saw fit to construct a large refinery in my constituency at a cost of about $10 million. We are pleased that they did so because it affords one of the main centres of employment in that area. An article appeared in the *Free Press* just before the plant was built stating that the building of the plant would mean a reduction to the extent of four or five cents a gallon in the price of fuel. Because the refinery was so near, the farmers in that district, it said, would be able to get their petroleum products five cents a gallon cheaper.

The prices of our petroleum products have been reduced very little. In the light of the huge amounts these oil companies have been making I say an investigation should be made

under the Combines Investigation Act to find out why we cannot have our gasoline cheaper. It is 42 cents in Manitoba and 45 cents in Ontario, but in a newspaper I saw the other day I read an item stating that it was selling for as little as 12 cents at some points in the United States. I say therefore that an effort should be made to find out why there is so great a spread.

The point I should like to stress at this time is that there should be an adjustment in wheat prices received by the producers. We are selling to the people of Canada at the same price as we sell through the international wheat agreement. To my mind that principle is wrong. In selling wheat to the rest of Canada at a price much lower than they could have received elsewhere, the farmers of western Canada have suffered a heavy penalty in the last few years.

I do not oppose the procedure of giving a special price to Great Britain because we must look after our surplus. The fact that we can export a large proportion of our surplus to Great Britain, and find a ready market there, is certainly worth some consideration by way of reducing the price of wheat to them. However, the open-market or class II wheat price is so much higher than the international wheat price, I say there should be some adjustment whereby the farmers of western Canada would receive between 12 and 15 cents a bushel more for their wheat.

There are many hon. members who appear to believe that the farmers in western Canada are receiving $2 a bushel for their wheat. That is not so. Let me make it clear here and now to every hon. member that farmers are getting far less than that amount. Wheat board cash prices at Fort William, as of October 18, were as follows: No. 1 Manitoba northern, $1.89; No. 2, $1.87; No. 3, $1.85; No. 4, $1.79; No. 5, $1.66; No. 6, $1.55 and feed wheat at $1.49. If one takes the average of these seven prices he finds a price of somewhere between $1.82 and $1.85.

This is not the price the farmer receives at the elevator; it is the price he receives at Fort William, after paying the freight and handling charges, as well as the carrying charges, which amount to 20 cents a bushel. So the farmer receives actually only $1.65 for the average grade of his wheat.

As a farmer let me state here and now there is nothing grown today which brings a smaller return than does wheat. One can grow oats, barley or flax and make more money by doing so. Even rye brings a greater return. In short, one can make more money out of any of these other cereal grains than he can from the production of wheat. So let no member in the house, nor anyone outside the house, say that the farmer is getting $2 a bushel for his wheat when, in fact, $1.65 is tops.

I have another notation to which I intend to refer at some length. The hon. member in question is not in his seat, and in my reply I do not like to be too tough on him; but he did say that the price of beef was too high. I would say to him that the hon. member who until a short time ago represented the constituency of Calgary West said that when beef got to 30 cents a pound it was too high. Today it is 36 or 37 cents. Does the hon. member mean that he would roll back the price of beef, and thus penalize the farmer for producing a commodity in short supply today? If he means that, then let him say so.

All these crazy statements one hears remind me of a story which, I believe, was told about some members of the C.C.F. party who on one occasion were invited to inspect an asylum. The superintendent of this institution, before the visitors arrived, said to the inmates, "Now, we are having some distinguished visitors visit us tomorrow. I want you to salute them, just as if it was Joe Stalin coming through here." Well, the visiting party toured the wards of the institution—through the kitchen, the dormitories and all the other points of interest. Passing through the hall they noticed a man with a broom. One of the visitors said to another "That fellow didn't salute us." The chap with the broom stopped and said, "Are you referring to me?" They said that they were, and he went on to say, "Well, I am not one of the inmates; I am only the janitor here."

However, I am happy to state that people throughout the length and breadth of the country do not follow the wild statements of our friends to the left. When you see clippings to the effect that labour earned $832 million during July it makes me wonder what kind of government they have had. Did they have a socialist government? No, they did not have a socialist government. Everything that labour has achieved up until now has been through a good Liberal government.

I have a few more remarks to make with respect to farming. The farmers have been the downtrodden people of this country for a long time. I have a table containing certain farms statistics. It might save time if

I were permitted to put it on *Hansard*, but if you would like me to read it I will do so. Would you like me to table it?

Some hon. Members: No.

Mr. Sinnott: Then I will read it. It is as follows:

Number of occupied farms 1941, number of dairy farms 1941, number of farms reporting revenue from dairy products 1940, and gross revenue from sales of dairy products, 1940, by province, Canada.

Province	No. of occupied farms (1)	No. of dairy farms (2)	Farms reporting revenue from dairy products	Gross farm revenue from sales of dairy products	Gross farms revenues (3)
	No.	No.	No.	$	$
Canada	732,832	47,625	431,329	126,094,808	858,147,565
Prince Edward Island	12,230	173	7,471	932,730	8,754,299
Nova Scotia	32,977	2,335	18,978	4,125,908	24,820,088
New Brunswick	31,889	1,254	18,331	3,498,750	24,011,296
Quebec	154,669	15,742	102,386	36,610,180	138,635,395
Ontario	178,204	21,479	121,463	52,068,570	238,450,598
Manitoba	58,024	1,451	38,861	7,537,980	72,748,827
Saskatchewan	138,713	822	65,966	6,629,500	169,098,795
Alberta	99,732	987	48,901	7,994,420	148,006,125
British Columbia	26,394	3,382	8,972	6,696,770	33,622,142

(Data from tables 30 and 46, volume VIII, 1941 census)

(1) Holdings of 1 acre or more carrying on agricultural operations.
(2) Farms reporting 50 per cent or more of their 1940 revenue from sales of dairy products.
(3) Includes value of products consumed by the farm households.

I am sorry I have had to take up so much time reading these statistics but it was important to get them on *Hansard* so that people in various parts of Canada will know where most of the farms are and the revenue derived therefrom. I have one more thing to say and then I am through. The reason why I say that the farmers are downtrodden people is that they have always had to sell their produce on the open market. During the last few years the price of wheat was frozen and they had to accept one price for any one year. At one time this fall hogs were $36 a hundred, and a couple of weeks later they had dropped to as low as $29 a hundred, but the consumers of this country never paid one dime less in the stores. Let it not be said that the farmers of Canada are the ones who are getting all the profits from hogs. The hon. member for Calgary East (Mr. Harkness) pointed that out. He followed the hog through from the time it was born until it was in the consumers' hands.

The farmers are suffering because of the huge tariffs in effect today. For example, the tariff on automobiles is 17½ per cent, on refrigerators 20 per cent, on vacuum cleaners 20 per cent, on washing machines 22½ per cent, on sewing machines 15 per cent, on radios 20 per cent, and on electric stoves and all electric appliances 22½ per cent. If the manufacturers of the United States were given an opportunity to sell their products on the local markets of Canada then the farmers of western Canada and Canada as a whole would be able to get their agricultural machinery, electric appliances, automobiles, all the things which they need to produce, much cheaper.

Mr. Cardiff: Whose fault is that?

Mr. Sinnott: Since it is a Tory who has asked me I am willing to give him the answer. The tariffs I have referred to apply now. In the days of Arthur Meighen and R. B. Bennett the tariffs which applied ranged from 35 per cent to 37 per cent. The manufacturers of eastern Canada, for example, in Ontario, have had their heyday. I put a question on the order paper on March 16, 1951. I asked how many farm tractors were manufactured in eastern Canada. The answer I received was that the figure was 36,006. The value of those tractors was $65,495,176. All that money came from western Canada for the production of these tractors. I believe that some time ago a committee sat for three years to determine why farm tractors were selling in Canada at a much higher price than in the United States although manufactured by the same company. The committee was never able to determine why the company charged more for the same tractor in Canada than it did in the United States, especially when we realize that wages in the United States are much higher than those in Canada.

Just before I wind up I want to say a word about the cabinet, and I do so with the friendliest of intentions. I do not want what

I say taken as being said in any derogatory way. In looking over the cabinet I find the Minister of Finance (Mr. Abbott) is a lawyer. The Minister of National Defence (Mr. Claxton) is a lawyer. The Secretary of State (Mr. Bradley) is a lawyer. The Minister of Resources and Development (Mr. Winters) is an engineer. The Minister of Transport (Mr. Chevrier) is a lawyer. The Minister of Public Works (Mr. Fournier) is a lawyer. The Minister of Agriculture (Mr. Gardiner) is a farmer.

Some hon. Members: Hear, hear.

Mr. Sinnott: The Minister of Justice (Mr. Garson) is a lawyer. The Minister of Labour (Mr. Gregg) is a professor—engineer. The Minister of Trade and Commerce (Mr. Howe) is a Bachelor of Science. The Minister of Veterans Affairs (Mr. Lapointe) is a lawyer. The Minister of National Revenue (Mr. McCann) is a medical doctor. The Minister of National Health and Welfare (Mr. Martin) is a lawyer. The Secretary of State for External Affairs (Mr. Pearson) is a professor of external affairs. The Postmaster General (Mr. Rinfret) is a lawyer. The Minister of Mines and Technical Surveys (Mr. Prudham) is a builder.

I come now to the Prime Minister (Mr. St. Laurent). I do not believe I can say enough about our Prime Minister. He has been trying to do his best. I do not believe there has been a prime minister since confederation who has done so well for the humble people in this country, the rank and file. He represents the ordinary man and woman and there is no one in Canada who is looked upon with as much esteem.

Counting up the cabinet I find there are twelve or thirteen lawyers. We have a cabinet fairly representative of wholesalers, retailers, the legal profession, the dental profession, manufacturers, importers and exporters, and then we have our own wee Jimmy Gardiner to fight the battle for the farmer. I am reminded of the time when I was going to school. One night after school fourteen or fifteen of the boys piled on one little fellow and they were giving him a real mauling. He was hollering for help. Finally someone came along and helped him. The Minister of Agriculture is not as young as he used to be, but the cabinet is larger than it used to be. His opposition is greater than it has ever been before and I urge the government to provide more farmer representation in the cabinet.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, before I launch into my principal theme today I feel constrained to say a word about some of the evasions of the Minister of National Health and Welfare (Mr. Martin) in connection with questions which were put to him yesterday and today with regard to the registration of applicants for the pension to be payable to persons 70 years of age and over as from January 1 next. The questions put to the minister by members of the official opposition were fair, reasonable and proper, arising as they do out of the current experiences of many thousands of Canadians who find themselves tangled up in the red tape with which the Department of National Health and Welfare is ringing round these applications for pensions for those 70 years of age and over.

I do not think it reflects any credit on the Minister of National Health and Welfare that he does not come out and reply in an informative manner to the questions that have been asked. It seems to me that the minister is just playing politics with this question.

Some hon. Members: Oh, oh.

Mr. Fleming: Yes, he is playing politics. It would be well to emphasize that these pensions for those 70 years and over to be paid as from January 1 next are a federal matter. The provinces have had no part whatever in the framing of the regulations that are being used to tie yards and yards of red tape around these applications. The provinces have had no part whatever in setting the requirements imposed by the Department of National Health and Welfare. The prescribed requirements as to proof of age have been laid down and are administered exclusively and entirely by the federal government.

What is required today is a common-sense approach, not an approach designed to perpetuate a regime of red tape. After all, it is common knowledge that 70 years ago records as to birth were not well kept. The births of many people were not registered by their parents at that time. Surely it is no credit to the common sense of the government or of the parliament of this country that a condition is tolerated in which people are being told that for lack of other proof they will have to lug huge family bibles to the various offices of the Department of National Health and Welfare.

Let me give one or two examples of the way this works out. I know of one family in which there are four persons who are eligible by age and on other grounds for the pension. Their births were not registered. They were all born in this country. There is just the one family bible. These four persons are now scattered all the way from eastern Ontario to the prairies. What is to be done about the family bible? One would have thought that the sensible thing to do would be to have photostatic copies made of

the page in the family bible on which the births are recorded. But no, that is not enough to satisfy the requirements of this red tape regime. These people will either have to do without the pension or will have to lug the family bible four times to four different local offices of the Department of National Health and Welfare in different localities all the way from eastern Ontario to the prairies. Does that make sense? Of course it does not. That is the sort of thing the federal government is imposing on people in the matter of proof. It just defies common sense. It is high time the Minister of National Health and Welfare ceased indulging in these evasions and came out to meet this problem fairly and in a reasonable spirit.

I am not one of those who follow the fashion that has become current in certain quarters of disparaging the importance of the debate on the address. If proof of the value of this debate is needed it will be found in what happened in this house on Friday last. After some six days of debate featured by repeated demands on the part of members of the opposition for remedial action by the government to raise the basic veterans pensions the Minister of Veterans Affairs (Mr. Lapointe) eventually rose in his place that day and in the face of those demands intimated that legislation not hitherto referred to in any way, shape or form in the throne speech would be introduced at this present session.

It was a welcome attitude the minister adopted on that occasion, although unhappily belated. It is a tribute to what has been accomplished by the opposition speakers in the course of this debate. If nothing else is to be accomplished by this debate, then that alone will have justified the efforts of the opposition members in the present debate.

I regret that the government has chosen to try to break and interrupt this debate by confining it now to two days each week while the house proceeds with other business on the other three days of the week. I think, Mr. Speaker, the purpose is obvious. The way in which speakers in this house have laid stress upon the condition of inflation and high prices in this country, to a government that does not like to hear speeches of that kind, makes it only natural and desirable in the government's view that the debate should be shifted, and that the public's attention should be diverted to some other subjects and away from this matter of overriding importance. This is the principal and most vital of all domestic issues facing the Canadian people today.

[Mr. Fleming.]

We need not spend any time quibbling about the meaning of the word "inflation". The member for Coast-Capilano (Mr. Sinclair) in his very able speech last week sought to draw attention to the fact that high prices are simply a manifestation or expression of a condition of inflation. That may well be. The essence of the matter, however, is that we have inflation; we have high prices. This is no new matter, either. If one goes back to 1948 and the deliberations of the prices committee of that year, one will find a discussion of the same thing, an inflationary condition reflected in rising and high prices, a condition which has been exacerbated many times over by the intolerable rise in price levels since that time. It is our paramount domestic problem, but not the only domestic problem which is facing us today. It is causing downright suffering in hundreds of thousands of Canadian homes all the way from the Atlantic to the Pacific. Apparently that fact has made little, if any, impression upon the government.

In all fairness, we of the official opposition do not say the government is entirely responsible for the condition of high prices and inflation. Nevertheless, we do say with emphasis and conviction that the government holds a major degree of responsibility for the inflation which exists in Canada today. Their responsibility is twofold: first, their policies have, in large measure, created this condition; second, they have failed to take prompt and effectual remedial measures to cope with these conditions.

In the course of this debate the government has provided nothing by way of policy or promise which holds out any hope whatever for arresting these galloping prices. We are told that there is to be some legislation introduced in regard to resale price maintenance. I say to you, Mr. Speaker, while awaiting with interest the text of the legislation, I think that the people of this country will want to see this problem and that proposal in their proper perspective. They will realize by this time that that proposal affects only a tiny segment of the problem. What the government is doing, of course, is trying to inflate what, after all, is a proposal of only very narrow proportions and effect. Yes, the government's contribution to this debate thus far, and to the problem under discussion, has been to draw all the usual smoke screens over the problem.

Then there is the Combines Investigation Act. In his radio speech a week ago last night, the Minister of Justice (Mr. Garson) was at some pains to stress the function of this act as being principally the prevention of combines in restraint of competition rather

than punishment thereof. Whatever the effect of that act may have been at one time when the administration was in other hands, the fact remains that this government has shown, by its own example, that this Combines Investigation Act is not to be depended upon by anyone who is looking for effective enforcement measures to cope with combines or to cope with attempts to raise prices by means of combines. The Minister of Justice is the man who, apparently under the direction of the cabinet, defied the provisions of this act two years ago. He defied them for a period of twelve months. In the face of that record of suppression, in the face of that record of interference, what faith is anyone in this country going to have in the enforcement of this act today? Is this act, under those conditions and in the hands in which the enforcement of the act is placed today, going to have any effect whatever in preventing breaches of it? Is it going to dissuade other people from breaking this act when they see the chief law enforcement officer of the crown himself breaking the act? This record of interference and suppression has reduced the Combines Investigation Act largely to the status of a dead letter in this country.

What else have we received from the government in the course of this debate? I say, nothing—no other proposal that holds out any hope whatever of coping with this dangerous condition of inflation. The sum total of the government's contribution to this debate, instead of giving us a positive program of action, has been a wretched, sorry and puny contribution indeed.

I say to you that the amendment introduced by the leader of the opposition (Mr. Drew), as he has said, does afford an opportunity for all those who wish to see some action to meet this problem to assert their views, and to make them heard in this chamber. It provides ample and complete opportunity for those who wish to express their desire for action by the government. Of course, it did not suit the socialist members of this house.

Mr. Knowles: No, we want action.

Mr. Fleming: The socialist members of this house obviously want regimentation. Their speeches clearly disclose that they want that kind of regimentation which is inherent in the form of socialism they have been preaching in this house, not just now but in times past. It ill behooves the leader of that party to make the kind of statement in which he indulged in his radio address last night. The leader of the opposition in a courageous speech in this house last Friday made it quite clear that he and the members whom he leads intend to vote against the C.C.F. amendment. The reasons for so doing were made quite clear in his comprehensive and courageous speech. I cannot say as much for the speech made over the radio last night by the leader of the C.C.F. when he said, in the worst example of sheer, hollow demagoguery that has been witnessed for a long time:

> I suggest that the powerful influences who finance and support the campaigns of the Progressive Conservative party have repudiated Progressive Conservative support for price controls and subsidies where necessary, and our demand "for an equality of sacrifices at this time."

In reply to that form of empty demagoguery, I want to say that no powerful influences from the outside have dictated any change of policy on the part of the Progressive Conservative party. The statement made by the leader of the opposition in this house last Friday represents the policy of this party. It is a policy that has been arrived at in terms of the needs and aspirations of all the Canadian people, and of the views of those whom he leads in this house today. Let there be no mistake about that.

Here is a further example of this hollow demagoguery in which the member for Rosetown-Biggar (Mr. Coldwell) indulged last night. He said, of the three or four by-elections which the Conservatives have won,

> . . . in three of which at least, the high cost of living and inflation had some part in the Progressive Conservative successes.

Of course they did, because we have been the party which has been fighting this inflation and putting forth sensible and concrete measures to meet it, if the government would only follow them. I shall have something to say later this afternoon about some of those measures.

This is the final and climaxing statement by the leader of the C.C.F.:

> The only way in which censure or dissatisfaction can be recorded is to vote C.C.F.

Heaven help the Canadian people if that were their only alternative! It is fortunate that they have an attractive alternative in the form of the Progressive Conservative party.

In saying what I have said about the futility of government policies, I repeat that they have had nothing to offer of a constructive nature in the course of this debate. The Prime Minister (Mr. St. Laurent) both in his radio speech a month ago and in his speech in the house a week ago last Monday still had nothing to offer, and was far from doing himself justice in the way he tried to be on both sides of this problem. I will say this for the Minister of Finance (Mr. Abbott): in the radio speech that he made about a fortnight ago, he was at least frank in stating the problem. While he had nothing to offer to the people

of Canada except the application of the screws of government taxing policy, nevertheless he was at least frank in saying so, and I commend his example to other members of the government who apparently have nothing more to offer. And so we see this cost of living grinding on the people of Canada today.

I wish to offer what we of the Progressive Conservative party say are concrete proposals for meeting this gravest of all Canadian domestic problems. The first and foremost need of the situation is a reduction in taxes. We look back to those increases in the sales tax and in the excise tax. We also go back to the increases in the direct taxes last spring. We recall that in the face of pleas and warnings from this part of the house the Minister of Finance, with the acquiescence of, I think, all but one of the Liberal members in this house, insisted upon applying to the hard-pressed Canadian taxpayer the screws of his financial policy, with respect to the necessities of life—not on luxuries, but on the necessities of life.

In his able speech of last week the hon. member for Coast-Capilano sought to make a virtue of increasing the consumption taxes, increasing the taxes on those things that people want to buy. Why do they want to buy those things on which the sales tax was increased and on which the excise tax was increased or newly applied? It is because they are necessities and the people require them. But, Mr. Speaker, the increases in the taxes had the inevitable effect of raising prices. They could not do otherwise. What is the remedy? Well, if one follows the reasoning of the government, apparently the way to beat the problem of inflation is to take taxing measures, to apply tax increases which themselves will inevitably have the effect of raising the price level. That is the government's solution for this problem of high prices: Tax so that the prices will be further increased! What a solution for the problem!

Mr. Speaker, what do you suppose the man from Mars would say if he landed in Canada about now and was told by the hon. member for Coast-Capilano that we have the problem of high prices? The hon. member would say: This is a manifestation of inflation. Our man from Mars would naturally ask: What are you doing about it? What is your government doing about it? The answer, of course, would come back: Well, we are applying taxation policies that have the effect of increasing prices. The man from Mars would say: Let me get this straight. You are complaining about high prices, and yet what your government is doing is to increase prices? The hon. member would say: Yes; and that is the policy that the government declare and they say it is good for us. Mr. Speaker, I think our man from Mars would then plead to be taken back to Mars at once. He would say: This is no place for me. This is apparently a government whose policies are dictated by lunacy. If he was acquainted with legal procedure, I am sure he would run to the nearest superior court and immediately apply for a commission *de lunatico inquirendo* with regard to the whole government.

I was reminded of a cartoon that I saw not long ago which was intended to illustrate a group of public officials—in this case I think it would admirably suit the federal cabinet—at a meeting in which they are discussing current problems; and one man—one can well imagine this is the Minister of Finance driving home his fiscal policies in the cabinet—stands up and says: "Naturally I would not rule out common sense as the answer to our problems, but first we must exhaust every other possibility."

That was not all. They went ahead and applied increases in the corporation tax, and they applied them to public utilities, with the inevitable result that the public utilities are going to the public bodies that regulate their rates and are asking for increases in rates. That was inevitable. We told the Minister of Finance that, but he would not listen. Then of course we have the increases in the direct taxes on individuals, with increases up to 70 per cent in the deductions from the take-home pay; and the take-home pay is the thing that the wage earner and the salary earner of this country look at. It was inevitable that demands should follow for increases in wages and salaries. Those demands have come, and those demands are being given effect to. The result inevitably has been an increase in price levels. Again, we told the Minister of Finance that last spring. We said that would be the inevitable effect of these increases, but again he would not listen.

Mr. Speaker, we of the official opposition have a relatively simple and understandable philosophy with regard to budgets. We believe that taxation should be designed to meet proper government expenditure, and that budgets should be honestly and accurately computed and approved after careful deliberation by the house. The Minister of Finance last year intimated that he was running close to the wind. While he was demanding an increase in taxation that would yield another $405 million in the remainder of this fiscal year, and a total of $578 million in a full twelve months' period, he said: This is going to yield us a surplus of only $30 million. That was according to his alleged extremely

careful budgeting. And oh, how he wrung our hearts by telling us how careful he had been in budgeting. He and his officials had been sitting up nights. Hon. members will recall how he turned around and thanked his colleagues in the cabinet for the way they had co-operated with him in paring down their estimates, and he indicated that it was a superhuman task that had been achieved. He pointed out that this was going to put the receipts and expenditures in this country in close balance. There was just a margin of $30 million. Of course that was a narrow margin that might easily be disturbed, he said, and therefore he could not consider taking one cent off these proposed increases in taxation. What has been the result? The result has been what we told him it would be. Instead of a surplus of $30 million he has accumulated in just five months of the fiscal year a surplus of $502 million. That is just seventeen times the surplus that he estimated for the full twelve months' period.

Mr. Speaker, did any official opposition in the house ever have more complete vindication than we now have for what we told this minister last spring when we said that his increases in taxation were unnecessary? Now he is trying to make a virtue of debt reduction and a virtue of surpluses. If there was virtue in a surplus and in debt reduction last spring, why did the Minister of Finance not budget for such? But he did not do so. He was then no apostle of the virtues of debt reduction or the virtues of a budgetary surplus. Not at all. He was then the minister who believed in drawing a fine and nice balance between income and expenditure with a margin of a mere $30 million. Why, it was only a nominal surplus!

Nobody in this house is going to be beguiled or misled, I am sure, by this talk today from the government benches about the virtues of debt reduction. We in the official opposition believe in debt reduction, but we believe in it according to proper estimating and proper budgeting. We believe in it as a fixed policy, not on a hit-and-miss basis to be covered up by gross increases in taxation that have been shown to be quite unnecessary. I tell you, Mr. Speaker, that the Minister of Finance apparently did not believe in debt reduction last spring. The hon. member for Coast-Capilano, his able parliamentary assistant, apparently did not believe in it then, but he claims to now.

The debonair Minister of Finance (Mr. Abbott) is not, he tells us, the least bit worried about this huge surplus he is piling up. I would like to tell him that the Canadian people, who are being soaked today by this tax-gathering government to amass this large and mostly unnecessary surplus, are tired of his policies. They are concerned about this huge surplus. They are tired of the colossal and costly blunders of the Minister of Finance and his budgets, and they are tired of the nonchalance and callousness with which he now regards his gross and unforgivable errors in budgeting. It is another reflection of the attitude so blithely demonstrated in this house last session by the Minister of Trade and Commerce and Defence Production (Mr. Howe) when he said: "If we want to get away with it who is going to stop us?" And that, sir, is the arrogant behaviour reflected by this government in its attitude towards those problems day in and day out. They say in effect, we do not care what the people say; we have a big and submissive majority so that we can push things through the house. If we want to get away with this, if we want to get away with this shocking increase in taxation, then who is going to stop us? Well, I tell them that if they will give the people of this country an opportunity they will stop them.

The Minister of Finance was not satisfied with having built up the biggest record of budget errors in all history, errors aggregating in the period of five years during which he has been holding his present portfolio $1,400 million, an average of $280 million a year. That is just the margin of error in the minister's figures in the five previous budgets. And that of course works out at nearly a million dollars of error a day. That is the extent to which he overtaxed the Canadian people for five years. But he was not satisfied with that record. He was out this year to build up bigger and better records, and so in the period of five months he has built up this colossal surplus of $502 million, a surplus of over $100 million a month, or $3,333,000 a day; or if you want to go further, it is $140,000 an hour or $2,300 a minute. He is taxing the Canadian people $2,300 a minute today more than is needed to meet legitimate expenses of government, including the heavy cost of rearmament.

Mr. Graydon: Get out your watch, Doug.

Mr. Abbott: We will have it down to seconds, now.

Mr. Fleming: When the minister asks us to believe that the expenditures may be at a heavier rate during the second part of this year, let us not forget that these taxes have not been in effect for the full period of this fiscal year to date; that the increases in the indirect taxes did not come into effect until some weeks after the opening of the fiscal year, and the increases in the direct taxes took effect on payrolls only from July 1, and on those who pay their income tax by the quarter, only on September 30; so that these

figures of colossal revenue today do not begin to reflect the full weight of the increases in taxation that the minister and the government have imposed upon the Canadian people.

This government is abetting inflation by its fiscal policies. The treasury has been the biggest gainer of all from inflation, and it is no good now for the Minister of Finance to come forward and try to appear in the role of the sincere doctor who, overcome by his benevolent intentions, has to prescribe a poisonous concoction for the patient. The fact of the matter is that the people of Canada wll not forget the minister's sense of timing. We will not forget that we had this kind of guff handed out to us from the treasury benches session after session in the post-war years. We will not forget that we were told about the virtues of inaccurate budgeting that resulted in adventitious surpluses of colossal proportions. That was the story we heard from the treasury benches in 1946, 1947 and 1948. But then came 1949. The kind of conditions required for giving full effect to this weird theory of cyclical budgeting existed in 1949. But we will not forget that in March, 1949, the minister chose to reverse policy and reduce taxes, and after he delivered his budget speech to the house on March 22, 1949, we read in the press that "he came out in the Liberal lobby and he grinned, took off his big brown rimmed glasses, rocked from foot to foot on his heels, as he does." Then it says—this is from the Windsor *Star* of March 24, 1949:

> He looked across the faces at the retired prime minister and said, "as Mr. King says, boys, the timing of what you do can be just as important as the thing you're doing."

Now, Mr. Speaker, we have not forgotten that, and any attempt now to jam down the throats of parliament or of the people of this country the same old guff about the virtues of these adventitious, colossal surpluses will, I think, be met by the memory of the Canadian people who will view all this as just a hollow sham, and will realize from the way in which the government is soaking the people today that there will be no election this year, and moreover, that the government will hold off these by-elections in the ridings of Calgary West and Ontario just as long as they possibly can, and they will continue to deny representation to the electors of those constituencies just as long as they can.

Mr. Abbott: I would not count on that.

Mr. Fleming: Well, I may tell the Minister of Finance that we on this side of the house would welcome the government calling these by-elections at once, because we would be very pleased to submit to the arbitrament of the electorate, the Canadian electorate of those two ridings, those same issues as to government policies as were submitted to four constituencies in widely scattered parts of this country in June last, with results that this government would do well to heed before it is too late.

Mr. Speaker, I throw a challenge to those members of this house who still feel in any degree disposed to follow the leading of this government. No private member in this house supporting the government has in this debate to date uttered one word in support of the government's taxing policies. You will see that I excluded the one member, the hon. member for Coast-Capilano, who has so spoken, because he is a parliamentary assistant, and we know that these parliamentary assistants are chosen to be exponents, though not the architects, of government policies. Is there one, just one private Liberal member, in this house who will have the temerity during the course of this debate to rise in his place in the house and say: I not only condone, I support this government's taxing policies? Before this debate runs its course let us have one member supporting the government, one private member, rise and say: "I approve these policies; I like the way the Minister of Finance is applying the taxing screws to the Canadian taxpayers".

Mr. Casselman: They would send him down to the corner.

Mr. Fleming: There is a challenge, and I will be interested to know what the Liberal members in this house have to say about it.

My time is almost up. I had hoped to say something about the way in which the minister has allowed the money supply to outrun the increase in production in this country. Since 1939 the value of production has increased twofold, whereas the money supply has increased fourfold, and that is a matter within the power of the government to deal with. But they do not deal with it, and price levels have risen in consequence.

There is another gross and calamitous failure on the part of government policy—to grapple with excessive expenditure. Let us not forget, in examining the figures of expenditures of this government for the first five months of this fiscal year—I am told those for the sixth month will not be available until the day after tomorrow—that the government cannot ascribe the increase in expenditures for those five months simply to defence expenditures. I took the trouble to refer to those, and I find that government expenditures this fiscal year for the first five months amounted to $1,015 million, whereas in 1950 in the same period they amounted to

$774 million. When you subtract the expenditures of the Department of Defence Production, which was not in existence in 1950, which expenditures this year amount to $6,756,000 for five months, or those of the Department of National Defence which in 1950 in the first five months were $149 million and in the first five months of this year were $365 million, and take out these expenditures on defence, you will find that the expenditures of the government on non-defence departments in the first five months this year amount to $643 million, whereas in 1950 they were $625 million. This government in the first five months of this fiscal year has spent $18 million more than it did in the same period in 1950 on non-defence items.

Where are the fruits of all these efforts the Minister of Finance proclaimed in such laudatory terms in the budget speech last spring—these terrific efforts to reduce non-defence expenditures? Where are the results? There has been an increase of $18 million in five months. That is a remarkable testimonial to the effectiveness of the efforts of the Minister of Finance and his policies. They talk about reducing expenditures while, at the same time, they increase expenditures. The best they were able to offer was a proposed reduction of $35 million on non-defence items in a total budget of $3,700 million, or less than one per cent of the budget. And what have we got? We have an increase, instead of a decrease, in non-defence expenditures.

At the same time, every time anyone in the house proposes some method or some machinery to enable the House of Commons to grapple effectively with this problem of extravagance in expenditures, the government rallies its forces to defeat the effort—every time. Every time we propose a committee to scrutinize estimates more carefully—oh no, the government will have none of it. They defeat the proposal. Every time we propose a committee to survey proposed expenditures on national defence, those colossal expenditures—no, they will have none of it. Every time a proposal of that kind is made in the house, so that the House of Commons may perform more effectively its proper task of scrutinizing and controlling expenditures, it is wilfully defeated by the government opposite. They do not want any help which might result in reducing expenditures or bringing about more careful scrutiny of proposed expenditures.

My time has now expired. I had hoped to speak about the failure of government housing policies, but I shall have to postpone that for another occasion.

In conclusion I would remind the government opposite that last June, in the results of four by-elections, they heard a public rebuke—rebuke of their arrogance, rebuke of their wilfulness, rebuke of their policies which are doing so much damage to the economy of Canada, and to the budget of every Canadian family. That was an expression of public indignation concerning government policy. It is a thousand pities we are not going to have a general election this year. But at least if the government will risk a test of public opinion in the two vacant constituencies an opportunity will again be given to the people of Canada, which apparently they are not to have effectively on any vote in this house, to express their condemnation of government policies which are callously imposing hardships and suffering upon the people of Canada today.

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, unfortunately I shall not be able to follow the hon. member for Eglinton (Mr. Fleming) in his forceful speech. But I will say this, so that he will not feel I have ignored him altogether, that in hoping for an election this year he should also keep in mind that the most important question facing the people of Canada today is the high cost of living.

Before the by-elections of last June the Progressive Conservative party indicated it was willing to do something about the high cost of living, and, I believe, the people took them at their word. They thought that in that party they had, if not a new at least a rejuvenated Conservative party. However, after the leader of the opposition (Mr. Drew) spoke last Friday it was clear that they still have the same old Conservative party. The results, then, of an election now may not be as satisfactory to that party as the hon. member for Eglinton would have us believe.

We meet here, Mr. Speaker, at a time of great international tension. Hardly a day goes by that the world is not disturbed by some new incident, while the old problems remain unsolved. We are also meeting at a time of worsening conditions in our own country, a time of increasing distress for large numbers of our population. At no time since the bad days of the thirties have I, in going among the people, heard so many complaints and seen so much evidence of distress.

These conditions did not develop since we left for our homes last June. They did not begin even with the trouble in Korea. I think we should keep that in mind, because that is the impression we are given in the house. The problems of the low-income groups in our population have been increasing and intensifying for the last six years.

I should like to add my voice to those who have already spoken on behalf of war veterans, those on disability pensions and the recipients of war veterans allowances. I was glad to hear the statement made in the house last week by the Minister of Veterans Affairs (Mr. Lapointe). I hope the steps taken to ease the difficulties of war veterans will be adequate, and that they will apply not only to those on disability pensions but to those on war veterans allowances as well. Not only do I urge the government to make some improvement in the payments to war veterans, but also that something be done to ease the circumstances of others who have to live on low fixed incomes. In this group I have in mind superannuated civil servants and railway employees retired years ago on pensions which were entirely inadequate for any sort of decent living.

The time has come in Canada when we should think in terms of providing a basic income below which no individual's income would be allowed to fall. There is no good reason, economic or otherwise, why people who have built up the country with their toil and sweat should be compelled in their old age or because of some other incapacity to live in misery and want.

Like so many of the speakers who have preceded me, I wish to give the rest of my time to some observations on the high cost of living which in my opinion, as I have already said, is the most important question facing the people of Canada at this time. Many good speeches have been made. I should like to refer to some of the things that were said with which I disagree as well as some of the things with which I agree, but time does not permit me to deal with all of them. I wish, however, to make some reference to the speech made last Thursday by the hon. member for Coast-Capilano (Mr. Sinclair) in this debate. He received so many congratulations on his speech that I hope he will not take it amiss of me if I presume to congratulate him also. His speech was clearly and forcefully delivered. It was well supported with quotations which were designed to strengthen the point of view that he was taking. I was particularly impressed by the glowing picture he painted of Canada and the United States in the closing words of his speech as the most desirable countries in the world in which to live. But despite the many fine qualities of his speech I could not help feeling, while I was listening to him, that it would bring but cold comfort to the growing army of horse-meat eaters in British Columbia. I doubt if cabinet ministers and parliamentary assistants have any understanding of the depths of poverty into which the people of this country are sinking. I had a personal letter from a friend the other day and I wish to quote a sentence or two from it. He says:

> You mention in your news article that the cost of living will most likely be a hot question during this session. I was saying to Doris the other day—

That is his wife.

> —that during the war things like horse meat, margarine, powdered milk and the like seemed a long way away and were linked only with the hungry Europeans. It is a very real thing to us now though. I don't see how even the Liberals can ignore the situation much longer.

Here is an ordinary family in not opulent but comfortable circumstances, and they find that horse meat, margarine and powdered milk, things they would not even think of a few years ago, are the main items in their diet.

Mr. Fleming. The fruits of sixteen years of Liberal government.

Mr. MacInnis: Sixteen years of Liberalism, five years of Conservatism and several more years of Liberalism before that. The tree being what it is you should not be surprised at the fruit.

However, I am glad the hon. member for Coast-Capilano and I agree on one thing. We agree that there is no shortage of consumer goods in Canada. He made a statement to that effect, I said "hear, hear", and he remarked on our agreement. Before we can deal effectively with inflation we must get our thinking clear on some of these points. If inflation is what we are told it is, if it is caused by what we are told it is caused by, too many dollars chasing too few goods, how can you explain prices going up when goods are gathering dust on the shelves of stores and warehouses?

When the Prime Minister (Mr. St. Laurent) spoke in this debate he also referred to growing inventories. I asked him how he explained rising prices in the face of a condition like that. The parliamentary assistant to the Minister of Finance took a page and a half to explain why there is inflation; too much money, debts of the last war, diversion of men and materials to war production, the war in Korea, enormous capital investment, and so on and so forth. I shall quote his summary of the situation as he saw it. It is not very clear but it is the best I could get. At page 159 of *Hansard* he said:

> Then came Korea, and this steady rise became a very steep rise. First of all, there was panic buying by consumers who remembered the shortages of the last war when all our energies were turned to producing the materials of war and not consumer goods. Then came stockpiling by both the free nations and the iron curtain nations, in anticipation of defence needs. These things led to increased demand which forced up prices. Then we began diverting to defence needs more and more of our world resources in manpower and in material. The incomes that these men received were competing

for the consumer goods produced by the rest of the world. The materials taken away for capital purposes for defence of course are lost to consumer production. Because of these further factors, prices began to rise still more.

But despite all these things which added to consumer income, the fact remains that in Canada consumer goods are increasing. I have here the *Canadian Statistical Review* for September. It has this to say:

During the first seven months of this year, the index of industrial production averaged 12 per cent higher than the comparable period of 1950. While the increase over last year was running at a rate of about 14 per cent for the first five months, the figures for June and July reflect a curtailment of this trend. The June-over-June and July-over-July comparisons showed gains of only about 7 per cent. The drop in industrial output in July as compared to June can be partly attributed to the practice of many firms to close down their plant for summer holidays. There is as yet no compensation for this in the seasonal adjustment. Meanwhile the value of manufacturing inventories continued to rise in July. Since April, the increase has been more than 12 per cent. As wholesale prices during this period rose by less than one per cent, the recent gain may be attributed largely to increases in volume of stocks.

It is well to know that it is real goods that we have, not just figures in books. I should like those who are urging greater production to note this and see what hope they have of getting it. The *Review* goes on to say:

Undoubtedly some manufacturers will take advantage of the holiday shutdowns to reduce excess inventories.

Prices are not to be reduced to enable people to buy more, but production is going to be curtailed so that inventories may be reduced. After reading that I am surprised that people have the effrontery to stand up here and say they are representing the people of Canada, and then they say they are opposed to controls. All this verbiage by the Prime Minister (Mr. St. Laurent) and the hon. member for Coast-Capilano (Mr. Sinclair) does not explain why prices are going up when, as I said before, goods are gathering dust on retailers' shelves and in wholesale warehouses.

Perhaps I may bring some other facts on this point to the attention of hon. members which they may consider if they have not already done so. The Prime Minister said in his speech on the address that price levels cannot be held fixed in a free economy. I ask the Prime Minister and every member of this house: is this a free economy? How free is it? I have here a clipping from the Winnipeg *Tribune* of October 3, 1951, referring to the decision of Mr. Justice McBride in the bread combines trial. It is interesting to note some of the comments of the justice in this case. The article reads:

The justice said the bakeries were more interested in price than quality, service and salesmanship.

Of course they are interested in price. They are not producing bread because the people need bread; they are producing bread to make a profit. In his judgment Mr. Justice McBride referred to certain actions by the six companies involved which included the illegitimate use of Alberta government stationery. The article continues:

He termed this a "fraudulent system . . . a system of misrepresentation and fraud, a system of plunder comparable to meeting a man on the street and forcibly robbing him of his money."

The man who goes out on the street and holds up another man is taking a chance, but these people were taking very few chances because, as the justice pointed out in another place in his judgment, they had been doing it since 1933. The article continues:

He referred to the master bakers associations in Alberta, Saskatchewan and British Columbia as "the effective machinery of control of the baking industry in the three provinces."

Who says this is a free economy? Not Mr. Justice McBride. The article continues:

From 1933 to 1950 a closely-knit and smooth-working network was spread over the three provinces. He said that under the effective control of the accused corporations the associations speedily degenerated.

Mr. Justice McBride said the main purpose of the associations then was to fix and maintain uniform prices established from time to time, arbitrarily raising and lowering them, and to prevent and lessen competition in other ways.

The Prime Minister told us that we cannot hold prices stable in a free economy, but the bakeries in western Canada were able to hold prices stable. Our economy is so free, as the Prime Minister stated in his speech, that the government is going to make it illegal for manufacturers to control resale prices. Several newspaper editorials have been quoted during this debate; even the Prime Minister quoted some. I should like to quote briefly from an editorial which appeared in the Vancouver *Daily Province* of September 6, 1951. It is headed "We want action, not talk" and reads:

Prime Minister St. Laurent's speech about inflation was very much like a man trying to argue with a bull that is chasing him around a field. It was clever talk, but it did no good whatever.

Canadians, who had just learned that the cost of living had increased another 1·3 points in July to a new high of 188·9, and were expecting the Prime Minister to outline some definite program to halt inflation, were bitterly disappointed.

Instead of plans to apply brakes to living costs we were given a lecture on the ABC's of inflation and some skilful apologies for the government's failure to do much about it.

In fact, most of Mr. St. Laurent's time was given to explaining the things that the government could not do and had resolved not to try to do, rather than the things that it proposed to attempt.

Surely that is a correct picture of government inaction, not only during the last few months but during the last six years. The editorial continues:

> The Prime Minister's polished rationalization of the government's position does him credit. He made the best of his case. But if he had been subject to a little cross-examination that case would have fallen apart.
>
> He exhorted us, for instance, to save as much as we can and postpone buying the things we can get along without.

The Minister of Finance (Mr. Abbott) has also been exhorting us to save, but when he and the Prime Minister think of saving, surely they have in mind people whose idea of saving is a question of whether they will buy a high-priced car or one not so high-priced. The editorial continues:

> Countless Canadian families could tell him that high prices are forcing them to save every penny they can get. As for postponing purchase of things we can do without, there are a good many things we can't do without.

Let me say to the Minister of Finance that the question facing a great many people is not one of forgoing buying things they can do without, it is a question of having the money to buy the things they cannot do without. The editorial concludes:

> The cost of living index didn't move up because of the price of champagne and caviar. It rose because the cost of ordinary foods, clothing, fuel and other prime necessities had gone up. We can't postpone food and clothing.

It is time we realized that, and realized also that many people in Canada are postponing the purchase of food and clothing at the expense of deteriorating health and character. The reason prices are going up while inventories are growing has not been explained by the bedtime stories told the house by the Prime Minister and the hon. member for Coast-Capilano, soothing as those stories may sound to the ears of those who want to believe them. The reason prices are going up while inventories are increasing is the greed of certain people who have the mistaken idea that the purpose of production is not to provide for the needs of the people but to make a profit for the owners of the capital used in production. I do not often find myself agreeing with the hon. member for Lethbridge (Mr. Blackmore), but I certainly agreed with him the other day when he said—I am not quoting his exact words, just paraphrasing—that prices are going up, not because there are scarcities but because certain people are just plain hogs.

Mr. Blackmore: I will repeat it.

Mr. MacInnis: Replying to the member for Rosetown-Biggar (Mr. Coldwell) the member for Coast-Capilano (Mr. Sinclair) blamed food subsidies in Britain for the rise in prices there. Surely even to the hon. member for Coast-Capilano that must be sheer economic nonsense. If the British government were paying subsidies without price control, those subsidies might cause a rise in the price of consumer goods. Subsidies do not add to income; they distribute income more equitably. They enable more people to buy things, not the whole community to buy more things. They do not, as a matter of fact, put more money into circulation.

Let us get the facts clear in regard to Britain's troubles with high prices. Britain must import most of her food, clothing and raw materials. If the prices of these things go up, it is pretty hard to prevent consumer prices going up. This is exactly what has happened. The hon. member for Coast-Capilano quoted from the London *Economist*. May I quote from another paper that is well-known to the hon. member for Coast-Capilano, the Manchester *Guardian*, which in the issue of July 6, 1951, pointed out that the total price increase in over-all imports between the first half of 1950 and the first half of 1951 was 45 per cent; for food, drinks and tobacco, 23 per cent; for raw materials, 71 per cent; and for manufactured goods, 46 per cent. I am not quite sure I have the figures correctly, but I understand that the increase in the price of exports from Great Britain to other parts of the world has been only 18 per cent. When you pay 45 per cent more for the goods that go into those exports and only get an increase of 18 per cent in the sale price of those exports, then you are bound to get into difficulties.

In dealing with this cost of living situation, the C.C.F. group proposed a subamendment to the amendment moved by the official opposition. We added the words:

> . . . such as the making of provision for price controls and the payment of subsidies, where necessary, so as to equalize the sacrifices our people are called upon to make at this time.

As has already been stated, that amendment is similar to the one we introduced last year. The words at the end, "to equalize the sacrifices our people are called upon to make at this time", are different from the words in the amendment of last year. We put those words in because of a speech made not so long ago by the Prime Minister (Mr. St. Laurent). He said the people of Canada would have to make sacrifices because of our defence program. We accept that. The Prime Minister also said that unfortunately high prices do not affect us all in the same way. It is because we want high prices to affect us all as nearly as possible in the same way so that, as nearly as possible, we shall be making equal sacrifices, that we moved the subamendment.

What is the situation today? Every time prices rise some people improve their economic position; some people have more money to spend on the things they want. With other people the result is just the opposite; their economic position is worsened. Every time there is an increase in prices some get an improvement in their standard of living while the standard of living of others goes down. As a matter of ascertainable fact, this inflation is increasing the wealth of some, while at the same time it is sinking others lower and lower into poverty. Unless the government and opposition are prepared to do something about that, something that will not just keep the poor where they are now but raise their standard of living, we are not doing what we were sent here by the people of Canada to do. We may be doing what a few people think we ought to do, the people who are benefiting by inflation.

Evidently the leader of the opposition and the hon. member for Eglinton (Mr. Fleming) do not like our subamendment. On Friday last the leader of the opposition made a second speech in this debate and took considerable time to explain to the house why his party could not support the C.C.F. amendment. The strange thing about that speech, and I read it carefully, was that it was almost identical with the speech he made in this house on February 12 last to explain why he and his party would support an amendment similar to the one he is rejecting now. I said I read it carefully, and it is very much the same speech. On page 219 of *Hansard* the leader of the opposition is reported as having said:

> If it is true, and I am sure it is, that the heaviest inflationary pressures are still to come, then this is the time when, through legislation adopted by this house or through orders in council passed by the government—

That is getting rather tender towards orders in council.

> —under the extremely wide powers of the emergency legislation already in force, this subject should be tackled without further delay.

I would say there is complete agreement on that point of view, but what does the leader of the opposition propose in the amendment that he introduced? I referred to it at the time as a milk and water amendment which they even do not want taken as a motion of want of confidence in the government. After listening to the hon. member for Eglinton this afternoon, do you think any Conservative member on the opposition side of the house can have any confidence in this government? Yet they do not want to have this amendment accepted as a motion of want of confidence. This is the amendment:

> We respectfully represent to Your Excellency that in the opinion of this house adequate steps should be taken to combat inflation and deal effectively with the high cost of living.

Amen to that. What steps?—that is the question. Unless we are prepared to state the steps we are willing to take, there is no use saying that we would like to have such steps taken.

Mr. Abbott: Hear, hear.

Mr. Knowles: The Minister of Finance (Mr. Abbott) agrees.

Mr. MacInnis: As I said, I read that speech carefully, and I find in it a few contradictions. For instance, at page 223 I find this:

> To an extent that has certainly not been true since I came into this House of Commons the members of the party which has put forward the subamendment have made it perfectly clear that what they are asking for are over-all and rigid controls such as constitute part of their idea of socialist planning for the country.

Then in the next paragraph:

> We have had the representatives of the socialist party talking in this house as though they were the exponents of free enterprise, completely forgetting the dogma of the Regina manifesto. We have heard assurances in this house that they were not asking for the imposition of continuing controls.

Well, we are not. We are asking for continuing controls until such time as the law of supply and demand will assure every one of the people of this country a fair share of the production of the country. That is all that we are asking.

Let us now turn to the arguments advanced by the leader of the opposition supporting our amendment last year, which I said was similar except for a few words. As reported at page 292 of the first volume of *Hansard* of the first session of 1951 he said:

> In so far as our amendment is concerned, Mr. Speaker,—

This is the leader of the opposition speaking.

> —it was intended to cover the field of inflation. We express regret that the government had failed to take effective measures to combat inflation and the rapidly rising cost of living. These are inclusive terms. Certainly these terms include price controls where price controls are necessary. Certainly, these words include subsidies where subsidies are necessary. But they include several other things as well. To any of those who may find some measure of amusement in an assertion of that kind, may I point out that I had the responsibility—and I accepted it—of introducing certain subsidies in the province of Ontario at a time when the dominion Minister of Agriculture was failing to protect certain of our important crops that faced a very dangerous situation indeed.

There you have it. The leader of the opposition and, I assume, his followers were not opposed to controls eight months ago, and they were not opposed to subsidies eight

months ago, if these things were necessary. Those words "where necessary" are definitely in our amendment.

Then at page 293:

In this subamendment there are the governing words "if necessary".

Those governing words are in the amendment we moved the other day. To continue:

And that is exactly the meaning that I take from these words. But if it had been intended to amplify the words in our motion we would have amplified them a great deal more than this. The fact that we have not, however, does not make the reference to these objectionable; because quite contrary to what some hon. members have suggested, this subamendment does not leave the whole question of inflation upon these two subjects alone. It says: "such as price controls and subsidies where necessary".

Those exact words are in our amendment moved the other day.

Then we turn to page 295. The leader of the opposition continues:

For the reasons I have mentioned it is my intention to support the amendment to the amendment. In doing so I have indicated that the subjects discussed are subjects to which we have referred. If I had drafted the subamendment I might have changed the wording of it, and would; but what I point out is that the one way in which members of the house have an opportunity to protest against the inaction of the government is to vote on a subject of this kind without too much attempt to get down to the last possible meaning of every word in the amendment to the amendment now before us.

There you have the competent lawyer making the case; but when he had to make the case last Friday against supporting our amendment, it is extremely weak in comparison. It is weak because he had no case last Friday, that is if he had a case last session, and he did. When you come to this complete somersault, is it not conceivable and understandable that one should ask: Whose was the still, small voice that whispered in the ear of the leader of the opposition that he should pipe down on controls?

Mr. Knowles: It was not the hon. member for Eglinton (Mr. Fleming). He has not a still, small voice.

Mr. Abbott: It was not mine.

Mr. MacInnis: I am quite willing to leave it to them. If they do not support our amendment, it will not hurt the C.C.F. in the least. It will hurt the Conservative party because, as I have already said, I am satisfied that if anything was of assistance to them in Prince Edward Island, in Ontario and in Manitoba during the by-elections last session, it was that they had given an indication that they were willing to deal effectively with the most important question facing the people of Canada. Once they have departed from that course, they are the same old Conservative party, and I am satisfied that the people of Canada will have nothing to do with them.

I do not know just how much time I have left, Mr. Speaker; but as long as you have not called me to order I assume that I have a few more minutes. I want to say a word about increased production, a matter which has been mentioned so often. I have said in this house many times that what we need in this country if the standard of living is to be raised is increased production. But how can you go to the workers today—and it is the workers who increase production—and ask them to increase production if that increase is going to result, as it is resulting, in shutdowns and unemployment rather than in a lowering of prices? I have in my hand a news release from the Department of Labour under date of September 5, 1951, and I want to read briefly from it:

Lay-offs and short time work, partly seasonal in nature, continued in the consumer goods field. The slowdown, which earlier was concentrated in automobile, household electrical appliance, clothing and leather industries, spread to iron and steel, furniture and primary textile plants during July and August. In the textile and clothing industries alone it is estimated that at least 3,000 workers have been laid off and 12,000 are working three days a week or less—a drop in activity greater than normal for this time of year. In the other industries mentioned above, non-seasonal factors have caused the release of almost 5,000 workers. These lay-offs have been particularly heavy in some centres, but in the main, those released have found alternative employment.

From that I want to show you that as long as the purpose of production is profit, as soon as the goods that are produced cannot be sold at high prices the employers will lay off the workers until the inventories are down again. Then they will take them on again for two days a week, or three days a week, or six days a week, provided there is a good demand; but prices will not come down. Therefore the issue facing this country, the issue facing this parliament is: Are we to allow private enterprise to control the standard of living of our people by controlling prices? I say again, as has so often been said in this house from this corner that it is no longer a question of controls; it is a question of who is going to impose the controls,—a government responsible to the people of this country, or private interests responsible to no one but their own greed?

Mr. J. L. Gibson (Comox-Alberni): Mr. Speaker, today, as usual, I am impressed by the very obvious sincerity of the hon. member for Vancouver East (Mr. MacInnis); but as usual, also, I am amazed at the conclusions drawn by a man of his apparent intelligence. He took some exception, of course, to the point made by the leader of the opposition (Mr. Drew) the other day. The leader of the

opposition made what I considered a very good point when he said that the historic objective of the C.C.F. party of course had been controls. He felt that the difficulties we are passing through now constitute a God-given opportunity to them to press forward that policy.

It seems to me the leader of the C.C.F. party (Mr. Coldwell) always presents in a most plausible manner—as plausible as any man in public life in Canada, I believe—those innumerable nebulous theories that he has to cure almost anything. I sometimes wish he was not so plausible because I think of some of the members of his party, particularly one man in British Columbia—he comes from my riding unfortunately—who came out boldly so we know exactly where he stood, and said that the first and primary duty of the C.C.F. party when it comes to power will be the bold and ruthless removal from private hands of the means of production. It would appear to me that if they could profit from any difficulties we have now, that would be their ultimate objective.

Another thing that annoys me very much about the C.C.F. party is that they always seem to be like the pharisee in the temple: "Thank God we are not as other men." I sometimes look at the business tycoons sitting behind the leader of the C.C.F. party, well dressed, sleek and well fed. They are in all phases of our life, too. They are in agriculture, in business, in merchandising—

Mr. MacInnis: Railroading.

An hon. Member: Preaching.

Mr. Gibson: I often wonder what happens at these little caucuses they have once a week, I presume. I wonder whether they ever ask these businessmen questions as they sit around. I wonder whether the businessman is ever asked just what philosophy he follows in his successful business. I am quite sure that if the businessmen were honest—and knowing them I am sure they would be honest—they would say to the leader: Boss, I am sorry, but I buy as cheaply as I can and I sell for as much as I can get. I sometimes wonder why the leader of the C.C.F. party does not invite more of his members to speak their minds. I like to recall what happened one night during last session. One of his distinguished business colleagues rose in his place and in a perfectly open way said: "Do not believe all this malarky you hear from my party about this excess profits tax. As far as I am concerned the Minister of Finance is getting far too much money from me now. He takes all the cash money I make out of my business, and all he leaves me is the accounts receivable and the fixed assets I have around me." He said: "As far as I am concerned, taxes are plenty high now." As I say, I am quite sure the businessmen of the party would be the first to say they are not profiteering. As far as the party is concerned, from my observations here it is those members down there who have nothing to sell but their intellectual capacity who are the real profiteers at the present time.

In this debate on the address in reply to the speech from the throne I should like to take the opportunity to congratulate both the mover (Mr. Cauchon) and the seconder (Mr. Simmons). The mover of course spoke with eloquence. There was great substance in his remarks. I envy him his capacity to speak not only in his native tongue, French, but in English. I wish that I myself were able to do as well as he did. To the seconder I say that he painted a glowing canvas of that great country he represents in the northland of Canada. I am sure the people who sent him down here to represent them must take great pride in the way he has conducted their business here. I should just like to say, too, that my good friend the hon. member for Cariboo (Mr. Murray) impressed me greatly with his speech the other night, when he referred to the great opportunities in the north country. He said he hoped the immigrants who were coming here would not be led to believe that the only place to live in Canada was where there was running water, electric lights and all the amenities you find in our large cities. Actually the great opportunities that are in that part of the country for these newcomers were here for our grandfathers when they came, and I certainly hope the organizers of the C.C.F. party do not meet these immigrants when they come down the gangplank and say to them that all they can work in this country is a 40-hour week, because if that ever happens they will never amount to very much either.

I should like to say a word about Comox-Alberni. This is a memorable day for that constituency, since Their Royal Highnesses are paying it a visit. I am sure hon. members would expect that they would go to Comox-Alberni for this well deserved rest. They are at Eaglecrest today, midway between the villages of Parksville and Qualicum in my riding, and I am quite sure the good people of that area, with their innate courtesy and consideration, will allow our royal couple the well earned rest and relaxation which is their due after their long trip across this continent. If I had the gift of tongues, like the hon. member for Athabaska (Mr. Dechene), perhaps I could paint a word picture of the magnificent scene that will greet them out there at Eaglecrest. They can look across the sparkling gulf of Georgia and see Lasqueti island,

with Texada island behind it, then move on to a further magnificent view of the Coast-Capilano area and then the great snow-covered peaks over there. I can assure you they have chosen a place that is unmatched in Canada; and I certainly feel proud that they have chosen this place for their holiday.

I am very pleased with the announcement by the Minister of Veterans Affairs (Mr. Lapointe) in regard to pensions. During the discussion we had with the Legion prior to coming here my colleague, the hon. member for Nanaimo (Mr. Pearkes), said he felt that no action would be taken by the government during this session. I made a contrary statement. I said I thought the government would give consideration to it at this time. I am glad to say that while I cannot vie with him as a military expert, I seem to have more facility for gazing into a crystal ball. When at the next session the committee studies war veterans allowances, I would ask that they give close consideration to permitting a larger allowable income to persons on war veterans allowances.

Another point which interests me is the fact that the Minister of Fisheries (Mr. Mayhew) is going to Japan to discuss a fisheries treaty with that country. I join with the Secretary of State for External Affairs (Mr. Pearson) in expressing my regret that it was not possible to make this a part of the Japanese peace treaty. I am glad to see, however, that it is being followed up at the present time. I will say it is recognized from coast to coast that our Minister of Fisheries has done an outstanding job in administering the fisheries problems of Canada. I am glad to see the Prime Minister (Mr. St. Laurent) in his seat because I would call to his attention the fact that, so far as British Columbia is concerned, this is probably the most important external treaty we will sign for a long time. I would like to think that in going over there the Minister of Fisheries might have the advice and support of a member of parliament from British Columbia. There are numerous members from British Columbia who are well qualified to take this position. When I think of all the representatives we have sent to ILO, to the meetings of the UN food organization, and to the various United Nations meetings held in all parts of the world, and quite properly so—and I have taken a keen interest in the growth in stature of the young men who have had the opportunity to go overseas and mix with delegates from other nations of the world—I suggest it is not yet too late for the Prime Minister to select from among the very capable young men sitting behind him someone who could accompany the minister to Japan, who would be in a position to know the situation exactly in connection with this important matter. Businessmen representing the fisheries industry in British Columbia are going over there, and I feel that in order to have continuity of knowledge in regard to the fisheries treaty the Prime Minister might see fit to follow my suggestion.

I do not want to advise all the members of the cabinet, but I have a word for the Minister of National Defence (Mr. Claxton). The next time he talks with his chief dietitian I suggest that he discuss with that official the possibility of serving some canned salmon to our armed forces. I am told that meat is the only protein food served in any large quantity. While I am not making a sales talk in respect of canned salmon, I would ask the minister to see if it is not possible to use that very excellent food in supplying our armed services.

Then I should like to say a word to the Minister of National Revenue (Mr. McCann). I know he is familiar with the problem we face in connection with logging in British Columbia. If you are a large million-dollar concern producing logs, and have logging machinery, large timber limits and logging trucks, those logging trucks are brought into Canada at a low rate of duty and are exempt from sales tax. I know the historic position of the Liberal party has always been that the small man in business should be given every opportunity to compete with the large businessman. In this instance, however, that does not apply, as the hon. member for Fraser Valley (Mr. Cruickshank) will testify. If you are a large logger, doing both logging and log hauling, you receive the benefits to which I have referred. I have the greatest confidence in the Minister of National Revenue and his very capable staff. They tell me they would like to give some amelioration to the log-hauling contractor, but that there are some administrative difficulties. My experience with the minister's staff leads me to believe that something can be worked out, and I would ask the minister to make an effort to see that it is done at the earliest possible time.

Another small matter bothered me while I was out in Comox-Alberni this past summer. Looking at the paper one morning I saw that there was a vacancy in respect of a county court judgeship in the county of Nanaimo, and I noted that a Vancouver man had been appointed to fill the vacancy. It is not my intention to interfere in any way with judicial appointments because I believe that, generally speaking, a good job has been done in that regard. However, one has food

for thought when he looks at the population of Vancouver island and sees that we have only two county court judges for a vast area in which there are 200,000 people while, on the other hand, in Prince Edward Island, with its 80,000 people, or about one-third of the number on Vancouver island, they have three county court judges and three supreme court judges. I do not raise this point with any desire to be parochial or to create animosity. I do feel, however, that in this respect Vancouver island has not been treated justly. I bring this to the attention of the minister so that when there is a new appointment out there—I understand a vacancy is to be created; the minister will correct me if I am wrong—he will try to make amends for the obvious injustice the people of Vancouver island have suffered in this regard.

Before leaving this subject may I hasten to tell the minister that I cast no reflection whatever upon the gentleman last appointed to the bench from Vancouver. He is a personal friend of mine, a man of outstanding qualifications. And, may I add for the information of the hon. member for Lake Centre (Mr. Diefenbaker), he is not even a Liberal. Whether or not that gives him any special qualification I cannot say; but certainly he was not appointed on the basis of political considerations.

May I draw to the attention of the Prime Minister one further point, that on Vancouver island we cannot rival Prince Edward Island when it comes to senatorships. With their 80,000 population they have four, at the rate of one senator for each 20,000. On the other hand, through general practice it has become the rule to have one senator from Vancouver island out of the six from British Columbia. We do not expect to have four, as they have in Prince Edward Island. I would point out, however, that for almost four years there has been a vacancy in the senatorship from Vancouver island. The very distinguished gentleman who filled that position found that, due to old age, he was no longer capable of discharging his responsibilities as a senator. Despite many comments made outside the house respecting the value of the Senate, I think all hon. members know the contribution it makes to our public life. The fact that Vancouver island, with its importance industrially, is not represented in the Senate, is one of those situations which should be corrected as soon as possible.

It will be recalled that last spring I opposed the payment of $65 million to prairie farmers. I said at that time I sincerely hoped the government had finally reached the end of these handouts. Consequently I was somewhat shocked the other day when I picked up a newspaper and read, instead of learning it through an announcement in the house, that another $1,500,000 had been voted to the apple growers of the dominion. I have no desire to say anything derogatory about the apple growers, but perhaps the Minister of Agriculture (Mr. Gardiner) or the Minister of Finance (Mr. Abbott) will give us an explanation of that $1,500,000 payment. I should like to know whether all we need to do to pry something out of the government is to come down here with a tale of woe; because if all that is needed is a tale of woe I can give you a dandy. We had a lot of trouble in Comox-Alberni and along the entire coast region with forest fires this year. We were not able to work most of the summer, and many loggers in my riding suffered a great economic loss. Therefore I am curious to know on what basis this $1,500,000 payment was made to the apple growers.

Incidentally I might say to the Minister of Finance something I am sure he already knows. I cannot think of anything more inflationary than the payment of $1,500,000 on that basis. So far as the Department of Finance is concerned, I have a very high respect for it, and I must say that I agree with their general policy. I was quite impressed with the speech made the other day by the hon. member for Coast-Capilano (Mr. Sinclair). I thought he set out the situation so clearly that even a non-economist like myself could follow his line of reasoning. It seems to me that in some phases of their administration the burden is not being borne equally all across Canada. I should like to point out to the Minister of Finance that if a logger in my riding wants to buy a new automobile he must pay $327 more, because of freight charges, than a logger in Ontario. He must also pay approximately $100 in a provincial sales tax. I know the Minister of Finance will say immediately: "do not tack on that provincial sales tax. I do not know anything about that, and I have got nothing to do with it". However, I would point out that eventually the provincial sales tax comes back to him because after all it is spent on the building of roads and general services. The sales tax does accrue to him eventually on that basis.

I say it is not fair that the logger in Comox-Alberni should have to pay $200 more in cash when he buys a car plus about $18 more per month out of his pay cheque than the man in Ontario. The answer one receives is that it is impossible to divide these things into compartments. I see that the parliamentary assistant is listening to me with great care. He may be able to do something for us,

because he and I are in the same economic bloc. I say to him there is no reason in the world that the down payment of half cash for a new car and the monthly payments should not be computed on the factory cost of an automobile so that citizens in all parts of this country will bear the same share of the burden we are facing at this time. As to the balance, let them have an extra three or four months. There is no administrative difficulty about doing it, certainly not with all the galaxy of talent they have in the Department of Finance. I am quite sure they could work out a simple matter of that kind.

There is one thing I should like to say to the Minister of Finance with respect to secondhand cars, but before I do so I want to say that he is a man I admire greatly for his courage. When rental controls on business accommodation were being removed, I can think of nobody in Canada whose riding was more affected than that of the minister. Nevertheless he had the courage to go ahead despite all the pressure put on him. He did the thing that was right. In saying this to him I sincerely hope he will realize that I am not making the point that he has engaged in discrimination so far as his own riding is concerned. However, when you come to a district like Comox-Alberni, where there is no transportation system, no Toronto subway—

An hon. Member: Neither has Toronto.

Mr. Gibson: No, but you have a surface transportation system. For ten cents people can go to and from their work, but in a place like Comox-Alberni there is no public transit system at all. Therefore everybody has to have at least four wheels and a gas engine, some kind of car.

Mr. Cruickshank: A Cadillac.

Mr. Gibson: The loggers in that region should have the opportunity to buy secondhand automobiles without having to pay 50 per cent down and the balance in twelve months. Automobiles are part of their working equipment, like caulked boots. At the present time secondhand cars are piling up on the used car lots, and I do not see how it could possibly contribute to inflation if the minister said: "We will arrange it so that, as far as secondhand cars are concerned, we will accept 40 per cent down and the balance spread over eighteen months." I believe that would be fair. I think the minister would be doing something for the industry, the car manufacturers and car dealers who are probably bearing more than their fair share of the defence burden. They have been pretty hard hit. I appreciate why it has to be done, but at the same time I think we can take care of the used car situation so far as the dealers are concerned and give considerable help to the people of my riding. It should be a decided service to them.

I appreciated very much the hon. member for Springfield (Mr. Sinnott) coming to my aid with respect to the so-called gratuitous insult I received from the leader of the C.C.F. (Mr. Coldwell) the other day when he referred to me as an old Tory. I was rather surprised when he called me that in reply to a remark I made which he of course knows to be true. Everything always has been rationed in this world, and not necessarily by the purse. Certainly it has been so for me for most of my life. If things are not rationed by the purse they are rationed by one's capacity, intelligence, appetite or desire. Everything is rationed. I often think of old John D. Rockefeller, the richest man in the world. He used to have a bowl of crackers and milk for lunch. God had rationed him with stomach ulcers.

Mr. Stick: I hope you have not those yet.

Mr. Gibson: Not yet. As a matter of fact I was rather startled when I was called an old Tory. It suddenly occurred to me: my heavens, just like the passenger pigeon, the old Tory is extinct. I recall the time when the former member for Stanstead was in the house, a man whom I hold in the very highest regard. It seemed to me that he was the last of the old Tories. I should like to think, perhaps with a certain amount of pride, that anything I said had such truth and wisdom in it that it might have pleased the leader of the C.C.F. to refer to me in the same terms that he might very well have used toward that great gentleman who previously was a member of the house. I am sorry that it is not possible for a Liberal and a Conservative to represent the same constituency in this house. We are very fortunate to have the present distinguished member for Stanstead (Mr. Roberge), but I wish it were possible also to have with us the former member for that constituency.

In approaching this whole cost of living business it seems to me that politicians generally—and I cannot help being one of them; people will call me that even if I deny it—find a lot of sacred cows they feel inclined to protect. When I heard the parliamentary assistant to the Minister of Finance talking about beef from New Zealand at £70 a ton, or at £140 a ton from the Argentine, I thought it was almost a shocking thing that in order to protect our Canadian farmers we had to exclude cheap food of that kind from the country and serve our people good Canadian horse meat. I realize there are many farmers in the house, and that we have farm pressure groups. I do

not mean they operate among the members, I mean that they are made up of the agricultural organizations. I do not say that in any derogatory sense, because I think they are doing their best to protect the interests of the farmers. I do not think the pressure groups in this country are nearly as bad as in the country to the south. If it could be done I think it would be desirable to ship all our Canadian beef across the line and obtain the high prices they are offering, and then get some of this excellent beef that is available in other parts of the world. In that way our farmers would be protected as far as their markets are concerned, and the Canadian consumer would get cheaper food.

Mr. Cruickshank: Would the hon. member do the same thing in connection with cheap Balkan and Russian lumber?

Mr. Gibson: I think the lumbering industry of British Columbia can compete with any country in the world without protection.

Mr. Cruickshank: At the prices they charge?

Mr. Gibson: When the hon. member makes his speech he can put forward that suggestion. It might be a good thing. Some hon. members and certain organizations are campaigning for a higher duty on vegetable oils.

An hon. Member: Hear, hear.

Mr. Gibson: You must remember that if you are going to protect that sacred cow the cost of food to the Canadian consumer will be increased. You must take your choice.

Mr. Cruickshank: The same thing with lumber.

Mr. Gibson: One thing I could never understand is the sales tax on margarine which adds to the cost of living in Canada. Yet all of us are afraid to touch it because we might lose a vote. I hope the Minister of Agriculture (Mr. Gardiner) will explain to us why it was necessary to pay 60 cents a pound for the butter that is being imported into the country while, according to a speech made by the parliamentary assistant to the Minister of Finance (Mr. Sinclair), butter is being sold to the British for 36 cents per pound. The Danes and the other Scandinavians must have thought Santa Claus had walked in when the Canadian buyers arrived and said they were really going to town and were ready to pay a proper price. I never expect to be able to put the Minister of Agriculture on the spot, but I would like to have his explanation. I know it will be lucid and fair. I know he will tell us exactly why it was necessary to pay that much per pound.

Mr. Gardiner: We do not pay that much; they pay duty on it.

Mr. Gibson: We pay a duty on it, do we?

Mr. Gardiner: A duty of 12 cents per pound on butter coming in.

Mr. Gibson: Was the duty there to keep the cost down, or is that another sacred cow I did not know about? Everybody is asking for shorter hours. Everybody wants to get more. This idea is held by the civil service. I wonder what would happen if the farmers said they wanted a five-day week, with time and a half on Saturdays and double time on Sundays. That would be really something. If one of these days the farmers really get organized, and if that kind of money has to be paid for agricultural help, we will certainly have to pay far more for our butter, eggs and milk.

Mr. Cruickshank: And less for lumber.

Mr. Gibson: I should think my hon. friend would do better to confine his remarks to the dairying industry, because he is known as an outstanding champion of the farmers of the Fraser valley. In this particular instance, despite the plausible amendment moved by the leader of the opposition (Mr. Drew), I find I must support the government because I feel their policies are preferable to any alternative that has yet been offered.

Mr. Marcel Boivin (Shefford): Mr. Speaker, before I get into the main subjects I intend to take up in this debate on the speech from the throne I should like to say a few short words; and I hope I will not be called to order. When the President of France addressed this house during the last session I thought, along with many others, that he made a most excellent speech. But what I enjoyed much more that day was a speech made by you, Mr. Speaker, when you said:

> Canada is a bilingual country, and whether we speak in French or English we speak the language of Canada.

For those words we from the province of Quebec offer our sincere thanks. We will never forget that they were the words of one coming from the province of Ontario. With your permission I shall now continue my speech in the language of Canada, in my mother tongue of French.

(Translation):

Mr. Speaker, may I begin by congratulating the mover of the address in reply (Mr. Cauchon). I am sure that on October 12 the good people of Beauharnois were happy at the thought that their representative had the honour of moving the address in reply to the speech from the throne. I am convinced that had his constituents been present in the house they would have been all the happier at seeing how tactfully their member had fulfilled his task.

In his opening remarks he referred to the presence in our midst of Their Royal Highnesses gracious Princess Elizabeth and the Duke of Edinburgh whom we all had the honour of meeting. He linked their visit with that of Their Majesties the King and Queen. May I express the hope that this latest trip will be the harbinger of a lasting peace, even though the international situation does not look, as yet, overly promising.

The people of Shefford constituency were grieved by the news of the king's illness, but they rejoice with the whole country over his recovery.

The hon. member from Beauharnois has paid a fine tribute to the Right Hon. Prime Minister (Mr. St. Laurent) for his devotion and unceasing toil since he has been leading the destinies of the government. I wish to join in this tribute and to say that the people I represent in this house are proud of our leader and express the hope that he will enjoy good health and a long life in order that he may, in the interests of the country, successfully complete the useful undertakings that are already well under way.

I also wish, without any further delay, to congratulate the hon. member for Yukon-Mackenzie River (Mr. Simmons) who seconded the address in reply, for his description of conditions in his constituency and area. We might add that, though he has been a collector of national revenue, a good immigration inspector, an excellent judge, he is above all a true representative of the Yukon and that he takes advantage of that fact to made known the needs of his fellow men.

Having been a member of the House of Commons since 1945, I must admit that I am among those who are greatly interested in the speech from the throne and, on every occasion within the limits of my humble means, I have endeavoured to express my views and those of my constituents. I have always made my observations so as to reflect the views of the people of the county I have the honour to represent here and I want to do the same today.

On listening to the speech from the throne we learned that we have been summoned to attend this second session this year in order to pass a bill under which the government will pay an old age pension to any person 70 years of age or over, as well as a measure to help the provinces to pay a pension to persons between 65 and 70. These long awaited bills, which will become effective as early as January 1, will be welcomed by all the people. In short, we will help citizens in great need of assistance now. It would be desirable that the Minister of National Health and Welfare (Mr. Martin) present us with a further bill to help disabled persons in need of assistance.

The speech from the throne mentions the Korean war and the help given to the Canadian forces fighting on that front. On October 15, the leader of the opposition (Mr. Drew) accused the government of not doing enough for national defence. He added that the Korean war had lasted 16 months already as we know, and asked what we had done up to now. Let us look back in order to find out what the leader of the country and his government have done in that field. Indeed, Mr. Speaker, we shall ever remember the brilliant account the Prime Minister gave of the situation in Korea before prorogation of the second session of the 21st parliament. In fact, he recalled the commitments we had made in 1945 as member of the United Nations and which were ratified by both houses of parliament. We all remember what the Prime Minister then said: Under the charter, Canada has committed itself towards the other signatories.

At the same time, he read the resolution carried by the security council and supported by our representatives, whereby we had pledged ourselves to provide to the Korean republic all necessary assistance to repel armed aggression and restore peace in this distant country. It was during the same session that the greatest political leader Canada has ever known made the announcement that our naval units were to change their field of action and be transferred from the Atlantic to the western Pacific. In concluding his remarks, he informed the house that should the situation worsen and should the government be called upon to take more drastic measures, parliament would be summoned immediately to sanction them.

Circumstances were such, Mr. Chairman, that our leader's forecasts became prophesies. As soon as he received the United Nations' call, he assembled his cabinet and informed the people that a contingent of volunteers would be sent to Korea and that parliament would be summoned without delay to pass the required legislation. As a result, parliament sanctioned the bills sponsored by the Prime Minister, who never missed an occasion of repeating that freedom and peace, as we know them, are precious assets that should be preserved at any cost.

When the last session opened, the speech from the throne clearly indicated that there had been little improvement in the international situation and that a general conflict

was imminent. It added, nevertheless, that as ever the government's policy consisted in preventing war by ensuring our own defence.

In the opening days of the same session the Prime Minister observed that it was more important for us to furnish equipment than troops, to mobilize our resources rather than our manpower, to conscript wealth rather than men. Evidently, this equipment and these defence preparations will require ever-increasing outlays. This seems more and more evident since we have listened to the statements made on this subject by the Minister of Defence Production (Mr. Howe) and the Minister of National Defence (Mr. Claxton).

As I said a while ago, Mr. Speaker, there are a certain number of people in my province and even in the other parts of this country whom I for one have never understood. Fortunately they are not very numerous. They are easily recognized. In ordinary times they appear on public platforms, and write long patriotic speeches in newspapers; you hear them tell us, with great gusto, that communism is the enemy of the human race and that every communist must be destroyed. I will go even further and say that they would like to see this revolutionary party outlawed in this country and they even believe that every newspaper with socialistic leanings should be suppressed.

However, when along comes a crisis like that in Korea, which affords them an opportunity of matching their words with deeds, by approving the government's attitude, by congratulating the Prime Minister and the Secretary of State for External Affairs (Mr. Pearson), you would think they would forthwith be off on a crusade, you would think they would be accusing the government of not mobilizing the country at lightning speed to defend those ideas which they claim to advocate and defend with great courage and perseverance.

Where are these heroes and their stirring speeches? One would expect them to be first to take up arms? All of them have disappeared, there is not one left! Back they have gone to their burrows whence they will emerge only when the campaign is over. They have buried their standards and if, from time to time they show their timorous noses—

(Text):

Mr. Harris (Danforth): May I ask a question, Mr. Speaker? Is the hon. member reading his speech? His dear old dad never read a speech in this House of Commons. He spoke from his heart and his soul. I am rather of the opinion, sir, that the hon. gentleman now addressing this house, and for whom I have great respect, is reading his speech.

(Translation):

Mr. Boivin: —it is to protest against the war effort of our country; they even go so far as to insult those who go forth in their stead, while they themselves remain silent and refuse to see the dazzling light that shines upon the long-drawn battle advocated by the supporters of a holy war.

It must be admitted that our country, though small from the standpoint of population, is great in area, and especially in courage. That is why she has decided to play, according to her means and to the extent of her powers, her noble part by contributing, by that very fact, to the defeat of the communist monster wherever it may raise its head to oppose the democratic ideal and Christian faiths.

Sincerity must be judged not by people's words but by their deeds. Therefore, our government, which enjoys our confidence, realized that the time had come when Canada must do her duty. We will now follow our government and lend it our support. It is high time we should realize this war is not merely a civil war between North Korea and South Korea.

There is only one Korea, the republic of Korea, fighting, as I said earlier, the enemy of the human race. Are we to let it perish in a disaster which would be the prelude to a world war or shall we save our own country by taking the lead and fighting the enemy on his own territory before he comes to us, by way of Alaska or elsewhere, and puts our cities, our villages, to fire and sword, and massacres our people?

In short, that is the situation. I may add that there are other enemies of the country—perhaps I should rather say people who do not understand the problem and who claim that we are not doing enough. I take this opportunity to thank the Prime Minister for his attitude in helping the oppressed as much as possible and in consolidating our own defence. At any rate, we have fulfilled our commitments with the United Nations. We can and should offer to help, according to our means, the armies that are fighting to uphold law, freedom and religion. Finally, I come to the conclusion that the opposition is criticizing without reason our national defence effort.

Mr. Speaker, the cost of living has been discussed for several days. Many members of the opposition still seem to want us to think that our country has been the most affected by the cost of living and that prices are higher in Canada than anywhere else. Inflation is not only a national evil; it is indeed international. I listened carefully to the statement made by the Prime Minister when he replied to the leader of the opposition, and any right-thinking person will admit that as far as the rising cost of living is concerned our government acted in the interests of all. If they had found it necessary to reimpose price controls, they would have done so but we all know that price controls would have been disastrous to our national economy.

Mr. Speaker, may I refer to a statement made by the hon. member for Rosetown-Biggar (Mr. Coldwell) when he spoke about London. I would point out to him that conditions are not the same in different countries. England lives out of the profits derived from her trade. That country cannot survive without its import and export trade. I much prefer to live on this North American continent even though our present cost of living difficulties have to be overcome. Thank God, we are self-sufficient.

Later the hon. member for Rosetown-Biggar quoted from a broadcast delivered in October, 1941, by the late Right Hon. William Lyon Mackenzie King. It is true that all families were not affected in the same way by the cost of living at that time. The larger the family and the lower the income, the heavier the burden that had to be borne. However, one must be honest with oneself and, since those words were spoken by the late Prime Minister, family allowances have been established for the benefit of those who needed, and who now receive, such assistance under social legislation that has been passed by the government of which I am a supporter.

I have listened to my good friend the hon. member for Cape Breton South (Mr. Gillis) who apparently meant that the speech from the throne might very well be an electoral program. The electors of this country, having read the speech of the hon. member, must have felt proud. I quote a part of it:

> It applies to everything in all the provinces. It applies to nearly all walks of life. There was something in it for everyone in Canada.

I thank my colleague from the opposition, the member for Cape Breton South for his remarks. We feel proud they were made by him.

[Mr. Boivin.]

The Prime Minister has often said that everything could not be done during one session only, but that given time he would attend to everything, which is another indication that our leader can prove his worth not only by his words but also by his legislation. We are doubly happy to have it stated by the opposition.

Up to now I have been congratulating the government. I now have a few representations to make. Without any further delay, I will speak to the Minister of Finance (Mr. Abbott). Many members have spoken to him, in this debate, of the excise tax. Today I shall come back to this matter but from a different angle. I refer to the tax on cigarettes, even if I disagree with my colleague from Fort William (Mr. McIvor).

The Minister of Finance knows that in so far as excise taxes or taxation generally are concerned, there is a saturation point beyond which an increase in taxes brings with it a drop in revenue. In this case, not only have we reached this saturation point but, unfortunately, we have gone much beyond it. That is a mistake which we shall have difficulty in correcting later on. It is now visible and requires immediate remedial action. Otherwise the cigarette manufacturer might as well close shop. If the present state of affairs continues, our people will only smoke smuggled cigarettes or home-made ones which they will have rolled themselves with straw, dry grass and dust.

Mr. Speaker, several of my colleagues who have visited Granby may be inclined to think that I am defending my own interests since the Imperial Tobacco Company has a branch in Granby but such is not my intention, far from it, because cigarettes are manufactured in Montreal by the very same company. The Minister of Finance increases the excise tax on cigarettes year after year. In my own province we now pay 46 cents for a small package. This constant increase encourages the smuggling of American cigarettes, with the result that, in my district, four people out of five now smoke American cigarettes. I doubt very much that most of them entered this country legally. If national revenues derived from the tax on cigarettes now amount to seventy million dollars, they would be even higher if the tax per package were reduced, since sales would be more than double. Such, at any rate, is the opinion of the tobacco producers of this country, and especially of my constituency.

In the municipality of St. Cesaire there are very many tobacco producers but they are now faced with the greatest difficulty in marketing their produce, precisely on account of the high taxes they have to pay. I hope those remarks of mine will be heeded because, by reducing the tax rates, we will enable our people to buy Canadian products, thus helping out our own producers who often see their crop go to waste.

Mr. Speaker, last September, I had the honour of meeting the directors of the Granby and Waterloo branches of the Canadian Legion. They asked me to make representations to the proper authorities in order to obtain an increase in veterans' pensions. I did make these representations as soon as I arrived in Ottawa. I am convinced that the Minister of Veterans Affairs (Mr. Lapointe) is looking into the matter and I am sure, being himself a veteran, that he will meet their request satisfactorily.

Mr. Speaker, I have nearly exhausted the time allotted to me, but, if you will permit me, I should like to draw your attention to the fact that our most important industry—the textile industry—is in a very critical position at present.

In order to give you a better idea, let me say that industries of that kind operating in my constituency have only been working at half their capacity since the month of January. Despite this curtailed production, inventories remain high and it is very difficult to sell the products, even at cost. I have studied the situation and I have come to the conclusion that this state of affairs was brought about by the free import of rayon goods and made-up garments. When I went to New York about three weeks ago I found that the textile manufacturers were selling their products below the market price, that is, well below Canadian prices. Our importers have been going and are still going to the American metropolis in order to take advantage of those clearance sales, and every dollar thus spent is a dollar less for the Canadian market. This condition has created unemployment in the textile industry, not only in my home town but throughout Canada. I submit that between 35 and 40 per cent of the textile workers are now unemployed. It must be recognized that this affects the purchasing power in this country in general. If a change is not brought about in the near future, our industries will be in a still more critical condition. I believe, Mr. Speaker, that import quotas such as we had last year should be set up and our textile export markets in the West Indies and other countries should be extended. I suggest that the Department of Trade and Commerce consider immediately the condition of the textile industry in order to give it the help required and solve the problem as soon as possible.

Mr. Speaker, I thank you for your forbearance and may I add that if the international situation, because of the recent events in Pakistan and Egypt, gets worse we do not know what tomorrow may have in store for us. That is why I hope that my colleagues in this house and all the people of Canada will co-operate with our government in order that we may avoid what unfortunately many countries of the world have known and that we may continue to say: "Canadians, let us safeguard for our own people and our future generations such unity, security and liberty as exist in our country".

(Text):

Mr. R. R. Knight (Saskatoon): Mr. Speaker, my time is so limited that I think I shall simply confine myself to wishing the mover (Mr. Cauchon) and seconder (Mr. Simmons) of the address the courtesy of my congratulations in brief.

Sir, in rising to take part in this debate I shall for a moment focus your attention upon the speech made by the Prime Minister (Mr. St. Laurent). I must confess that it was not what I had expected on this occasion, particularly its comparison of prices, largely of commodities in Washington, with those in certain parts of Canada. But it did at least prove that the Prime Minister is well aware of the fact that the main issue before the people of Canada today is the high cost of living. If that speech were meant to convey to the housewives of Canada anything in the form of comfort, I am afraid it failed in its intent, because it may be considered by the country, and particularly by the housewives, that the Prime Minister was, by his speech, defending the high prices already existing in Canada.

I notice that the hon. member for Coast-Capilano (Mr. Sinclair) does not think much of the housewives of Canada as an economic authority; but we must admit that they are the people perhaps most deeply concerned in this present discussion. After all, it is the housewives of this country, their husbands and families whom we represent in this parliament.

Let me come to the main object of this speech. The Prime Minister asserted that prices in Britain have risen faster during the recent period than they have here. He dismissed the matter at that, leaving the impression—I am sure unintentionally—that over there prices are now very high. A question relative to the speech would be, what were the prices in Britain before the recent rise to which the Prime Minister referred? What are they now?

Unlike the hon. member for Coast-Capilano I have not been hobnobbing with economists and what may be called financial people, but I have been staying at the homes of British people for a period of five or six weeks up to the last couple of weeks, when I returned here, and may I say that these families live in England, Ireland and Scotland. When I say "Ireland" I mean northern Ireland as being relevant to this discussion. With your permission, sir, and I hope the house will grant it, because as I say my time is limited, I will place on the records of this house certain tables consisting of the prices the Prime Minister quoted and the corresponding prices which I have obtained directly from the old country. I shall then proceed to examine these tables. It is reasonable that the house should ask upon what authority these tables are based, and I should like to explain that here. I have a letter dated October 20, 1951, from Edinburgh. On that date the writer interviewed four people, a grocery store manager, the manager of a bakery, of a dairy and of a butcher shop. The first one is signed by one D. Roberts, who is the manager of a grocery store, Robert Jamieson, 37a Warrender Park Road, Edinburgh; the others are equally authentic, and I shall not bother the house with the details.

Now, sir, may I put these tables upon the record?

Mr. Speaker: Has the hon. gentleman leave of the house to place the tables on record?

Some hon. Members: Agreed.

Mr. Speaker: Does the hon. member wish the tables printed in *Hansard* or placed on the table?

Mr. Knight: Printed in *Hansard.*

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

An hon. Member: Read them.

Mr. Knight: The prices in these tables are worked out on the basis of $2.96 to the pound and the Canadian prices in the first table are those supplied by the Prime Minister.

Comparison of British and Canadian Prices

British prices as in Edinburgh, October 20, 1951, Canadian prices as quoted by Mr. St. Laurent in *Hansard,* October 15, p. 36-37.

Article	Quantity	British price in Canadian funds cents	Canadian price cents
Milk—for children	quart	3·69	19
for adults	quart	15·9	19
(Milk for 2 adults and 3 children, Total, 5 pts. daily)		21·52	47·5
Eggs	doz.	59	84
Potatoes	10 lbs.	22·8	35
Tea	lb.	59	89
Coffee	A&P lb.	71	94
	Chase & Sanborn lb.		106
Sugar	lb.	7·4	11·2
Butter	lb.	36·9	68
Cheese	lb.	19·6	49
Bread	30-oz. loaf	7·38	
	24 oz.	5·9	15-18
Sirloin steak	lb.	44·28	134
Additional comparisons			
Margarine	lb.	17·2	45
Bacon	lb.	46·7	80-125
Pork chops	lb.	41·82	79
Pork tenderloin	lb.	44·28	110

With regard to milk I may say that my daughter and her husband and three little children buy five pints of milk every morning, and the price of the milk comes to something like 21·52 cents every day. I said the Canadian prices in the first table are the prices given by the Prime Minister. I think in one or two cases he had them a little low, but I realize that prices rise so fast it is fairly difficult to keep up with them. It is rather interesting to note that with respect to bread in Britain they have a 30-ounce loaf and it costs 7·38 cents. Working that out on the basis of the Canadian 24-ounce loaf the British loaf of 24 ounces would cost 5·9 cents. The price of bread today is quoted around 15 cents in Ottawa. I may say for the information of the house that my wife and I personally paid 18 cents for a loaf of sliced white bread last Saturday.

Mr. Sinclair: How much do they get in wages over there?

Mr. Knight: I had anticipated that question, and I will come to it in a moment. Before I answer the hon. member's question as to how much of these things you can buy I wish to say a word or two about some other commodities, namely clothes and shoes. We have been given a lot of wrong information about the prices of things in Great Britain. While over there I ran out of several commodities, one of which was clothes and another, shoes. I know we are forbidden to show exhibits when speaking in the house, but I suggest I cannot very well be deprived of the exhibit to which I shall now refer.

I am wearing as I speak a suit of clothes for which in Edinburgh the price tag is less than $36. On the last one I bought in Canada the tag was $95. I went to the stores in that Scottish city looking for a pair of shoes. I know nothing about shoes, but I bought a pair on the basis of price. I got the dearest pair I could get and managed to pay $8.85 for them. There is a shop on Oxford street, London, to which I would refer hon. members, because there they sell a good quality of black hat, of the type many hon. members wear. There I bought a hat for 32s. 6d. If that is worked out it will be found that it comes to something around $4.20, and certainly no more than $4.50. I am making these observations to rebut the suggestion that British prices are invariably high on those goods that are not rationed. That statement was made by the hon. member for Coast-Capilano (Mr. Sinclair). He said that if you have the money you can buy as much of everything as you like, except rationed goods, but that you are going to pay an extremely high price for them. He said further that if one went to a hotel or restaurant he could get all the meat meals he wanted, but that the prices were very high. I noticed my hon. friend said that he paid 23s. 6d. for a very humble three-course lunch. Well, if he paid 23s. 6d., and if he was using government funds, then I say there is a job for the public accounts committee.

My own experience was that for the ordinary type of three-course lunch in the middle of the day the average price we paid was 3s. 6d. to 5s., or from about 45 cents to 75 cents. Then the hon. member said hotel bills were very high. Well, I should like to give one example in that connection. There is a very comfortable, indeed a most excellent hotel in which I got one of the best meals I had while over there. It was breakfast. The rate at that hotel at Newry, between Belfast and Dublin was 25s. overnight, for the two of us. The shilling is worth about 15 cents in our money, at $2.96 to the pound; with those figures anyone can work it out. It is $1.84 per person for bed and breakfast. Then we realize that Stratford is supposed to be an expensive town, because, after all, many American tourists go there. It has been discovered that prices are sometimes high in those places frequented by the American tourists. In Stratford there is an excellent hotel, the best in the town, I believe, at which they serve dinners and breakfasts. It was one of the best hotels at which I ever stayed. I stayed there, and had an evening four-course dinner, a single room and breakfast, and my bill next morning was £1. 9s. in all. That would mean I paid about $4.28.

How the hon. member for Coast-Capilano can consider those prices high I cannot say. My time this afternoon is limited, and what I shall now say will have to be somewhat abbreviated. However, someone did ask me as to how much of these things one can get. Well, the hon. member for Coast-Capilano was right to some extent. One can get the unrationed goods if one has the money to pay for them. But I would ask my hon. friend this question: How much can the ordinary family in ordinary circumstances in this country purchase of these things such as sirloin steak mentioned by the Prime Minister? How much can they afford?

Mr. Abbott: The per capita for meat is 134 pounds.

Mr. MacInnis: Who is eating it?

Mr. Abbott: They are not all in the upper income brackets. Give the per capita figures in England, if you are interested in that.

Mr. Knight: I wish I had the time—

Mr. Abbott: Give the per capita figures for meat in England. That will not take forty minutes.

Mr. Knight: I shall answer that question in part by reading a letter written by a university student in Great Britain to a friend of his who is a professor in a university in this country. The question has been asked: How much are they allowed? This letter states:

> We are allowed but two shillings and three pence worth of meat per week, but as meat is subsidized and the price is reasonable, the quantity is sufficient. D.—

His wife.

> —and I could not afford beef in Canada. We hadn't had a roast of beef since we were married; but we have had a small roast every week end since our arrival in this country. Our roast has lasted for two and sometimes three days.

Then follows a somewhat uncomplimentary remark about the Minister of Finance, which I shall not read.

Mr. Abbott: I got that letter, too.

Mr. Knight: I shall deal with it in more detail at some other time.

Mr. Abbott: Both a small roast and a small appetite.

Mr. Knight: I have discussed at some length the matter of prices in Great Britain, and I have done so not only because I am interested in the British economy but because I did not think it fair that the impression should be left by hon. members on the Liberal side that prices in Great Britain were exceptionally high.

I suggest it is not fair to say in argument that price controls and subsidies would not

work in this country and in this economy of plenty, when we produce large amounts of things the British have to import. Neither is it true that the argument, as it has been stated here, to the effect that the British people can no longer tax themselves to any increased amount in order to increase subsidies to keep down prices, can be applied to Canada; because we know that an entirely different supply situation obtains in this country.

On motion of Mr. Knight the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will take up the resolution concerning old age security. If the debate on that resolution is concluded, we will proceed with Bills Nos. 9 and 8, respecting the Toronto harbour commissioners and the North Fraser Harbour Commissioners Act, respectively.

At six o'clock the house adjourned, without question put, pursuant to the order of the house passed on October 12, 1951.

HOUSE OF COMMONS

Thursday, October 25, 1951

The house met at two o'clock.

ANNUITIES AND INDUSTRIAL PENSIONS

QUESTION AS TO REARRANGEMENT IN CONJUNCTION WITH UNIVERSAL PENSIONS UNDER OLD AGE SECURITY ACT

On the orders of the day:

Mr. Charles Henry (Rosedale): I have two questions to direct to the Minister of National Health and Welfare. The first is: What new procedure has been or will be brought into force concerning the rearrangement of government annuities or industrial pensions in conjunction with the $40 monthly universal pensions payable at age 70—

Some hon. Members: Question.

Mr. Henry:—as the result of the speech of the Minister of National Health and Welfare at Vancouver in September, 1951?

Mr. Speaker: Order. Will the hon. member put his question.

Mr. Henry: The second question: Is it possible that government annuities or industrial pensions of $50 each monthly at 65 may be increased to approximately $75 monthly or more for life through the inclusion of the universal $40 monthly pension at 70?

Hon. Paul Martin (Minister of National Health and Welfare): The hon. member gave me notice of his intention to ask questions of this sort. With regard to the first question, if he will allow me I will deal with that when I make my statement later today. With regard to the second question, I would answer at this stage that it is possible but I will expand my answer later.

COST OF LIVING

REFERENCE TO REPORT IN OTTAWA "CITIZEN" ON OCTOBER 25

On the orders of the day:

Mr. George H. Hees (Broadview): I should like to direct a question to the Prime Minister. Would the Prime Minister care to comment on a dispatch appearing in this morning's Ottawa *Citizen*—

Some hon. Members: Question.

Mr. Hees:—from the Canadian Press—

Mr. Speaker: Order. Perhaps the hon. member will put his question without quoting the dispatch.

Mr. Hees:—in which an official of the United States price stabilization office says that the cost of living in Canada has risen—

Some hon. Members: Order.

Mr. Hees:—nine times as much in Canada as in the United States during the first six months of this year?

Right Hon. L. S. St. Laurent (Prime Minister): No, the Prime Minister would not care to comment.

An hon. Member: I am sure he would not.

Mr. Speaker: When the Speaker suggests that hon. members abide by the rules it is customary that they do so.

THE ROYAL TOUR

REQUEST FOR STOP-OVER AT WINNIPEG—VISIT TO DEER LODGE HOSPITAL

On the orders of the day:

Mr. William Bryce (Selkirk): I should like to direct a question to the Prime Minister. In view of the tremendous disappointment felt at Winnipeg because the disabled veterans—

Some hon. Members: Question.

Mr. Bryce:—at Deer Lodge hospital were unable to see the royal couple, will the Prime Minister—

Some hon. Members: Question.

Mr. Bryce:—see if arrangements can be made for them to make a brief stop-over at Winnipeg on their return trip so that the veterans may see Their Royal Highnesses?

Mr. Speaker: Order.

Mr. Bryce: Mr. Speaker—

Mr. Speaker: I made certain remarks a moment ago suggesting that members should abide by the rules especially when the Speaker brings the rules to the attention of the house. May I suggest to the hon. member that he put his question as briefly as possible.

Mr. Bryce: Yes, Mr. Speaker. Will the Prime Minister see if arrangements can be made so that the veterans at Deer Lodge hospital may see Their Royal Highnesses on their way back?

Inquiries of the Ministry

Right Hon. L. S. St. Laurent (Prime Minister): The Prime Minister has taken very little responsibility in arranging the itinerary of the visit of Their Royal Highnesses. This has been discussed by a committee that was set up to confer with the secretary of Her Royal Highness, Princess Elizabeth. I am sure that she has endeavoured to do everything she felt was possible to make her visit to Canada an occasion that would be pleasant to as many of our Canadian population as it would be possible for her to see. I am sorry that there are Canadians who, because of circumstances, have not been able to see Their Royal Highnesses, but I think that is inevitable in a country the size of Canada with the short time that was available to Their Royal Highnesses for their visit.

Mr. Coldwell: No reflection on Their Royal Highnesses.

Mr. St. Laurent: None whatsoever. The time available for their visit has been apportioned in consultation with them, and I know that they have been most anxious to make arrangements that would be satisfactory to the greatest possible number of Canadians.

ROYAL CANADIAN MOUNTED POLICE

QUESTION AS TO INCREASE IN SALARY

On the orders of the day:

Hon. Stuart S. Garson (Minister of Justice): Yesterday the hon. member for Lake Centre asked me whether consideration had been given at this time to increasing the salaries of the Royal Canadian Mounted Police. The commissioner informs me that he has been giving consideration to this subject, and that a memorandum concerning it is being submitted to me for consideration by the government.

[*Later:*]

Mr. J. G. Diefenbaker (Lake Centre): I could not hear the latter words of the statement the minister just made, and for that reason the question I am about to ask may have been answered. Is it expected that legislation will be submitted to parliament at this session to permit increases in the salaries of the members of the Royal Canadian Mounted Police?

Mr. Garson: Obviously the hon. member did not hear my answer because the point I was making was that these matters are ordinarily considered by the mounted police themselves before they reach the minister. When they reach the minister they are submitted to the cabinet, and it is not until they are considered by the cabinet that a decision is made.

[Mr. Bryce.]

Mr. Diefenbaker: It was reported in the press.

Mr. Garson: Yes, it was reported in the press but this communication had not been sent to me as yet, and that is the reason I delayed until today the answering of the question the hon. gentleman asked me yesterday.

TRANS-CANADA AIR LINES

QUESTION AS TO NEW CIVIL AIRPORT AT HALIFAX

On the orders of the day:

Mr. S. R. Balcom (Halifax): I should like to direct a question to the Minister of Transport. Has Trans-Canada Air Lines given high priority to the establishment of an airport at Halifax, and has the Department of Transport approved this project? Are steps being taken to meet this requirement?

Hon. Lionel Chevrier (Minister of Transport): The hon. member was kind enough to send me notice of his question. The answer to the first part is yes. Both my officials and Trans-Canada Air Lines recognize the desirability of proceeding with a new civil airport at Halifax. Plans to this end are in hand, but the date of construction will depend on budgetary considerations and particularly defence priorities.

OLD AGE SECURITY

TO PROVIDE FOR PENSIONS, WITHOUT MEANS TEST, AT AGE 70

Hon. Paul Martin (Minister of National Health and Welfare) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to provide for the payment of pensions, without a means test, of forty dollars a month to persons who have attained the age of 70 years and have appropriate residence qualifications, and to establish a fund made up of special contributions levied for that purpose.

Mr. Fleming: Is the minister not going to make a statement at this juncture?

Mr. Martin: This resolution which I am now proposing and which will be warmly welcomed demonstrates our adherence to the principles of social justice.

It is put forward at a time when the weight of national and international responsibilities for joining in firm measures to preserve our way of life lies heavily upon our people.

This measure marks our resolute determination to give new meaning and value to cherished concepts and to press forward towards our ideals of social betterment.

It will expedite matters and facilitate discussion if, at this stage, hon. members are acquainted with the main outlines of the government's proposals.

The legislation which will be introduced following adoption of this resolution represents the culmination of a quarter-century of public concern and governmental action and planning with respect to the needs of our senior citizens.

Exactly 25 years ago the first attempt in our country's history to enact old age pension legislation was rejected in the other place, after receiving the approval of this house.

Twenty-four years ago last month, in September, 1927, the first old age pension cheque was issued in the province of British Columbia following the reintroduction and passage of the federal legislation which had been rejected in the previous year.

It is a far cry from those days to the present. The quarter-century that has elapsed since then has taken us through a great economic depression, a second world war, and, following that, years of unremitting international tension.

This same quarter-century has witnessed the birth, growth and development of a comprehensive social security program for all Canadians—the Unemployment Insurance Act, the Family Allowances Act, the veterans' charter, the national health program, and other additions and extensions to the health and welfare services provided at public expense by and for the people of Canada.

The reason for all these developments is not far to seek. They have been the inevitable response to a growing awareness of social need among our people, to an increasing acceptance of the principles of social justice, and to an enlarging sense of social responsibility on the part of Canadians in common with like-minded people in other democratic countries throughout the world.

Each of the measures to which I have referred reflects parliament's awareness of this attitude, as manifested in the formulation of legislation responsibly conceived and designed to meet the social needs of the times in which we live.

In all that we have thus far accomplished, we can take a justifiable measure of pride.

But I can say with confidence that of all the social legislation which this parliament has passed the measure which is envisaged in the resolution before us today is the one in which in future years we will take the greatest pride.

It represents, I believe, the most constructive approach to the problem of social need amongst our senior citizens that this or any other country has yet devised.

At the same time, I believe that the house will agree, when the legislation is placed before it for consideration, that it represents a practical and responsible approach to this problem.

To these criteria we must attach the greatest importance; for in all our efforts to achieve social justice through such measures as this, there is one thing that we must never forget. There is no magic formula for social security. It can be provided only through work. It cannot be too strongly emphasized that social security has to be paid for out of production. It is the people themselves who —through their hard work—provide governments with the financial resources to maintain these social services.

The weight of each new social measure must be considered in relationship to the need for it and to the capacity of Canadian income earners to carry this added responsibility. To overburden our working force endangers the stability of our economy—which provides the primary basic security that individual social measures can only serve to reinforce.

Social security is not an end in itself—neither is it a dead-end. While each social measure takes from production, it gives something back. Since it invests some of the wealth of the nation in its own citizens, a responsible, sensible program of social security can help to raise their levels of health and standards of living, and—most important of all—to maintain their faith in our society and in its integrity.

It is my firm belief that the new old age security legislation foreshadowed by this resolution takes fully into account these considerations.

Certainly no legislation has ever been more carefully or fully considered in advance of its presentation.

No social problem has ever been examined more carefully or objectively than this problem of old age security was examined by the all-party parliamentary committee established to study it in 1950.

I do not need to remind the house of our indebtedness to the members of that committee, and in particular to the co-chairmen, the hon. member for Montmagny-L'Islet (Mr. Lesage) and Senator King, for the careful and conscientious study which they gave to this important problem. The objectivity and impartiality of their work and of their findings was in the highest traditions of a democratic parliament. It must be a matter

of great satisfaction to Senator King, sitting in the gallery today, to recall that as Acting Minister of Labour he had the honour of introducing the original Old Age Pensions Act in 1926.

No measure of social welfare has ever been given more widespread and unanimous approval in advance of its actual passage than this measure which, even before its formal presentation to the house, has received unanimous support and endorsation from all parties in the house and from all ten of the provincial governments.

That this is so is not, of course, due to mere chance. The government's objectives in the field of old age security were made known as long ago as 1945 through the proposals which it then made to the provinces with respect to fiscal and social security matters.

The legislative proposals which will be brought forward following approval of this resolution are, in essence, the same proposals on old age security which the federal government advanced at that time. The concept of a universal old age pension, free of means test, which was first advanced in 1945, was then regarded as bold and original. Many persons, some governments included, were not yet ready to accept a proposal which broke so sharply with the traditional means test approach of the past.

At that time, family allowances, the first and hitherto the greatest of these new programs, based on similar principles, had not yet been fully accepted by all political parties, nor even by all sections of the general public.

There were those who said that the government, in its thinking on social questions, was getting too far ahead of the thinking of the people: that the people were not ready for these new and sweeping universal programs.

Since 1945, the widest possible opportunity has been given to study the proposal for universal pensions without a means test which the federal government at that time offered to the provinces.

The parliamentary committee of 1950, with all parties represented, examined every possible plan and alternative.

The fact that after an exhaustive study all parties, and subsequently all provincial governments, unanimously rallied to the support of the universal means-test-free pension plan originally offered by the federal government in 1945 is, I believe, the surest and soundest endorsement that any legislative proposal could hope to have.

There is equally no doubt that our future experience with the plan on which we now propose to embark will fully confirm the soundness of the collective judgment of all parties and all governments who have thus accepted and endorsed the universal means-test-free pension plan, first proposed by the government in 1945.

The understandable satisfaction that all of us feel regarding the advent of this new program should not, however, cause us to ignore or underestimate the immeasurable contribution made to the well-being of our aged citizens during this past quarter-century by the legislation now on our statute books, which will be replaced by the new Old Age Security Act.

From its beginning, the present Old Age Pensions Act, now in its twenty-fifth year of operation, has been based on the principle of federal-provincial partnership and co-operation, in conformity with our constitutional relationship since 1867. In the Old Age Pensions Act of 1927, this historic alignment of constitutional powers was fully respected by the federal parliament.

The partnership that grows out of our constitutional position has meant that all our governments have become experienced in old age security during the years they have worked together to provide it. We have made a series of amendments to the original legislation, particularly those of 1931, 1937, 1947 and 1949, which have greatly extended both the benefits and the coverage of this important measure for the security of our people.

Through these legislative changes, we have endeavoured to keep pace with progress in our time. In large measure we have been successful in our joint endeavours. The report of the parliamentary committee clearly demonstrated that our present old age pension provisions compare favourably with similar provisions in other countries.

The record of achievement in this field warrants mention of the main accomplishments, because of what I shall have to say later:

(1) Over the past 25 years, more than 800,000 Canadians have benefited under the Old Age Pensions Act.

(2) By the time the act is repealed at the end of this year, joint federal and provincial expenditures for old age pensions in Canada will have reached the total of $1,136 million.

(3) Total federal expenditures on old age pensions will at year's end exceed $836 million, while total provincial expenditures will approximate $300 million.

(4) In 20 years, the number of pensioners has increased more than fivefold—from

63,000 in September, 1931, to more than 320,000 at the end of September, 1951.

(5) The annual rate of expenditure under the Old Age Pensions Act has more than trebled in the last 7 years—from $45 million in 1943-44 to $137 million in 1950-51, federal and provincial expenditures combined.

(6) For the calendar year 1951, the last year in which the Old Age Pensions Act will be in operation, federal and provincial expenditures will amount to more than $141 million.

It is apparent, therefore, that even within the framework of the existing act, much has been done to give an increasing measure of security at least equal to that provided by other countries for their people.

Nevertheless, in recent years the government has become increasingly concerned with two aspects of our present program:

(1) First, the burden of old age pensions on general revenues of provincial and federal governments has shown a steady and, in recent years, a rapid increase. This increase could be counted on—even if our pensions program were not made more liberal—to continue indefinitely, as our aged population is rapidly increasing.

(2) Secondly, there has been a growing feeling that there are inadequacies in our present program. Inevitably, it places a penalty on thrift.

The belief has been growing that some other system should be found, embodying the principle of special contributions into a fund created especially for the purpose, that would ensure for our aged people in their later years a measure of social protection consistent with dignity and self-respect, and without invidious distinction or discrimination.

Under the present system, those who save for their old age or who benefit in some degree from industrial or other pension plans are in part or wholly excluded by the means test from receiving benefits through old age pensions. At the same time, in addition to those who have been unable—for one reason or another—to save or to continue to earn their living, others who receive full benefit have expended little effort to provide for their later years.

Under a plan involving the feature of contributions, the people as a whole are able to contribute into a special fund established for the purpose, out of which their pensions will be provided. It was pointed out in the 1945 proposals that the means test should be eliminated after reaching 70, as it is regarded as unsuitable for the oldest group in the community—over 80 per cent of whom are not in fact capable of supporting themselves in useful remunerative work.

I should like to quote the following extract from the proposals, page 38:

> Payment of pensions as of right to people of this age offers the best kind of economic security. It removes the fear of destitution much more certainly than any other method, and relieves old people of the necessity of seeking work, or of endeavouring to keep on working in unfavourable circumstances and beyond the age at which they should be able to retire, without dependence on charity or burdening the family.
>
> In addition to providing a minimum subsistence for those with no other resources, this system would enable other persons with moderate private savings to retire from active work sooner, or in more comfort, than would otherwise be possible.

The proposals formulated by the federal government in 1945 with respect to old age security clearly indicated the objectives it had in mind and the results it desired to attain. They pointed, too, in the direction of the kind of program envisaged for the future.

As my colleagues and I have so frequently emphasized in the years since 1945, the broad social objectives then outlined by the federal government have constantly remained in the forefront of its thinking and planning.

The proof that this is so is seen in the fact that there is a very close resemblance between the old age security proposals set forth by the federal government in 1945 and those which we have embodied in the Old Age Assistance Act and the Blind Persons Act already passed at the last session, and in the Old Age Security Act which will follow upon approval of this resolution.

I should like now, Mr. Speaker, to outline the main features of the legislation which this resolution proposes to place before the house for consideration, and at the same time, in view of the important financial commitment, to give to hon. members some indication as to the reasons underlying the proposed new program, and the results which may be expected to flow from it when it is fully in operation.

We have come to the conclusion, after the most careful study of all phases of the problem, that the so-called "universal pay-as-you-go" system of old age security, financed by special contributions into a fund established especially for the purpose, is the system most likely to meet the needs of our aged population 70 years and over, both now and in the future.

This is likewise the conclusion unanimously endorsed by the parliamentary committee in its report to parliament made in June 1950, and indicated in paragraph 51 of the committee's report at page 108:

> 51. All things considered, therefore, the committee is of the opinion that the most suitable old age security plan for Canada under present circumstances consists of a twofold program, as follows:

Old Age Security

(a) A universal pay-as-you-go program applicable to all persons 70 years of age and over, based on the contributory principle and administered by the federal government. The benefit should be a flat, uniform amount of $40 a month for all eligible persons, and eligibility should be based solely on age and a suitable residence qualification.

(b) For the age group 65 and over not eligible for the universal benefit, old age assistance at the rate of $40 a month should be available, subject to an eligibility test in some respects similar to that which exists under the present old age assistance program, but modified to take account of the different characteristics of the age group to which this test is to apply, and adjusted in such a way as to recognize to a greater extent than at present the desirability of encouraging recipients to earn supplemental income.

The second of these recommendations has, of course, already been implemented through the passage of the Old Age Assistance Act which will provide benefits to an estimated 145,000 needy persons between the ages of 65 and 69. The first, which is the major recommendation and the keystone to the entire plan, will be implemented in its entirety with the passage of the legislation forecast by this present resolution.

Consistent with the parliamentary committee's recommendations, the legislation to be introduced provides:

(1) that the age of eligibility for universal benefit is to be 70 years of age;

(2) that the only other requirement is that of a reasonable residence period in Canada. Applicants will be required to show that they have resided in Canada for 20 years continuously immediately prior to making application for pension. Alternatively, they will be able to qualify if they can show that they have lived in Canada prior to the last 20 years for periods of time at least double the periods of their absences from Canada during the last 20 years. This latter group of applicants will also be required to show some recency of attachment to Canada, to the extent of one year's residence in the country immediately prior to the date of application. Except for this last-mentioned provision, which is similar to that contained in the Family Allowances Act, and which is intended to discourage former residents of Canada from returning solely for the purpose of receiving the pension, hon. members will recognize that the residence requirements are identical with those provided in the Old Age Pensions Act at the present time and the new Old Age Assistance Act, and in line with the views expressed by the parliamentary committee in paragraph 69 of its report;

(3) benefits will be payable to aged Indians and Eskimos on exactly the same basis as to other persons—namely, on proof of age and residence;

(4) retired employees of industrial or commercial corporations, of municipal, provincial and federal governments, retired missionaries, members of the clergy and of the religious orders will all be included;

(5) disability pensioners and recipients of war veterans allowances will be eligible to apply, subject to the same conditions and on the same basis as the other groups that I have mentioned.

I have mentioned these groups in particular because there appears to be some uncertainty in certain quarters as to whether these special categories of persons will be eligible for the universal old age pension on the same basis as the rest of our aged population. Some of them have withheld their applications in the belief that they are not to be included in the new scheme. I would urge such persons to apply without delay, in order to ensure prompt payment of any benefit to which they may be entitled beginning January 1952.

(6) The benefit to be paid will be at a flat uniform rate for all, of $40 a month, as recommended in the committee's report;

(7) benefits will in all cases be provided as a matter of right, without any form of means test. There will be no provisions of any kind for subsequent recovery out of the estate of a deceased pensioner, nor for any liens to be placed against his property.

The omission of any provision for liens or for recoveries from estates is consistent with the policy adopted when the Old Age Assistance and Blind Persons acts were passed at the last session of parliament. It is in conformity, too, with our conception of this new program as one supported in significant measure by personal contributions.

I might point out in this connection that even under the existing Old Age Pensions Act the federal government has never at any time required the filing of liens against the property of a pensioner.

Some provinces have followed the practice in the past of filing liens against the property of an old age pensioner in order to secure their subsequent claims against his estate. This has been done under the authority of the provincial legislation; it has never been a requirement of the federal law;

(8) the program will be administered exclusively by the federal government and will be its exclusive financial responsibility. The provinces will not be required to finance any part of the costs involved, nor to bear any portion of the administrative expense or responsibility;

(9) the estimated costs to the federal government in the first year of operation of the Old

Age Security Act will amount to $343 million, with the number of beneficiaries rising from 700,000 in January 1952 to 730,000 in December of the same year. In addition to this, the federal share of old age assistance payments to 145,000 persons aged 65 to 69 will amount to $32 million in 1952, and the federal share of allowances to 8,000 blind persons will amount to $3 million.

In other words, total federal expenditures in 1952 under these three enactments, replacing the existing Old Age Pensions Act, will amount to $378 million, as compared to an estimated $106 million for old age and blind pensions in the current calendar year.

Provincial costs, on the other hand, which will amount this year to $35 million or more, are expected to diminish slightly to $33 million in the calendar year 1952—$32 million for old age assistance, $1 million for the blind.

(10) the program will be financed on a "pay-as-you-go" basis; that is to say, sufficient funds will be provided each year by special contributions and earmarked taxes, as recommended by the committee, to pay the cost of pensions for that year. A special fund will be established, to be known as the old age security fund, out of which the pension payments will be made.

The government believes, after careful study of the various alternative plans in other countries, that in adopting a program of the kind which I have outlined, we will be providing for our people a simple, clear-cut and equitable plan for old age security which will not be surpassed by that of any jurisdiction I know of.

These alternative plans have all been given the most intensive study, both by the parliamentary committee and by the government itself.

Some of them, like the United States and Swiss programs, adhere somewhat more closely to the pattern of commercial insurance, based on modified actuarial principles and limiting benefits solely to those persons who have made the required contributions.

Such systems fall far short of universal coverage to which we attach the highest importance and on which the parliamentary committee placed the greatest emphasis; while suited to the needs of the industrial wage earner, they exclude inevitably large sections of the population, particularly the farmers and other groups of self-employed. Even for the industrial wage earner, such systems take many years to mature and benefits in the first ten years or more are nominal in amount. The result is that side by side with such schemes a large continuing program of means-test pensions is and must be maintained for many years to cover the needs of those who cannot be brought under the scheme, and to supplement the benefits of those who do come under it.

Let me repeat. Where such a system operates, two programs exist indefinitely side by side:

(a) a system of insurance benefits, paid as of right only, to those who have made the required contributions; and

(b) a system of old age assistance, based on a "means test" for those who cannot so qualify.

The universal pay-as-you-go system which the government is now proposing makes no invidious distinction—as such systems in effect in some other countries do—between those who have made a stipulated number of contributions over a period of years and those who have not.

It should be noted, too, that in many of the countries where such systems are in existence—notably the United States—the entire costs of the program, apart from actual administrative expenses, are borne by contributions levied on the employers and the employees. In contrast to this, the program here proposed calls for a substantial contribution to be made through earmarking directly into the fund certain existing tax revenues.

Certain other countries whose systems we have examined establish their old age security fund on the basis of an actuarial reserve, instead of financing on a pay-as-you-go basis. We do not believe that this is necessary, or that it accomplishes any useful purpose. The cost of pensions in the final analysis, whether financed on an actuarial reserve basis or not, must be met, in terms of the food, clothing, shelter and health care which these pensions buy, out of the current production of the country. This leads inevitably to the conclusion, particularly with reference to any pensions program that is universal in its scope, that the simplest, most direct way of reflecting and of meeting these costs is to pay them annually out of current production.

I am satisfied that the house will find, on examining our proposed new program, that on the score of universality, general coverage of persons benefited, general adequacy of benefit, absence of a means test, simplicity of administration and frank recognition of the cost of old age security as a charge upon the nation's current production, the new plan here proposed stands in the very forefront of all comparable programs throughout the world today.

I am equally certain that it will prove to be the program best suited to the needs of

our own Canadian people—and this, when all is said and done, is the truest test of what we are here attempting to accomplish for our people.

What, then, will be the results of the new program when it comes into operation, in January, 1952, after approval by this parliament?

1. It will abolish the means test for some 320,000 persons presently in receipt of old age pension on a means test basis.

2. In addition to this, some 380,000 individuals not presently in receipt of pension will benefit for the first time under the provisions of this new legislation, making a total of 700,000 persons in all to benefit from the provisions of the Old Age Security Act in the first year of its operation.

3. When, to this total of 700,000 persons 70 years of age and over, we add 145,000 persons who will benefit under the provisions of the Old Age Assistance Act passed in June of this year and 8,000 persons under the Blind Persons Act passed at the same time, we find that no less than 853,000 aged and blind individuals in Canada will be covered by the legislative program being implemented this year to replace the existing Old Age Pensions Act.

4. The benefits under this new legislation will provide an invaluable foundation on which hundreds of thousands of Canadians can build for themselves their own retirement security programs. This will be done in many ways: through commercial or government annuities, through the establishment or adjustment of industrial pension plans, and through a wide variety of other personal savings programs.

I am sure that as this new program comes to be integrated into the existing pattern of retirement provisions provided by individuals, by employers and in other ways, it will be recognized for what it is intended to be—not as a total retirement security scheme in itself, replacing and supplanting all others, but as the core, the keystone of a national savings and retirement plan, around which each individual in this country will be encouraged to build his own retirement security program in a manner and to an extent peculiarly suited to his own needs.

My colleague, the Minister of Labour (Mr. Gregg), will shortly be revealing to this house the manner in which it is proposed to modify the government annuity scheme so as to fit into this new pattern.

Through amendments which will be introduced to the Government Annuities Act, facilities will be offered to permit individuals or groups purchasing government annuities to integrate their annuity purchase plans with their old age pensions in such a way as to provide a substantially higher monthly amount on retirement than has hitherto been possible.

Let me take as an example the case of an individual who has purchased a government annuity providing $50 monthly beginning at 65. On reaching his 65th birthday, such an individual will receive a monthly payment of $50 from his annuity alone, altogether apart from any other income or resources he may possess. If he has no other income or resources, he may be eligible for additional assistance under the Old Age Assistance Act, amounting to $10 monthly in the case of a single person, or the full $40 if he is a married person. But this will, of course, depend on his undergoing a test of need. I think I am answering in part the questions put to me by the hon. member for Rosedale (Mr. Henry).

At the end of five years, on reaching his 70th birthday, the annuitant will find his monthly annuity of $50 augmented by the $40 monthly benefit to which he will then become entitled as of right under the Old Age Security Act. His assured income will then be $90 monthly and he will be able to count on this continuing for the rest of his life.

It will be clear from what I have said that an individual in the position I have described will have considerably less in the way of assured income from his annuity during the first five years of his retirement than he will have from the annuity and pension combined when he has reached 70.

Many persons on finding themselves in these circumstances would naturally prefer to rearrange their personal retirement program so as to provide for themselves at no additional cost a higher, uniform amount from 65 years onward.

This is exactly what the amendments to the Government Annuities Act will make possible. Provision will be made for the purchase of a new type of annuity, to be known as "term annuities", in addition to the life annuities presently purchasable. These will be made available both to individuals and to groups, so that employee pension plans as well as individual programs can be rearranged along the lines I have suggested.

An individual will shortly be able to purchase, for example, a 5-year term annuity of, let us say, $40 monthly beginning at 65 and continuing until his 70th birthday when he will be eligible for a pension in the same amount under the Old Age Security Act. At the same time, he will be able to purchase a life annuity of, say, $35 monthly, beginning

at age 65 and continuing throughout his lifetime. The figures I use are merely illustrative of what might be done: the amount of the term and life annuities could, of course, be lower or higher and could commence at an earlier or later age if so desired.

The combination of a term annuity and a life annuity which I have used by way of illustration will cost approximately the same as the present cost of a life annuity of $50 monthly at 65. The result will be that through the combination of these term and life annuities with the old age pension payable at 70 the individual who wishes to do so may provide for himself a uniform monthly benefit of $75 from 65 years of age onward, instead of having to content himself with $50 in the initial period from 65 to 70, and then finding his monthly income after 70 increased to $90.

I may say that industry and labour have shown great interest in this question of the proper integration of their present plans with the new old age security legislation. Already the departments of National Health and Welfare and of Labour have had numerous inquiries concerning them. I believe that a number of life insurance companies are also considering an adjustment of their annuity plans to achieve results similar to these which will be achieved through the proposed amendments to the Government Annuities Act which I have mentioned.

These examples I have given are illustrative of what I mean when I say that the result of this new program will be to encourage individuals, either alone or in concert with their employers, to build upon this basic provision offered through governmental action a retirement program suited to their individual needs. The sum total of these individual efforts will, I am sure, yield significant results in terms of the encouragement given to national thrift and national saving.

The house will recall that in anticipation of this present legislation, authority was given in June of this year to proceed with an advance registration, in order to ensure prompt payment of pensions with the commencement of the new year.

From questions which have been asked from certain quarters of the house, hon. members will, I know, be anxious to hear what progress has been made towards achieving our objective in the three months since we last met. Remember there are three months still to go.

Arrangements have already been completed to take over, without interruption, from provincial old age pension rolls approximately 320,000 persons who are now in receipt of means test pensions. For these, no new application will be necessary. Special provision is made in the new legislation to cover this automatic transfer, and administrative arrangements have already been completed to ensure the smoothest possible transfer of these present pensioners to the new federal rolls in January next.

The balance, numbering approximately 380,000 persons 70 years of age and over, are not presently in receipt of old age pension.

For these, a new and simple application form has been made available through all post offices. Already, as of October 24, 284,239 applications have been received from this group in our 10 regional offices, and applications are continuing to flow in at the rate of 9,000 weekly.

If this rate continues, and we expect it will, we can count on having almost complete registration by the end of the year.

To sum up, as of yesterday, we were in a position to put into pay immediately approximately 494,000 claims out of an anticipated 700,000.

We are now approving 15,000 to 20,000 applications weekly, about twice the rate of new applications now being received. At this rate we are rapidly catching up on the backlog of applications now in our hands and should be in a position to dispose of all of these which do not present particular difficulties by the end of the year.

Instead of there being confusion, the officers of the treasury and of the Department of National Health and Welfare deserve from me today, as one of the ministers concerned, a special word of tribute for the work they have done. The work has taken many long hours of overtime during these past few months, particularly in the summertime, to accomplish this enormous administrative task. The work has been undertaken by the employees of our 10 regional family allowances offices with a very modest addition to existing staff. The additional personnel required on a continuing basis totals only 123 persons spread over our 10 regional offices. Only one additional person has been added to the headquarters staff here in Ottawa.

The figures which I have mentioned regarding the volume of expenditure and the number of persons who will benefit give evidence as to the comprehensive nature of the program which the government is proposing for the greater security and well-being of our aged people. Mere statistics, however, are totally

incapable of portraying the real scope of this program in terms of its social and human implications.

If we are to gain a true impression of what we are accomplishing with this measure, we must look behind these statistics and remember that they comprise not just a vast army of unknown persons but a true cross-section of our Canadian people. These people are our own neighbours, relatives and friends, retired school teachers, missionaries, clergymen, factory workers, railway workers, farmers, fishermen, civil servants, retired members of our police and fire departments, office workers, clerks, housewives and so on, all of them persons who have made their contribution to the building up of this country and who have made it possible to achieve the greatness which is recognized as Canada's in the world today.

The cost of this new program, measured in terms of the nation's economy, will be a large one. For 700,000 aged persons, 70 years of age and over, we will be providing as much in the way of retirement security as we are now providing through family allowances for 4,500,000 of our nation's children. This is a heavy financial burden on all the productive forces of this country.

I should say, with reference to the important question of how this cost is to be met and the methods to be adopted for financing of the program, that, as it will be recalled, the parliamentary committee offered certain helpful observations on this question but made no specific recommendation. As the committee stated in paragraph 67 of its report, it did not consider that it was part of its responsibility to do more than to indicate possible forms of contribution. "The raising of revenues", it went on to say, "is a technical problem which bears a close relation to fiscal policy in general". I will leave it to my colleague, the Minister of Finance (Mr. Abbott), who will follow me, to outline the details of the methods to be adopted in financing this new program. I have said that this is a heavy financial burden on all the productive forces of the country. It may be said: Why then are we bringing in this new legislation? I think I may summarize what all of us feel is basically the reason.

Today, our way of life hangs in the balance as never before. We are disturbed by a challenge flung at us by the proponents of an alien and heartless system who claim that only by that system can economic and social justice be assured to the great masses of the people of the world. This present measure, together with others of its kind, is part of our answer in Canada to that challenge. It cannot, of course, be our only answer. We must continue, as we are now doing, to work for peace and to strengthen our defences so that, if necessary, we can defend our way of life by force of arms against attacks which could be launched upon us. In the long run, however, it may well be that this kind of measure will demonstrate the capacity of the free world, and of us as a free people, to provide security with opportunity for our people within the framework of individual and political freedom.

This is indeed the true testing point of social democracy as we know it in the free world today. The preparations we are now making to maintain and strengthen our national defences, the sacrifices we are asking of our people for this purpose, the measures we are proposing to buttress our social democracy here at home, all these have the same objective, the same end in view. Our objective is to build for our people a secure and free way of life which will enable them to live with their neighbours in peace and enjoy the fruits of their own industry. The security which we will be providing for our aged people through this measure is consistent with this great objective, for through it we are providing security with, and not at the expense of, freedom.

Hon. Douglas Abbott (Minister of Finance): My colleague, the Minister of National Health and Welfare (Mr. Martin), has indicated to the house the main features of the government's plan for old age security. He has had the pleasant duty of outlining the manner in which pensions of $40 a month for persons 70 years of age and over will become a reality in Canada next January. I, Mr. Speaker, am left with the somewhat less agreeable task of having to talk now about how the cost will be met.

While none of us, I think, would want to do less for our people in making provision against need in old age, yet at the same time we cannot escape squarely facing the fact that the burden of this duty we are voluntarily assuming is not a light one. Let no one be under any misapprehension about this. As the Minister of National Health and Welfare pointed out, the cost is heavy. There is no magic in government finance. A dollar paid out to one person must first of all be taken away from another. Unfortunately the logic of this simple proposition has never been successfully refuted.

The plan for federal old age pensions just outlined by my colleague will cost, it has been estimated, $342 million annually, but in the first year we believe that for various reasons the cost will fall somewhat short of that amount. For my present purposes I am assuming that for the first complete fiscal year

of the plan, namely, 1952-53, the cost will not exceed $330 million. Of course, as has been pointed out, we are at present contributing substantially to the cost of provincial pensions now being paid on a means test basis to persons over 70. This year that contribution will be about $110 million; next year it would have been about $117 million. Accordingly, the figure of approximately $342 million which I just gave as the total cost of the new federal pension for next fiscal year does not mean that this much new money has to be raised. The additional cost to the federal treasury in paying pensions direct to those over 70 will amount to about $225 million a year with full participation, and we estimate about $213 million next year. However, as the house is aware, the federal government has offered to pay to the provinces one-half the cost of their means test pensions to persons in the 65-69 age group. This might cost the federal treasury $35 to $40 million a year. Thus, the over-all additional cost to the federal treasury of the new system will be around $250 million next year, and under the new arrangement the federal government will be paying out for old age pensions and assistance together a total of about $365 million a year or $1 million every day of the year.

The legislation to be introduced will establish, as my colleague has indicated, a special fund to be called the old age security fund. Pensions will be charged to this fund and the revenue from certain taxes will be credited to it. The taxes in question will be specifically levied in the old age security legislation rather than in the ordinary revenue acts which authorize the raising of funds for general governmental purposes.

Perhaps it would be useful in order to avoid any possible misunderstanding if a few words were said about the basic principles on which the Canadian plan as set up will operate. It has been described as a universal pay-as-you-go system as distinct from old age assistance such as we now have, or from a system of old age insurance such as has been adopted by some other countries. The plan here proposed has also been described as a contributory system in the very real sense that certain special taxes are to be imposed and earmarked to support the fund. This is in contrast with an arrangement under which pensions would constitute a general charge on ordinary government revenue. It was never contemplated, of course, that there would be a separate account set up for each individual as under an insurance scheme. Rather, the system recommended is individual contributions to a general fund to be used for those who live to qualify for a pension.

This arrangement is, I think, sensible and practicable, and carries out the ideas of the various organizations which made representations to the joint parliamentary committee. On page 69 of the report, the committee made this statement:

> The use of specific earmarked contributions for old age security purposes was supported by all organizations discussing possible revenue sources. It was repeatedly emphasized that all Canadians should have a direct and conscious financial responsibility in the provision of old age income security, and should be made aware of their responsibility to meet the costs through an earmarked device. Most of these organizations would utilize general revenue in conjunction with these earmarked taxes.

The establishment of a special fund isolates clearly and definitely the cost to the country of providing old age security and, with the supporting taxes levied in the statute under which the pensions are paid, it becomes abundantly clear to everybody that the government has no income of its own but can only pay out with one hand such money as it takes in with the other hand by taxation. It is made very obvious that the contributory principle is being followed.

Having determined the general principles on which the fund should operate, the next major question to decide was what form of taxes should be used to provide revenue for the fund. Needless to say, this was no easy problem. All the various plans suggested to the joint parliamentary committee were thoroughly examined and the merits of each were carefully explored.

Perhaps the most frequently mentioned plan was one which involved a payroll tax. To be fair, a payroll tax should, of course, fall on every employer in the country, large and small, and regardless of the nature of their activities. In many directions it seems utterly impracticable to secure complete coverage. I need only mention provincial and municipal governments, hospitals, school boards, universities, churches, charitable organizations, etc., to illustrate the sort of difficult problems which would be encountered under a payroll tax, and the resulting hardship that could fall on some of these groups. Exemptions for particular groups would inevitably lead to hard feelings and dissatisfaction, and rightly so.

Such a tax would also, I think, be fundamentally unsound for Canada in that it would increase production costs for our exporters. This should be guarded against in the interests of our trading position. New government machinery would have had to be set up to administer a new tax of this sort. This would be expensive and would put a further strain on our manpower resources. All in all it seemed quite clear

that the idea of a payroll tax, while having some desirable features, would have to be discarded on other grounds.

I shall not burden the house with the results of considering various other miscellaneous kinds of taxes. It will be sufficient to say that in the final result, after surveying the whole field, it seemed most sensible to utilize the main taxes which at present support our revenue systems, namely, sales tax, individual income tax and corporate tax.

It is proposed that the old age security act will impose these three kinds of taxes and they will be levied on what for convenience I might describe as the 2-2-2 formula. This means a 2 per cent sales tax, a 2 per cent personal income tax and a 2 per cent tax on corporate profits. I shall comment briefly on each of these items.

The 2 per cent sales tax levied in the old age security act will not be in addition to the present 10 per cent sales tax. Concurrently with the enactment of this tax in the old age security act, effective January 1, 1952, provision will be made for a reduction from 10 per cent to 8 per cent in the rate under the Excise Tax Act. In effect, a 2 per cent sales tax is being transferred from one act to another with no change in the over-all rate. I estimate the revenue from this source should amount to about $145 million next year.

The sales tax more nearly approaches the ideal levy for financing social security than any other tax in our system. Where under social security provisions the benefits are to be universal it is only right that contributions to the fund should likewise be universal. Income tax, incidentally, reaches, I believe, only about half of our working population. It seems clear that all should take at least some part, however small, in making provision against need.

Contrary to much that has been said in this house and elsewhere about our sales tax, it does not discriminate against low income groups. The figures which I placed before the house last spring show that in the lower ranges of income the tax is progressive rather than regressive. What is frequently overlooked is that practically all foods are exempt from sales tax, all fuel is exempt, building materials are exempt, and through wide income ranges not more than one-third of consumer expenditure is on goods subject to sales tax. I apologize, Mr. Speaker, for having to repeat these truths and I do so only because of confusion that still seems to be prevalent in the minds of many who quite unfairly, I think, continue to criticize the use of this tax for general revenue purposes.

[Mr. Abbott.]

For purposes of financing social security, there is even less basis for the sort of objections that have been made. Taxation for social security finds justification in the benefit principle of taxation. All pensioners, rich and poor, receive equal benefits. From this it could quite reasonably be argued that all should make equal contribution towards the fund, but such a system might be regarded as harsh and impracticable. Under the sales tax method of financing, the burden through a wide income range will be roughly proportional. For example, the $6,000 a year man will be contributing by means of sales tax about three times as much toward his $40 a month pension as the man with the $2,000 a year income. The $10,000 a year man will similarly be paying about ten times as much for his pension as the $1,000 a year man. In the light of these facts, I suggest that any argument about unfairness of using sales tax for financing old age pensions is not very impressive.

The proposed personal income tax will be in addition to the tax at present in force. A special levy of 2 per cent on taxable income will be imposed with a ceiling of $60 on the amount of the tax. That is to say, the social security tax will be 2 per cent of taxable income or $60 a year, whichever is the lesser. The intention is to have a separate item on the income tax form identifying this special tax. This will not come into force until July 1, 1952. For the first year as a whole, then, the tax will be only 1 per cent with a limit of $30. The change in the withholding rate by employers will be on the basis of a 2 per cent tax commencing in the middle of the year.

I might explain why the coming into force of this tax has been delayed by six months. In my budget last spring, I resorted to the use of surcharges in the income tax field. This was a temporary device to bridge a period of extreme uncertainty in the international situation. It was hoped that by next spring we should have a clearer view of the prospects. Accordingly, I stated that my tax proposals of last spring were to be regarded as an interim policy for the period of the current year. I then said, and I quote:

> If our optimistic hopes are realized, it will be easy to reduce these surcharges or to drop them entirely, but I want to add that if it becomes clear that we are in for a long pull at these high levels of expenditure, some major changes in the existing tax structure may have to be devised.

My present intention in my next budget is to discard the device of the surcharge and to embody direct in the income tax structure such a level of taxation as appears to be necessary in the light of the situation next spring. Whatever seems necessary at that time will constitute the new rate structure.

It is no secret, of course, that current revenues are exceeding somewhat my expectations of last spring due to a higher level of national income and production than anticipated. However, I shall look at the picture next spring in the light of expenditures for the year and shall decide at that time what to recommend. Certainly I make no predictions now as to what the budget of next spring will have in store for us. The present point is that there will be at least a technical revision of the income tax rate structure in the process of removing the surcharge as such, and in order to avoid having to require employers to change their tax withholding tables twice in a six months' period with all the inconvenience and confusion to which that would give rise, it seemed preferable to postpone the coming into force of the 2 per cent social security tax so that the one revision of the tax withholding tables could give effect to both changes at the same time. The point I should make quite clear is that whatever happens to the ordinary income tax—whether it is abolished completely, cut in half, or doubled—there will be in existence a 2 per cent special tax for old age security. The same thing, of course, applies to the 2 per cent sales tax and the 2 per cent tax on corporate profits. On a full year basis, this 2 per cent additional on taxable income of individuals should yield approximately $95 million.

The third item of revenue in the old age security legislation will be an additional 2 per cent on corporate profits effective January 1, 1952. It is expected that this tax will produce approximately $65 million in a full year.

At present the tax on corporations is 15 per cent on the first $10,000 of profit and 38 per cent on the excess with a 20 per cent surcharge on the 38 per cent rate only, making the effective rate of 45·6 per cent on profits over $10,000. The additional 2 per cent will bring the rates to 17 per cent on the first $10,000 and 47·6 per cent on profits above $10,000. In addition to the federal tax there are corporate income taxes of 5 per cent in the eight provinces with which we have tax agreements, and taxes of 7 per cent in Ontario and Quebec.

I have made no secret of my concern over a system of taxation under which more than half of company profits are taken away by governments. The effects on incentive and efficiency can be extremely dangerous at a time when maximum output and economy in operations is so important as it is today. As in the personal income tax field, my intention is to recommend the repeal of the surcharge, as such, on corporations in my next budget and I shall decide, in the light of circumstances at that time, what rate structure to recommend for the calendar year 1952.

The tax program which I have just outlined for supporting the old age security fund is broadly based and is, I think, a fair one. Moreover, efficient administrative machinery for collection already exists. Taken together, these taxes form a pattern which is sound and as nearly equitable as possible.

Earlier in this statement, I mentioned that the new federal pensions would involve an expenditure next year of the order of $330 million. It might even be as low as $320 million. The three taxes supporting the fund can be expected to produce an annual flow of revenue of, say, $300-$310 million. Accepting these figures as tentative and approximate, the fund may show a small deficit for the first full year.

As payment of the new federal pensions will begin in January, 1952, I estimate that outlays in the current fiscal year—that is for the year ending March 31, 1952—will be about $80 million. Receipts from the 2 per cent tax on sales may amount to $30 million. I should not expect that there will be any appreciable collections of the 2 per cent tax on corporations during that three month period, and, as the 2 per cent personal income tax is not effective until July 1, there will, of course, be no receipts from this source in this fiscal year. Consequently, disbursements out of the old age security fund during the current fiscal year may exceed receipts by as much as $50 million at March 31, 1952. Moreover, because of the time-lags which I have referred to, the full yield of the three old age security taxes will not be reflected in 1952-53, and the fund may show a larger deficit at March 31, 1953.

To meet such a deficit, there is a special provision in the proposed legislation whereby the Minister of Finance may make temporary loans or advances so that pensions chargeable to the old age security fund may be paid. However, he is also required to review annually the state of the fund, and, if he is of the opinion that the receipts are or will be insufficient to pay the charges thereon, including the repayment of any temporary loans, to indicate what measures he recommends for increasing the revenues.

At budget time next spring, I hope it will be possible to assess the picture more accurately to ascertain whether the current inflow of receipts will be sufficient to cover current charges, and to consider whether anything special should be done to provide for the deficit which will have developed during the

early months of the fund's operation when the full yield of the old age security taxes was not yet available.

The purpose of the provisions to which I have just referred is to ensure that the fund, at least after the first few months, will be self-sustaining and that the revenue sources are sufficient to ensure an adequate flow of income to meet the pension payments and the repayment of loans. This is the basic principle on which it is proposed to operate the fund.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, in some of its most important sessions parliament does its work in an atmosphere of high controversy. On other occasions parliament does some of its best work in an atmosphere of unanimity. Whatever may be said about the speech which has been made by the Minister of Finance (Mr. Abbott), one may say without reservation that this is an occasion when parliament will address itself to the accomplishment of a high aim in a spirit of unanimity. We of the official opposition hail the introduction of the measure which has been outlined in the resolution now under discussion. We are glad to see that action may now be taken by parliament in the direction indicated in that resolution. In it we see an achievement of all parties in the house. We see this as an occasion when all parties have addressed themselves to great national responsibilities, with the highest sense of responsibility as political parties serving the common weal. And there is a great sense of satisfaction, I am sure, in all parties in this house today that we are now to be permitted to take a long step forward toward the goal that all parties in this house have subscribed to.

This spirit of unanimity, as we approach this goal, is unquestionably the fruit of co-operation on the part of all parties in this house. That spirit of co-operation was abundantly manifested in the committee of both houses of parliament which sat, laboriously, in the 1950 session of parliament; and the extent to which the government, in the resolution now under discussion, has adopted almost in their entirety the recommendations of the committee is I think the highest possible tribute which the government and the house could pay to the efforts of those who sat on that important committee.

I should like to associate myself entirely with the tribute paid by the Minister of National Health and Welfare (Mr. Martin) to the joint chairmen of the committee, Senator King and the hon. member for Montmagny-L'Islet (Mr. Lesage). I should like to say that all members in that committee showed a most commendable spirit of co-operation. It is not very often that committees of parliament are able to leave aside partisan considerations when they address themselves to their tasks in committee or in the house; but I think to a most extraordinary degree all parties represented in that committee—that includes all parties in this house—did put aside partisan considerations as they addressed themselves to their task in that committee. Therefore I think it may be said that we have expedited the arrival of this occasion when security for our senior citizens is about to be translated into fact, and in addition that we have contributed greatly to devising the best possible scheme of security for our senior citizens.

My remarks today, sir, will be directed particularly toward those of the Minister of National Health and Welfare, because the Minister of Finance (Mr. Abbott) has in fact made something of a budget speech. It will not be expected of me, any more than it would be expected of the financial critic for the opposition, in following the Minister of Finance in a budget speech, to make detailed comments upon the budgetary proposals of the Minister of Finance. They will be considered in the light of the measure when it is available to hon. members, when its contents are known and when there has been sufficient opportunity to weigh the remarks of the Minister of Finance in relation to the various forms of tax which he considered, and the merits and demerits of the proposals which he has made to the house today.

Sir, the resolution has about it several principal features: in the first place, the abolition of the means test. That, sir, is unquestionably the leading feature of this bill. Universality of benefits would be impossible without the abolition of the means test. That means test has been under attack, almost unrelieved attack, for years. Its shortcomings have become manifest, more manifest as time has passed. I am sure that all hon. members will be glad of an opportunity of eliminating for all time the means test in connection with the payment of pensions to our citizens 70 years of age and over. When the other measure, the Old Age Assistance Act, providing for the payment of assistance to needy citizens between the ages 65 and 69 was under debate last June, some of us did naturally express our concern about the questionable logic of the abolition of the means test for those 70 years of age and over, and the retention of the means test as to those between the ages 65 and 69. In that case logic has to yield to the financial pressures, the necessity of keeping those expenditures within our

possible capacity at the present time to pay; but there can be no question whatever that a sound step is being taken today in the abolition of the means test. The committee was absolutely unanimous in that recommendation with respect to those 70 years of age and over. The means test unquestionably has had, over a lengthy period, the effect of penalizing thrift. It has been the occasion of unwarrantable intrusions on the part of officials into the private affairs of citizens. It has penalized those who have either enjoyed, or have sought to establish, industrial pensions; and the extent to which industrial pensions have been increased in recent years, the whole scope of that step forward in industrial relations, has created pressures on the means test which have become intolerable. And, sir, it was essential that payments as of grace, handouts, as they were often regarded, should be replaced by payments earned by the recipients and received by them as of right. That was a fundamental purpose of the highest importance in the recommendations of the committee which are receiving fulfilment today.

Let me set at rest at once any thought that the receipt of this pension of $40 a month by anyone is going to have the effect of discouraging people from contributing their labour to the general labour force of this country; far from it. The abolition of the means test will now assure that there will be no labour withheld at any time in our history when we need the maximum assistance from all capable of contributing anything to the labour force of this country. It will assure that any contribution that anyone can make will not be withheld because of the application of the means test. Witness after witness appearing before that committee emphasized the importance of providing inducements to people to go on, as long as their physical and mental capacities would permit, to make their contribution to the sum total of the productive capacity and effort of this country. The abolition of the means test itself is going to make a contribution of very great importance, it seems to me, not simply on the economic side, but also on the sociological side toward the achievement of that commendable goal.

Some of us had criticism to offer last June about that feature of the means test as to the assistance payable to those between 65 and 69. It is the application of the means test, Mr. Speaker; it is not the payment of assistance, which has had the effect of discouraging contribution to the productive capacity of the country on the part of recipients.

So much for the means test; there will, I know, be complete unanimity on that point.

Now, sir, the next feature of the resolution is the sum involved, namely $40 a month. The committee again was unanimous in that recommendation. There were one or two organizations that recommended the sum of $30 a month. I am glad to say that the committee was unanimous in recommending $40. But in recommending the universal payment of $40 a month, Mr. Speaker, let us not overlook one or two hard facts. The first is this, that the upward march of prices in this country, even in the sixteen months since the committee wrote this report, has had the effect of reducing the $40 a month by a substantial amount. And if we think that we are being unduly generous let us just remember this, that when the payment of $20 a month was introduced a quarter of a century ago the $20 paid then had almost the equivalent purchasing power at that time that the $40 per month will have today. And if you apply that ugly cost of living index you will see that the $40 today is worth about $21, in terms of the purchasing power of the pension when it was first paid a quarter of a century ago.

There are today, in addition to the payments of $40 a month under a means test, benefits provided in the form of medical and dental assistance. Some of us on the committee were much concerned—and we showed our concern in the debate last June on the Old Age Assistance Act, when parliament was legislating for a flat payment of $40 a month which would replace the present joint dominion and provincial payments—that there might be a question as to the continuance of the provisions made for medical and dental care. I cannot speak for all the provinces, but I am most happy that in my own province of Ontario the provincial government has stepped into this field and has announced—in fact it has already implemented its announcement by legislation passed at the recent session of the legislature—that it will continue at its own expense to make medical and dental care available to all needy persons requiring it over 70 years of age, and in the group from 65 to 69 who receive the benefit of old age assistance under the means test. They too will receive the full benefit of medical and dental care. The scope of that medical and dental care is in the course of being enlarged. I know many of the provinces have their own financial difficulties; but in the interests of our senior citizens I do respectfully express the hope that it may be possible for all the provinces of Canada to make similar provision for needy elderly citizens.

The next feature of the resolution refers to persons of 70 years of age who have appropriate residence qualifications. I am sure I

need offer no comment upon that portion of the resolution, because the Minister of National Health and Welfare has indicated that the recommendation of the committee in that regard is being implemented.

Next, the resolution contemplates the establishment of a fund made up of special contributions levied for that purpose. The universal feature of the present scheme deserves in that regard, I suggest, some special comment. It should not be thought that the committee did not give the most serious consideration to the alternatives offered to it. Those alternatives were, first, a program of old age assistance and, secondly, an insurance system. The third alternative was the one adopted, namely the universal pay-as-you-go system. The extensive review of the advantages and disadvantages of the other two alternatives in the committee's report indicates how exhaustively the committee did consider them before it arrived unanimously at the decision to recommend the universal pay-as-you-go system.

There are those outside the house who have expressed some regret that the orthodox contributory system on the insurance basis has not been introduced. They point to the system which has prevailed in the United Kingdom as probably the leading precedent. Undoubtedly great benefit is to be associated with the idea of bringing home to every individual the fact that the benefit he receives upon attaining the necessary age has cost money, that he has had to pay his share toward it, and has earned it as of right, Any weakening of that principle is something the committee viewed with some measure of apprehension. Nevertheless, in the final analysis, if I correctly understand the feelings of the committee as expressed in the course of our lengthy discussions, the factor which led the committee to reject the insurance system was that necessarily it would have been incomplete in its operation in our country, that it could not possibly have extended to even half of those to whom the universal system will extend, and that it would have become absolutely necessary to provide for others, no doubt in substantial numbers, by a continuation of the assistance program. That, in turn, would inevitably have involved the continuance of the means test.

The committee, in the face of this and other considerations, arrived—and I think soundly—at the decision to recommend the universal pay-as-you-go system. It has the advantage of simplicity from the administrative point of view. That, sir, is one of the features about the present proposal that I suggest is entitled to the highest measure of commendation. The system has not in it any quirks or kinks that are going to involve difficulties in the course of administration. Nothing could be simpler from the administrative point of view than the system now proposed, and recommended last year by the committee. My personal view is that this is a factor which should be regarded as one of high importance.

The final feature of the resolution deserving of special comment at this time is the fact that the fund is to be made up of special contributions levied for that purpose. Nothing could be more sound than that a fund should be created for this purpose which should be divorced and detached from the consolidated revenue fund. It would have been deplorable if the Minister of Finance had not proposed the establishment of a separate fund for this purpose, one detached from the consolidated revenue fund. For if payments for that purpose had simply been merged with all other receipts in the consolidated revenue fund, and payments out of it had simply come from that common fund, I think there would have been a loss of a sense of responsibility, and of the value that will inevitably be gained by the realization that these measures of social security, no matter how commendable, must be paid for.

Hon. members will perhaps envy the opportunity given the Minister of National Health and Welfare today, and perhaps find it in their hearts to feel sympathy for the Minister of Finance in the task allotted to him. It may be that the opportunities offered the two ministers today were not equal. Nevertheless I am sure all members of the house, in their responsibility, recognize with respect to this important measure of social security, as with respect to all other measures of social security, that they cost money, that there is no magic source of money, that they must be paid for, and that in the last analysis there is only one source of payment, and that is the pockets of the people.

On the matter of universality there is one feature that I think should have been worthy of treatment by the Minister of National Health and Welfare. I refer to those who do not need the $40 per month, those persons who are well-to-do. It may be that we have not heard the whole story of this from the Minister of Finance (Mr. Abbott), but I think the subject should have been dealt with today. I wish the Minister of National Health and Welfare had dealt with that point because it has provoked editorial and other comment in this country.

There are those who have said, Why have a universal pension to include those who do not need it? Unquestionably there are people

in this country 70 years of age and over who do not need this pension. After reviewing this particular aspect of the problem with great care the committee arrived at the conclusion that there should be no departure from the universal principle. To illustrate how much this point did bother some of the members, one senator asked at one stage why we should provide payments to those who did not need them. I recall about two years ago when the Prime Minister (Mr. St. Laurent) was asked in this house about the possibility of universal payments or payments with a greatly reduced or liberalized means test, he asked for himself why the country should pay him a pension in his circumstances when he had reached 70 years of age.

These are serious questions and I think the minister should have dealt with them in his speech this afternoon. I can give reasons why the committee recommended universal payments. First, it was felt that in the case of those who did not need the payments it would be a simple matter for the Minister of Finance if he so chose to draw them back in the way of taxes. In the second place, it was thought that the administrative problem would be considerable. It does not matter what figure you choose as the breaking point between those who will receive and those who will not; you are applying a means test. It may be that it would be an infinitely more generous means test than that which had prevailed hitherto, but nevertheless it would involve the application of such a test. That in turn would have brought with it almost all the objectionable features of the present administration of the means test. It would mean that you would be penalizing thrift in many cases while making payments in other cases to those who had not generally practised equal thrift. It would have meant more intrusions on the part of officials into the affairs of individuals. For these and other very good reasons, not least of all being the administrative difficulty of enforcing such a test as compared with the administrative ease with which money could be taken back in taxes from those who did not need it, the committee arrived, I think soundly, at the conclusion that the simplest and most effective system was the universal system.

I think I have said all I need to say about the importance of a separate fund. I should like to stress the importance of earmarking contributions by placing them in a special fund created for the purpose. That is the sound principle which some of us asked should be recognized long before this with respect to such measures of social security as have been implemented by this parliament in years gone by. It is a principle that is inherently sound. We should know the precise cost of all these measures of social security because in the last analysis the people must be the judges of whether they are receiving value in respect of the expenditures made. You cannot expect the people to exercise the right that is their due of making clear-cut decisions on these matters unless you adhere to the principle of earmarking funds and putting them in a special account for this purpose.

The pay-as-you-go feature is sound. One of the advantages of the universal system is that it does not involve adherence to the insurance principle. Had we inaugurated a system involving the insurance principle it would have been necessary to make provision for the accrued liability of persons who would be entering upon such a system at an age approaching retirement when they would not have before them the span of years that would permit them to make sufficient contributions into such an insurance fund to earn the benefits to which they would be entitled from the fund. Some countries that have applied the insurance principle have been faced with this problem and have gone out of their way to establish large funds for the purpose. We were told that in Switzerland the fund in some respects approaches the size of the national debt. One of the advantages of the system recommended by the committee and about to be implemented is that it is possible to establish and adhere to a pay-as-you-go principle. That is a principle of unquestioned soundness.

Things have been said by some of those who have spoken on this subject that will occasion questions to the minister. For instance, the minister gave the house assurance this afternoon that there would be no infringement by reason of the payment of $40 per month upon the benefits now paid under the War Veterans Allowance Act. I think the house will want further information in regard to that point. We have not forgotten that when the Old Age Assistance Act was before the house last June we were told that the effect of section 3 (2) (b) was that benefits received under the War Veterans Allowance Act would be counted as income in the case of persons between the ages of 65 and 69 years and in that way *pro tanto* would reduce the benefit that a veteran might receive under the Old Age Assistance Act. We want a clearer statement from the minister with respect to the present measure.

We know quite well that the benefits received under the War Veterans Allowance Act will not be counted with respect to this universal payment of $40 per month, but we want a converse assurance that the receipt by any person 70 years of age and over of

$40 per month under the measure now being introduced will not disqualify him from receiving benefits under the War Veterans Allowance Act. In particular we will want assurance that no benefits received under such features as the recently-inaugurated unemployability supplement or other measures that are to be introduced shortly to amend this act, according to the announcement made last Friday by the Minister of Veterans Affairs (Mr. Lapointe), will be made the occasion for denial to war veterans because they may be qualifying for the $40 per month under the present measure.

I am sure hon. members listened with interest to what the Minister of National Health and Welfare (Mr. Martin) had to say this afternoon with reference to the enlargement of the annuities available under the annuities act. The annuities act came under review by the committee on old age security to some extent, and while we will naturally wish to see in detail the amendments proposed by the government and, we are told, soon to be introduced by the Minister of Labour (Mr. Gregg), and while we shall wish more information with regard to them, I think all members of the house will have recognized long before this that the maximum annuity available under the present act has been greatly reduced in purchasing power and value by reason of the mounting level of prices, and that some measure is needed by way of amendment to the act to cope with that reduction.

The minister had something to say this afternoon concerning the progress made with registration on the part of applicants for the $40 per month to be paid as from January 1. I am sure all hon. members are glad to hear that as many as 277,000 applications have been received from those who are not already in receipt of assistance under the dominion-provincial scheme now in effect. Hon. members will have noted, I am sure, that the minister did not give the exact figure of those who have been successful thus far compared with the number that may be held in abeyance for further proof. If we analyse the figures he did give us we will have concluded that of the 277,000 applications received only about one-half have thus far been approved.

The minister says that approximately 15,000 to 20,000 weekly are being approved. I think all hon. members will want to see approval granted as quickly as possible in order to relieve the uncertainty that has been created for many applicants not simply by reason of the proofs required in their own cases but by the knowledge that has gone abroad of the extent to which rigid requirements of proof are being applied and enforced. I bring to the minister's attention once more, as I sought to do yesterday, the necessity for a much more reasonable, sympathetic and understanding approach to the problem that many applicants are facing today in seeking to meet the very high standards of proof of age that are being required of them by the Department of National Health and Welfare. I ask the minister in all seriousness if it is fair and reasonable to expect members of the same family in widely scattered parts—

Mr. Martin: May I answer that right now? I was not in the house when my hon. friend brought up that question. He spoke about one bible being required to be sent in four different times. I should like to have that case. I have checked on it and I can find no instance of it. In no circumstances would we expect applicants who are covered by the same bible to send it in more than once.

Mr. Fleming: I hope the minister will communicate that information to his local offices—

Mr. Martin: May I have the name of that case?

Mr. Fleming: Yes—and will instruct his officers in such cases to take note, on behalf of applicants in other regions, of the proof submitted in the particular case on behalf of one member of that family.

Mr. Martin: Instructions like that were given two months ago.

Mr. Fleming: Then I think it is time a reminder of such instructions should be sent to officials. I put to the minister again the utter unreasonableness of denying both notarial and photostatic proof in the case of records that are not readily available. I ask the minister to re-examine this whole matter without delay, because there is no little consternation felt on the part of many applicants who are confronted with problems, in the light of the present rigid requirements which they find themselves unable to meet.

The minister and I belong to about the same vintage. We have not had the experience that many persons a generation older than ourselves have had of finding that their parents seventy years ago and more did not take the trouble that parents are compelled to take today to register the births of their children. The system or registration then was in its infancy, and it was more often honoured in neglect than in observance. Then, to a degree not commonly recognized, other sources of proof of age such as church records have been destroyed in large numbers by fires. Fires occurred in country churches in those days much more often than they do now. Records are lacking today in many cases

where their absence is attributable to no other fact than that they have been destroyed by fire or other causes entirely beyond the control of those who are applying for the benefit of the pension payable on January 1.

I ask the minister in all earnestness to re-examine this whole matter of proof in a sympathetic and understanding way, because I feel in all seriousness that he has not fully appreciated the extent of the consternation that has been created in many applicants by what they have encountered in the way of demands for further proof.

I should like to close on the note with which I opened today. It is a pleasure to welcome a measure which will, I know, command in its goal and its objective the unanimous adherence and support of the house. It is a happy thing, sir, that in the attainment of this high national goal all political parties in the house are as one, and all of them claim, and properly so, their share of the credit for achieving this goal today. While in due course we will have to come to the other side of the picture, the picture placed before us this afternoon in perhaps more sombre tones by the Minister of Finance, and deal on their merits with the inescapable questions he has raised, I am sure that all of us are happy to endorse the goal set forth in the resolution now under debate.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, no one is more conscious than are we of this group of the historic significance of this day, when we are taking the first step to place upon the statute books of Canada an old age pension law which will be free of the means test. One thinks of those who have worked in bygone years in the hope that this day might come. Indeed I feel I should go no further without mentioning the name of one former member of this house, the late J. S. Woodsworth, who played such a prominent part in getting the first old age pension legislation upon our statute books. Not only did he play a part in the initial stages; he continued to advocate and work for more adequate measures of old age security, including the abolition of the means test and an over-all program of social security for all Canadians. I believe members of all parties will agree with me that when we are taking this forward step we should remind ourselves of the efforts made, not only by those of us who are here now and have had a part in these current activities, but by those who were here in years gone by.

I realize too, Mr. Speaker, that the popular thing to do on this occasion is to spend some time saying what a good job parliament is doing, to spend some time praising the measure that is being forecast by the resolution before us. It is a praiseworthy piece of legislation, particularly in that it removes the means test from the old age pension as at age seventy. But perhaps it can be taken without my saying it at length, from one who has had a good deal to say across the years urging that this step be taken, that I for one and the members of the group with which I am associated are indeed pleased to be here on this occasion when we are abolishing the means test as at age seventy. Nevertheless, Mr. Speaker, I feel that it is our duty, despite the charge that will be made by some hon. members opposite that we are forever finding something wrong even with what is good, to point out the shortcomings of the legislation that is being presented.

There are two main faults that I find with the bill that will be introduced when this resolution is passed. There are other points than those two with which I might deal and to which I may refer in passing, but they relate more to the Old Age Assistance Act which we passed last June. However, what we have before us now is legislation to provide for old age security from age seventy onward. The first thing to say with regard to the inadequacies of this measure is that the $40 a month provided by the legislation is insufficient, particularly in the light of today's prices and in the light of what we in Canada regard as a decent standard of living. Much was made by the Minister of National Health and Welfare (Mr. Martin) about the unanimity of last year's parliamentary committee in presenting its report. He had every right to refer as he did to that unanimity. There were some of us on that committee who were not satisfied that the report went far enough, but all of us agreed that in so far as it went we welcomed its provisions, so we gave it our unanimous support.

May I point out, however, that in addition to the unhappiness many members of the committee felt then over the fact that there was no proposal to increase the amount of the pension, since that time there has been a drastic and serious rise in the cost of living which has reduced still further the value of the $40 old age pension. In another debate the other day I referred to the loss in value of $40 that has taken place since that committee made its report in June, 1950. Another comparison that might be made, indeed one that I feel should be made, is between the value of $40 today and the value of $40 in April, 1949. The reason I picked that date is that it was in the month of April, 1949,

just before the 1949 election, that the old age pension was increased to $40 per month. Surely, Mr. Speaker, our old people, both those already on the pension and those about to go on the new pension, have a right to expect that the purchasing power provided for them in April, 1949, will be maintained. The fact of the matter is that whereas the cost of living index in April, 1949, stood at 159·3 it is now 189·8. That means that $40, in terms of 1949 dollar values, is now worth only $33. If you look at it in terms of the food index—I mention that because a large proportion of what our old age pensioners have to purchase is food—you find that $40, in terms of the April, 1949, dollar value, is only worth $31.62. It does seem to me that our older people had every right to expect we would keep the value of the pension up to what it was in the month of April 1949.

As a matter of fact, before the minister and other members from the government side indulge in too much boasting about this measure, I believe we should compare what we are now doing with what was done when the pension was first inaugurated at the lowly figure of $20 per month. The government boasts that the amount has been doubled, from $20 to $40 per month. But if you look at $40 pension today in terms of 1935-39 values the result, in terms of the general cost of living index, is that $40 today is worth only $21.07. If you look at it in terms of the food index the $40 today is worth only $15.92 in 1935-39 purchasing power. So I submit, Mr. Speaker, that the temptation to boast is one the Liberals should not yield to so readily. The government is not doing anything very wonderful for our old age pensioners in providing only $40 per month, particularly in view of the way the cost of living has been allowed to go up.

I want to say quite candidly and quite seriously, not in the sense of trying to make a debating point or anything else but just a plain, ordinary humanitarian appeal, that I feel the government should have increased the figure that was included in the parliamentary committee's report of last year to not less than $50 per month. I pick that figure on the basis of the comparisons I have just given as to the shrunken value of $40 since April, 1949. Personally I would go further and say that, in the light of today's productive capacity and today's standard of living, in the light of today's overstocked inventories about which we have heard so much during this session, we should be paying our old people not less than $60 per month. I, for one, am indeed sorry the government did not, on its own initiative and on the basis of this humanitarianism of which it boasts, increase the amount of the pension before bringing in this legislation.

My mind goes back to something which happened in this house in 1947, when there was a resolution preceding a bill to amend the Old Age Pensions Act. When we received the bill the proposed increase was to $30 a month; but on that occasion the minister had not put that figure in the resolution preceding the bill, thus leaving us in the position of feeling, from the rules of this house, that we had the right to make an amendment to increase the amount of that pension. We did so on a day and in a debate which I am sure the Minister of National Health and Welfare well remembers. I notice that this time he took the precaution to write the $40 into the resolution preceding the bill, to make sure that we would not have the opportunity to move an amendment when the bill comes before us.

Mr. Martin: I agreed to $40 because, among others, the hon. member had recommended that amount.

Mr. Knowles: Has the minister completely ignored the remarks I have made in the last ten minutes as to what has happened to the cost of living since the committee made that report in June of 1950, to say nothing of what has happened to the cost of living since the $40 figure was arrived at on the basis of the bill brought in by the minister in April, 1949? Because of these changes in the cost of living, I submit that the government should have acted accordingly and should have increased that figure of $40 to at least $50, in order to compensate for the rise in the cost of living. I make that plea on behalf of old people generally. I make it on behalf of a really proper and adequate old age security system which we are trying to get established in this country. But I make it in particular on behalf of the more than 200,000 old age pensioners who will not get any increase in the amount of their pensions as a result of this legislation. There are many—more than 200,000—who are already drawing the full $40 a month. For them there is no increase whatsoever. I am one of those so thoroughly opposed to the means test that I do not suggest there should be any means test supplemental allowance for those people. They need a higher amount, as of right, and so I feel that there should be an increase across the board and that, correspondingly, there should be the kind of taxation proposals to take care of those who, as a result of the increase, would be getting pensions they do not need. But I insist, Mr. Speaker, that this parliament in this special fall session is not doing its duty by the old people of this

country if we go home satisfied to have given our old age pensioners only $40 a month. The amount of $50 or $60 a month is just as necessary now for our old people as $40 was in 1949, on the eve of the election. It is a matter of regret, perhaps, that there is no election coming now. We might have obtained an increase in that amount if there were. I hope the minister is not just saving it for the eve of another election, for the problem is serious for those 200,000 who will get no increase, as well as for many others who will come on the pension for the first time and who, in many cases, need it just as much as do the 200,000 already drawing the full amount.

In that connection may I point out that there are many people who will start to draw the pension for the first time when the means test comes off and who have needed it right along, but who did not like to go through the red tape, or did not like the feeling of charity that was attached to it, or did not like the provision made for recovery from their estates and so on. I am glad the means test is off for that particular group. As a matter of principle, I am glad it is off across the board. But in the name of these 200,000 people for whom there is no increase, I submit that there should be an increase in the amount of the pension to either the figures that I have suggested, that is, $50 or $60 a month.

While speaking of a matter of that kind, Mr. Speaker, I think I should say, even though it is a bit of a digression, that another matter to which we must give serious attention is this whole problem of health services and health insurance; and it comes to mind particularly because of the needs of our old people with respect to health. This would be a good place to start a national program, only I would hope that we would not stop there. For all the pride and pleasure that we have in the step we are taking today, I urge that we realize that our job is not done until we have placed upon the statute books of Canada a really adequate program of over-all social security, including the various measures we now have as well as proper and generous provisions for the care of our people's health, with provision for financing it through a proper health insurance plan.

While I am referring to these things and making the point that there should not be too much boasting but rather some searching inquiry into the whole situation, may I say that I was disappointed to hear the Minister of National Health and Welfare today make the boast—and with it the implication that that was the whole story—that the federal government had never required the filing of liens on the property of old age pensioners, even under the legislation we have had on the statute books for the last quarter of a century. Mr. Speaker, that is another statement which is true as far as it goes, but it does not tell the whole story. Certainly the federal government has never required the filing of liens. The federal government could not do that. The British North America Act, with its section on property and civil rights, leaves that matter to the provinces. But the federal government has required the provinces to make recoveries to pay back pensions that have been paid, and has required that, where those recoveries are made, a certain percentage be paid back to the federal government. Up until about 1943 that requirement was across the board. In 1943 or 1944, I think it was, Mr. Ilsley wrote a letter to the provinces indicating that so far as the federal government was concerned it was optional with the provinces as to what they did with regard to estates of the value of $2,000 and under; but it is still required by the federal government that recoveries be made in the case of estates of $2,000 or more. Just to say that the federal government has not required the filing of liens is not telling the whole story. It is federal legislation that has required recoveries. Perhaps I had better not spend too long in dealing with these boasts made by the minister, but I felt that the whole story should be told in respect of all aspects of a matter such as that.

Generally speaking, as I have already said, the proposal before us today is one that we heartily welcome, particularly in that it removes the means test as at age seventy. As I have already indicated, however, there are two shortcomings. With one of them I have already dealt, namely, the inadequacy of the $40. The other serious fault I find with the proposal laid before us today is in part of what the Minister of Finance (Mr. Abbott) had to say. I noted that the hon. member for Eglinton (Mr. Fleming) preferred to leave that section of it until a later time; but from what the Minister of Finance said today it seemed to me that there is at least one aspect of his taxation proposal which certainly ought to be changed. I refer in particular to his statement that this 2 per cent personal income tax is to have a ceiling of $60 a year. That means that anyone who has taxable income—and I emphasize the words "taxable income"; that is, income over and above his personal and family exemptions—of more than $3,000 a year, will pay no old age security tax on the portion of his income that is above that $3,000. I regard that situation as grossly unfair. It means that the bulk of the burden of financing the old age security plan will be met through the

sales tax on everybody, including those who cannot afford to pay it, and through the income tax on the middle income group, those in the brackets where they have taxable income of between $2,000 and $3,000 a year. Surely every member of this house has been faced with questions about the removal of the means test. One of those questions has been: What about the millionaires? And I am sure every member in this house has said: Do not worry about the millionaires; they will pay it back in their taxes. I have said that. I felt sure that would be the plan. As a matter of fact, this morning I saw a copy of the *Financial Post* a bit ahead of time; it is dated October 27, and today is only October 25. On pages 1 and 3 of that issue there is a story of the tax it was expected the Minister of Finance would propose to finance this new old age pension program. The *Financial Post* seems to have a pretty good pipe line, but it missed the boat on one or two features. The *Financial Post* expected that there would be these three taxes, two, two and two. They were correct in that. But then they thought that the 2 per cent increase in personal income tax would be without any change in the exemption levels or without any other exceptions. The Minister of Finance comes along today and tells us that the principle of excluding upper income has been included in this plan, with the result, as I say, that people who have over $3,000 of taxable income will not pay any old age security tax on that portion of their income above $3,000 a year. I think that is socially and economically wrong. I think it is completely indefensible, and for my part it will have to be fought as hard as we can fight it when we get to that part of the bill.

Last spring when an additional tax for national defence was brought in, the Minister of Finance made it a 20 per cent surtax. The effect was that the money that had to be found for national defence was to be obtained on something of a sliding scale. Those paying the higher rates of tax were subject to a higher rate of increase, because it was a 20 per cent surtax on the tax being paid, and there was no exclusion of those in the upper brackets. It went right up to the top. In fact I well recall the hon. member for Coast-Capilano (Mr. Sinclair) emphasizing that point when we felt that it did not go far enough. His point was that it was a steeply graduated tax; in other words, that is the way the Minister of Finance felt he had to raise additional money for purposes of national defence. But now, when we come to raising this old age security money, not only does he get away from the principle of a surtax that graduates upwards into the upper brackets, not only does he make it just a 2 per cent flat increase, or a 2 per cent addition, but he says, if you pay $60 a year into this you do not have to pay any more, even if you are a millionaire.

The Minister of Finance had a good deal to say about the sales tax. He said that it would be the place where people would pay, and where they should pay, and it would be the place where the wealthy would pay their share. I tried to do a little figuring on that since the minister announced the proposal, and it looks to me like this. The millionaire will pay only $60 a year in direct old age security tax; and if he is over seventy and drawing a pension he will get $480, paying only $60 of it back into the old age security fund. That hardly seems fair. But, says the minister, he will pay a lot more, if he is a millionaire, into the fund on the basis of the 2 per cent sales tax. Well, he will have to spend $21,000 on goods subject to the sales tax before he pays into the old age security fund that other $420. So, Mr. Speaker, I do not think—

Mr. Abbott: He will be paying his surtax, and all the rest of it. That is completely fallacious.

Mr. Knowles: So will all the others. The Minister of Finance is trying to isolate for the little people what they are paying for their old age security. Does he not have to apply the same thing to the millionaire and isolate what he is paying? All he would be paying is a limit of $60 so far as the direct old age security tax is concerned, and a portion of the sales tax that he pays on the things he purchases. And as I have said, he will have to spend $21,000 at 2 per cent in order to pay that other $420 into the special fund.

Mr. Fleming: Maybe he will lose the special $500 exemption which he receives at age 65.

Mr. Knowles: The hon. member for Eglinton says: "Maybe he will lose the special exemption which he receives at 65.

Mr. Abbott: Completely fallacious.

Mr. Knowles: The hon. member says "perhaps". That was not indicated to us today despite the fact that it was suggested in our report that it be done. Well, Mr. Speaker, we can go into these things in greater detail when we get the bill and get into committee on it. But I think it is pretty clear, even from what the Minister of Finance has said today, that the financing of this plan has not been put on as fair a basis as we in the committee had hoped would be the case. The load is being placed on those who purchase goods subject to sales tax, and on the middle and lower

income groups, with that ceiling at $3,000 taxable income above which no old age security tax will be paid.

We hear a great deal in this place, Mr. Speaker, about transfer payments, about social security being a redistribution of wealth. That is exactly what it is. Let us face that; let us build our social security programs on that basis, and let us do it not because we are forced to economically but because we believe in it.

I was interested today in the number of times the Minister of National Health and Welfare stated that whatever security payments we make are made out of current production. He is absolutely correct in that. He urged that three or four times, and I support him wholeheartedly in that statement. But the Minister of Finance wants us to isolate these payments to old age security, and he emphasized the financial burden that these payments impose upon us. I much prefer the analysis of the situation made by the Minister of National Health and Welfare, who makes it clear that what we are doing in providing social security, whether it be family allowances, whether it be health services or old age security, is deciding as a society that we are going to allocate part of what we produce this year to provide social security this year.

I hold in my hand a copy of a lecture that was given in Vancouver earlier this year by a person for whom I have extremely high regard, from which I would like to quote two or three sentences, together with a quotation from Franklin D. Roosevelt that was given at that time.

Mr. Mutch: Who gave the lecture?

Mr. Knowles: I quote:

> Those are both two perfectly understandable, perfectly justifiable views as to the function and purpose of social security in our democratic society. But I like to think of our social security programs in a slightly different light. I like to think of them not merely as the badge of our compassion, nor as a necessary cost of doing business, but as the purposeful symbol of our democratic way of life itself, a recognition of our common brotherhood, our common interdependence.

Then comes the quotation from Franklin D. Roosevelt, as taken from his first inaugural address as governor of New York in January, 1929, when Mr. Roosevelt was discussing the relationship between the individual and the community. This is what he said:

> It is the recognition that our civilization cannot endure unless we, as individuals, realize our personal responsibility to and dependence on the rest of the world. For it is literally true that the "self-supporting" man or woman has become as extinct as the man of the stone age. Without the help of thousands of others, any one of us would die, naked and starved. Consider the bread upon our table, the clothes upon our backs, the luxuries that make life pleasant; how many men worked in sunlit fields, in dark mines, in the fierce heat of molten metal, and among the looms and wheels of countless factories in order to create them for our use and enjoyment."

That is the kind of society we live in. It is no longer a case of each man being able to fend for himself and to save up for his own old age. Surely this inflationary period has proven that. There has been talk today about annuities. Look what has happened to people who bought government annuities years ago; inflation came along. We do not save when we are working the goods and services we live on when we retire. No; what happens is that during the years we are working part of what we produce provides social security in those years for those already retired. And, in return for that, when our day to retire comes along, the society of that day sets aside part of what it will produce for our retirement.

Therefore I think we should keep away from these notions of a direct relationship between what we put in and what we get out. It is not a case of how much we put in either through a direct contributory scheme, through private insurance, through a government annuity, or through a tax for old age security. It is not a case of adding that up and saying, "How many dollars am I going to get back when I am seventy?" If you had to analyse it on that basis, it would never seem satisfactory or fair.

The reality of the situation is that in this year we work in our economy and in our society to produce a total volume of goods and services, and we arrange that a portion of those goods and services be set aside for these other purposes. We do it with the feeling and the confidence that society moves on, and that when our day to retire comes along we will be treated in the same way by those who are working at that time. And if, when that day comes, we have helped to build up a productive capacity which is greater, our retirement should be even better than we are able to provide at this time.

In that connection, one of the things I do not like about the way the Minister of Finance (Mr. Abbott) wants to isolate this fund and to review it every year is that it seems to me he has given in to the propaganda of some of these manufacturers' organizations, tax foundations and the like, who wish to have this matter set up in a way that will put the brake on demands for increasing the amount of the pension. Family allowances are not put aside in a separate fund, with the taxes paying for them earmarked for that purpose. We do not treat defence expenditures in that way. Why is old age security picked out for special treatment? It looks to me as if there is this desire

to put it in such a way that it will be difficult for society to say, "We want a reasonable increase in the amount of old age pensions".

That is the reason I have taken time to analyse the system, as I did a moment ago. It seems to me we should think of this, not in terms of fiscal burden, as the Minister of Finance has said, but rather in terms of an interdependent society. What counts is what we are able to do each year. If we are able this year to produce enough to provide a better retirement for our people, then let us do it by all means and not be hamstrung by having to review the matter in an isolated fashion as is proposed by the Minister of Finance. It seems to me we have gone a long way in the right direction in the plan now before us; in its universality, in the removal of the means test, and to the extent that there is no relationship between what the individual pays in and what he gets out. That is all to the good. Let us not spoil it by putting it in such a way that any attempt to have the amount of the pension increased will be forestalled.

Certainly the pension will have to be increased. Do not let the government, or any government which may succeed it, think it will get away with $40—or $50 or $60—for years and generations to come. Surely as society goes on and our productive capacity increases, surely as our standard of living improves, future generations will do better for their older people than we are doing for them now. Let us see to it that that principle of solidarity in our society, and our interdependence, is woven into the fabric of this old age security system.

In that connection I noticed the Minister of Finance enjoyed the little bit of so-called economic logic he handed out when he said that he had never found any way to get a dollar to pay to one person without taking it from another. And that is supposed to be the answer to these appeals to increase the amount of the pension, or to extend our social services. I hope he has not overlooked what was said by the Minister of National Health and Welfare, namely that what we pay comes out of current production, and that if we want larger pensions and broader social security the thing for us to do is to increase our production and see to it that the increase is used for socially desirable purposes. So long as you do it by a taxation method which puts a limit of $60 a year on the millionaire, you are not carrying out the principle of passing on and sharing the full benefit of increased production.

There are two or three other things I wish to say, if time permits. I feel that although it perhaps applies to the other bill passed last spring, parliament will soon have to review the whole question of the means test at sixty-five. I was interested in the plan announced by the Minister of National Health and Welfare today with respect to annuities, namely that it will be possible to integrate government annuities with old age pension legislation. But bearing in mind the shrinking value of money, bearing in mind this interdependence I have been talking about, I think the day will come when we will have to take still more community responsibility, still more social responsibility, for the retirement needs of our people.

Incidentally I could not help noticing the contrast between what the government has been able to do in relation to annuities, and what it has been able to do with respect to war veterans allowances. At the last session of parliament the government was asked repeatedly from this side of the house to be ready at this fall session with the necessary amendments to the War Veterans Allowance Act, to make sure the veterans on that allowance would not be the only group who would not have any improvement in their position. The Minister of Veterans Affairs I thought took the point seriously, and I was hoping something would be done by the time the house met this fall. However they have shown, on the other side, that they have had time to think out a plan whereby old age pensions can be integrated with the government annuity, but they have not had time to think out a plan to integrate old age pensions with war veterans allowances.

That is highly regrettable. I say if there was time for one, then there certainly should have been time for the other. It is quite clear—and I was glad to hear the minister say it today—that every person of seventy years and over, with the proper residence qualifications, should apply for old age pension. There is no means test in it. In other words the fact that you are drawing a burnt-out pension does not deny you the right to draw the full old age pension, if you meet the age and residence requirements.

But the fact of the matter is that the means test is still in the War Veterans Allowance Act, and once the burnt-out pensioner starts drawing the old age pension and in January or February of next year begins receiving the actual cash, according to the law as it now stands such amounts will be treated by the war veterans allowance board as income, and such a war veteran's allowance would be reduced accordingly. In some cases, if that happens, the entire advantage of the old age pension will be wiped out. In some cases the veteran will be left with an advantage of about $10, and his treatment and hospitalization rights.

That is not good enough. It really is a retention of the means test, so far as one group of our people over seventy is concerned.

I urge strongly that this question of the relationship between old age pensions and war veterans allowances be dealt with at this session of parliament. It is not good enough to tell us that there will be a committee next year. These people need some improvement in their position now, not next year. I think the Canadian people generally will feel annoyed when they realize that almost every other group of Canadians seventy years of age and over will benefit by this legislation except those receiving war veterans allowances. In that case the benefit will be either nothing at all or very little.

There is one other group to which I should like to refer, and I do this because it illustrates the type of problem that will have to be dealt with. I hope the government will give attention to this matter. I had hoped the Minister of Transport (Mr. Chevrier) might be here, but perhaps it will be drawn to his attention. I have before me a copy of the rules and regulations governing the Canadian National Railways pension fund. Under this fund there is paid what is known as a basic pension of $25 per month to every employee of the Canadian National on retirement at a certain age for certain years of service. Section 9 of the rules and regulations reads:

> 9. This pension fund shall not apply to any employee who is eligible for or in receipt of any pension or superannuation allowance under any other pension fund or plan now or hereafter in effect where such pension or allowance is contributed to wholly or in part by the company or the government of Canada, except war pensions.

If no change is made in those regulations it will mean that every Canadian National Railways pensioner over seventy years of age will find that he will lose the $25 per month he is now getting when he starts to draw the old age security benefit of $40 per month. When we have referred to the plight of the Canadian National pensioners in this house from time to time it has been difficult to get much satisfaction. It has been suggested that their problem would at least be alleviated by the introduction of this new old age pension plan. I take the government at its word that that is the intention, but it is pretty clear from the section I have read from the Canadian National pension rules that unless a change is made these men will suffer a loss.

My fear is that there are other cases in addition to the burnt-out pensioners and the Canadian National pensioners. The whole problem should be gone into most thoroughly by the government, and now rather than waiting until next session. The government has found time to work out a scheme to integrate annuities with the old age pension legislation and they should be able to find time while we are here to integrate all these other plans.

I said earlier that we in this group welcome most heartily this significant piece of legislation because it represents the taking of a step we have advocated across the years. It removes the means test, although not entirely so far as our old people are concerned. However, it does remove it for those seventy years of age and over, and that is a step which we support wholeheartedly. I regret that the legislation now before us does not provide for more than $40 per month, and I regret that the Minister of Finance has not devised a fairer method of dealing with what he calls the financial burden.

I have been quite specific in my complaint on that score. Whereas the general income tax legislation is on a sliding scale graduated upwards; whereas national defence is being paid for by a surtax which is a percentage on a percentage and therefore is graduated upwards, when it comes to old age security the minister proposes a straight 2 per cent tax with a limit of $60 on the wealthiest people in Canada. I believe it would have been better for him to have imposed a surtax at whatever percentage was necessary so that it would be a small tax for those in the lower brackets and then go on up. If he did not want to do it by a surtax he could have done it by imposing a one per cent tax on those just above the exemption levels and a 3 or 4 per cent tax, or more on those in the higher income brackets.

I am sorry there are these flaws in the legislation. I hope they will be corrected and that as time goes on we will make other improvements in our social security legislation until we reach the day when we have a really adequate, over-all plan, based on the right of our people to these things because of the wealth they produce, and providing protection for our people against all the exigencies of life.

Mr. F. D. Shaw (Red Deer): Mr. Speaker, parliamentary records disclose that since Social Credit members first entered this house almost sixteen years ago they have taken advantage of every opportunity to express their views relative to the treatment Canada has extended to her senior citizens. We have never hesitated to make specific recommendations on their behalf. Moreover we have never hesitated to support measures designed to improve their lot. Of course we have at all times reserved the right to criticize whatever the government might bring down even

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though such measures might have a certain amount of good. Upon this occasion we are satisfied that we are taking an important step forward even though in trying to achieve a certain goal the government may be employing methods we cannot wholeheartedly support.

In his earlier remarks the hon. member for Eglinton (Mr. Fleming) paid tribute to the joint chairmen of the old age security committee of 1950. Upon a previous occasion I also paid tribute to those chairmen. I said that this was certainly one occasion on which members of a committee had good reason to feel that nothing was being imposed upon them or, as we sometimes say, that the chairman was not endeavouring to force something down our throats. We felt it was due, in part at least, to the skill and ability of the joint chairmen that the committee was able to accomplish as much as it did during the short period it sat.

The hon. member for Eglinton also paid tribute to certain departmental officials who were so generous with their time and who assisted so greatly in enabling us to accomplish our work. I feel that their assistance enabled us to be more efficient. Their assistance certainly contributed to the speed with which the committee was able to reach certain conclusions. I think also their assistance enabled us to reach a degree of unanimity which could not have prevailed without that help. I considered the committee to be free from political pressures, even though its personnel was determined on the basis of party representation in the House of Commons. I recall telling one of the joint chairmen on one occasion that I had reason to believe he was having more trouble with his own members than he was with the opposition members.

May I refer first to the abolition of the means test in connection with this universal old age pension. We have always taken issue with the means test. I am compelled to believe that we in turn have been forced into that position over the years because of two very important factors. In the first place there was never uniformity of administration. Even within a province we found that pensioners were not being treated, and probably could not be, in a fair and equitable manner as far as the means test was concerned. Because of that we found a great deal of dissatisfaction among pensioners. Of course that dissatisfaction was communicated to us, and it certainly was a motivating factor when it came to the position we have taken in the House of Commons with respect to the means test.

In the second place, down through the years we have always clamped a pretty severe test upon old age pensioners in that there was such an extremely low allowable income. Under the old act the allowable income of $120 a year caused a great deal of dissatisfaction. It has been said that it created a certain amount of dishonesty among the people. It certainly did not encourage many of them to go out and do the work they were capable of doing, even though we kept admitting that it was better for the country if they would work if they could, and certainly if physically able it was better for them mentally if they were able to carry on. Therefore conceivably the government itself contributed immeasurably toward the dissatisfaction which arose because, as I say, of the very low ceiling which was imposed upon our people.

So far as the amount of $40 per month is concerned, I am perfectly willing to admit that the committee agreed that $40 a month should be recommended as the payment to old age pensioners, but there are two or three things which I think should be borne in mind at this time. First, I am absolutely convinced that the government would not have accepted the recommendation if it had suggested a payment of more than $40 a month. I might add that some of us, who felt that $40 was inadequate, agreed to support it because of what I have just said, namely, that I doubt whether the government would have accepted the recommendation if the figure had been higher.

In the second place, there is a vast difference between the cost of living in June, 1950, and today. Even those who agreed that probably $40 as a basic pension was adequate have been obliged to change their views today because of the inflationary condition which has developed during the intervening months and years. I thought the pension of $40 was capably dealt with by the hon. member for Winnipeg North Centre (Mr. Knowles). He actually attached it to the cost of certain essential commodities such as foodstuffs. It does not require any stretch of the imagination whatsoever to realize that $40 a month is hopelessly inadequate so far as our senior citizens are concerned. The value of $40 varies, naturally, depending upon where the pension recipient may live. In the larger urban areas rents are very much higher. A pensioner would be far worse off in such an area than if living in a little home on a corner of his son's farm in some rural community. It is hard to say that $40 per month is equal to a certain figure of so many years ago unless we tie it to a specific area, but it is a fact that on the broad general principle

of applying it to the cost of living today compared with the cost of living ten years ago we find that financially the pensioner is not any better off than he was ten years ago when he was drawing $20 per month as the basic pension.

I should like to refer for a moment to the question of the numbers who have applied for payment of the universal pension as of January 1. Early in the summer, when we were suddenly bombarded by announcements over the radio several times a day and by the many advertisements which appeared in the newspapers, I wondered just what the government had in mind. As a matter of fact I suppose the minister would say: We wanted to get all the applications in so we could get them cleared away in order that payment might commence in January. However, one very important impression conveyed to the people was that this thing is compulsory. People everywhere were expressing the view that universal old age pensions were a compulsory piece of legislation, and that they had to apply.

I have had many letters within the last few days. Some are from war veterans allowance recipients who are still under the impression, by virtue of the nature of that advertising, that they are obliged to apply. I dare say thousands of people, who would not otherwise have applied for the universal old age pension, have done so because of the nature of the advertising—some called it propaganda—that was carried on in connection with this matter. The sum of $50,000 for that type of advertising may not be a very large amount, but I often wonder how many thousands of dollars are going to be paid out as a result of that advertising which would not have to be paid out if people had not been given the impression that it was compulsory; or is there something else behind this?

I well recall that when family allowances were paid one could elect to accept or refuse them. So far as income tax was concerned, a person was no worse off as a result of his refusing. Before long, however, the act was amended so that certain deductions were allowed if you had no children of family allowance age. Certain other deductions were allowed if you had children of family allowance age, with the result that if a person did not accept he was far worse off than if he had accepted for his children of family allowance age. I am wondering if behind all this may be the idea that before too long it will be put on the compulsory basis in the sense that tax adjustments will be made in such a way as to force a man to accept the pension or leave him in a worse position financially than would otherwise be the case.

I certainly feel that the matter of the universal old age pension, so far as recipients of war veterans allowance are concerned, should be cleared up without delay. I have had a great many letters from recipients of war veterans allowance, as I am sure other members have. We are still not in a position to be certain of what advice we should give them. The reason is that the government have managed to keep their intentions pretty much in the dark in this respect, and I think that matter should be cleared up quickly.

I should like to suggest to the Minister of National Health and Welfare (Mr. Martin) that with respect to the question of proof of age it is a fact that for those persons who cannot produce birth or baptismal certificates it has been made more difficult for them to prove age today than was the case under the old act. The minister shakes his head, but let me remind him that on their own form they say either the birth certificate or baptismal certificate, or any two of the following. I look down that list, and I find that the provincial authorities were accepting any number of those things, and pensions were being paid on that basis.

Mr. Martin: It is much easier now.

Mr. Shaw: It is easy to make an assertion of that kind, but on the basis of actual cases that have come to our attention we find it extremely difficult to find out what is acceptable.

Mr. Martin: We are having no difficulty. If you have any cases of that kind, please bring them to my attention.

Mr. Shaw: I have had occasion to refer quite a number of them over the years. The point is that you are putting your applicants to much more trouble than they were put to before, let me put it that way.

Mr. Martin: I think much less.

Mr. Shaw: As one who has had to deal with these cases I know how long it has taken, and how many letters have had to be written, to enable these people to establish their claim to a pension. I realize that the minister can continue saying it is much easier now, and I can continue to say it is much more difficult. I believe he will find that, on the basis of cases we have encountered—I believe all hon. members will be in agreement on this—it is much more difficult.

The member for Winnipeg North Centre (Mr. Knowles) dealt quite adequately and properly with this question of liens. Frequently when this subject is mentioned it creates an entirely wrong impression. It is a fact that the federal authorities did not have liens filed against properties. There were a number of properties on which no liens were filed, but at the same time in those cases where provinces did file liens they did so to protect themselves. They were under an obligation to make certain recoveries, and to make payments to the federal authorities resulting from those recoveries. While I never did like the idea of liens and I am not trying to defend them, I merely assert that those provincial authorities that did use the method of applying liens did so because they did not want to be trapped as the result of not having collected the money which Ottawa would demand.

The old age security committee did not make any specific recommendation respecting the method of financing this scheme. We realized fully that this was a highly technical subject, and that it was a government responsibility. Moreover some of us felt that unless the method recommended met with the approval of the government the whole report of the committee might be thrown out. No doubt, too, there would have been a very serious division within the committee had we tried to narrow our ideas down to the point where we would make a recommendation with respect to financing. I am not going to endeavour to go into any detail at all with respect to what the Minister of Finance (Mr. Abbott) said. I believe that, in the final analysis, it will be found his proposals are not quite as simple as they sound. As a matter of fact they are going to become quite involved. Closer examination of these proposals certainly reveals to me that a number of most undesirable features are contained therein.

I was impressed by the points made by the member for Winnipeg North Centre concerning the ceiling that is being imposed on income tax that is to be paid into the old age security fund. It is an argument that will require a great deal of answering by the Minister of Finance.

Mr. Abbott: It will not take very long.

Mr. Shaw: We realize, of course, that when the bill comes before the house we shall have an opportunity of dealing with the various sections. I know one thing we shall do; that is, make very searching inquiries as to why the Minister of Finance has made an effort to attach some degree of respectability to the sales tax which has received such condemnation over the years. It occurred to me that this may well be a move on the part of the minister to put the members of the opposition in the position where, if they criticize the sales tax, it could be said that they were criticizing the old age security measure. Some of us have been here long enough to know that that method is often employed by certain government officials. I shall not take more of the time of the house upon this occasion, Mr. Speaker, but when the bill is before us we propose to give it a rather searching examination.

Mr. Clarence Gillis (Cape Breton South): I am sorry to have to keep you in the chair a little longer, Mr. Speaker, but I wish to say a few words on this subject. It is one that most of us have been interested in for a long time. It is rather unfortunate that the speeches of both ministers were made only this afternoon. They were both lengthy and contained many complexities that are not easy to sort out. I shall deal with the Minister of Finance (Mr. Abbott) merely by saying that, as usual, he made an excellent speech. At this time I would not want to stick my neck out and say whether or not I accept his method of financing this scheme. He has had the advantage of studying the matter for a long time with experts, and he thinks it is O. K. Until I am able to read his speech and make up my own mind as to whether this is the best method, I am not prepared to commit myself. Frankly, just listening to him, it sounded all right to me. There have been many recommendations concerning methods of financing an old age security scheme in Canada. Some of them were rather weird, and it took courage for someone to sit down and put these figures on paper. At least it is a good starting point. I shall reserve judgment on that matter until a later date.

I am sure the Minister of National Health and Welfare (Mr. Martin) felt quite proud this afternoon. He made an excellent speech. To give credit where credit is due, I believe he has something to be proud of. The minister has been here since 1935. Back in 1935 to 1940 social security was rather a sorry thing in this country. Ten years ago when one asked for a pension of $40 a month and the removal of the means test, he was considered crazy. The minister has always been interested in this subject, and I know he was quite proud to be able to announce this afternoon that at least one of the goals we have all struggled for, the abolition of the means test at age seventy, had been achieved. I am not criticizing his speech at all. It was a

good speech. However, in curing any of life's problems one always creates other problems. I am going to deal with one of the problems the removal of the means test did create in some of the provinces.

When the means test was applied at age seventy the federal government paid 75 per cent of the pension and the province of Nova Scotia at least made a gesture towards the old age pensioner by providing him with what was called medical aid. There was not very much aid attached to it. The province appropriated 80 cents per year per pensioner. If a pensioner felt that he needed a medical examination he could go to the doctor of his choice and have that examination. Out of that fund the provincial government paid the doctor for the examination, and that was the extent of the medical aid. The pensioner paid for whatever medicine he got, and so forth. This 80 cents per year per pensioner was at least some help. As soon as the federal government decided they were going to assume responsibility for the old age pension at age seventy without a means test, the provincial government of Nova Scotia notified the pensioners that they would no longer continue that medical aid. Thus it will be seen that while we have given them something federally, in removing the means test, the provincial government has taken something from them. That is a point that has to be considered in our whole social security thinking. No uniformity in handling the care of the aged of this country can be achieved because there is no uniformity of provincial income. Alberta, British Columbia and Saskatchewan provide their old age pensioners with all-inclusive medical aid: doctor, hospital and so forth. Ontario now is promising to do it, but they are still not doing it. The rest of the country then is being discriminated against because the pensioner in those provinces I mentioned is receiving much more than is the pensioner in the other provinces, owing to the fact that the provincial income in those other provinces is not sufficient to provide medical aid. That is one of the problems we created by removing the means test. I think it was an ill-advised move on the part of the government of Nova Scotia to discontinue that bit of medical aid that the pensioner received.

As to this matter of proof of age, I should just like to say this. I agree with what the hon. member for Red Deer (Mr. Shaw) has said, if things are as he says they are in his province. Maybe the difficulty existing in the provinces in which they have that problem arises out of the fact that the administration there is not doing all the things that can be done.

Mr. Martin: The hon. member found the situation really satisfactory in Nova Scotia, did he not?

Mr. Gillis: Yes, I did. When I went home in August there was apparently quite a tangle. All the people who anticipated receipt of this pension at age sixty-five began to put in applications along with what they called a delayed certificate issued by the provincial government, and based on some record they submitted. It was an official certificate. But the registrar for the federal government was not taking that certificate. I had some correspondence with him, and I want to say that he is one of the best people I have done business with. I have known him well for some time. In a few weeks he completely ironed out that problem, by accepting the delayed certificate back to 1949, if it was issued in that period, and other records that were available and I think are available to most of the provinces if they want to get them. Since the latter part of August I have not heard a word about any difficulty in that province with regard to the establishment of age. That was a problem we created. As to Nova Scotia I think it is cured, and I think it can be cured across the country without a great deal of difficulty. But I want to impress on the minister the necessity of trying to work out, in conjunction with the schemes now in effect, provision for some medical aid for the aged pensioner. It cannot be done on a provincial basis unless you can bring about uniformity of income, which is not possible. Some federal aid will have to be given to the provinces that are not in a financial position to handle the problem. That whole question of health is important; and it is dealt with in a lop-sided manner today. I am not going into the matter now, but recent figures indicate that the situation is badly out of balance as between province and province.

The hon. member for Winnipeg North Centre went into detail with regard to many matters. I sit behind him, and I agree with him on most of them. There is no need for me to repeat what he has said, but I should just like to emphasize that point with regard to putting a ceiling on the amount of money people in the high brackets will contribute to this pension fund by way of income tax. I do not think that step can be justified. When the government were talking about removing the means test and making this pension applicable to everyone, the general assumption across the country was that those who did not need it would pay it back through their income tax. But as a result of this provision that is not going to be done.

It is going to create a great deal of controversy on the part of people in the lower income brackets.

Mr. Abbott: I know my hon. friend wants to be fair. They will pay it back. The $480 will go into everybody's income as taxable income, and will be subject to tax at the appropriate rate. The 2 per cent contribution tax, or whatever you want to call it, is in addition to any other income tax that may exist.

Mr. Gillis: I said a moment ago that I did not want to get involved in any financial discussion until I had time to think the matter over.

Mr. Abbott: I think that is wise.

Mr. Gillis: As I understood the hon. member for Winnipeg North Centre (Mr. Knowles), he claimed that if you had an income of $100,000 a year there was a ceiling on the amount of that income that was taxed for this purpose.

Mr. Abbott: If you have an income of $100,480, we will take at least $420 of that extra $480.

Mr. Gillis: Why limit the total amount that is taxable for this purpose?

Mr. Abbott: I will deal with that matter when we get into committee. I indicated that I am suggesting that this contribution for this purpose, whether from the sales tax, the income tax or the corporation tax, should be based on the benefit principle. I will elaborate on that point when we get into committee.

Mr. Gillis: I am not going to argue about the matter now, but I do say this. If I have $10,000 income on which to pay tax, and you are levying a special tax for the purpose of building up this fund, my total income should be taxed for that purpose at the additional 2 per cent. As I said a moment ago, it is a point that can be badly twisted and you can get a great deal of adverse criticism.

I should like to say something about the war veterans allowance, and to impress this as strongly as I can on the Minister of National Health and Welfare (Mr. Martin) and on the Minister of Veterans Affairs (Mr. Lapointe). We have removed the means test at age seventy and we are going to pay that pension to anyone in this country who is eligible by reason of residence qualifications and who has reached that age. There is no discrimination; it is across the board to everyone. That means test is out, with one exception; and it is not the fault of the old age security legislation. The War Veterans Allowance Act still sets up a glaring discrimination with regard to men who are in receipt of the war veterans allowance. That discrimination was put there some considerable time ago. That means test was written into the War Veterans Allowance Act when there was no thought of removing the means test under the Old Age Pensions Act. The act is worded in such a way that it is impossible to get around it unless the provision is removed. In the War Veterans Allowance Act there is a short clause that states that no person who receives the old age pension can receive war veterans allowance. I understood the hon. member for Winnipeg North Centre (Mr. Knowles) to say that you might be able to get $10 a month. But as I read the War Veterans Allowance Act you cannot get anything by way of war veterans allowance if you are in receipt of the old age pension.

The men on war veterans allowance have hospital care, doctor, medicine and so forth. Their income is small. A single person receives $40 a month. It certainly is not enough to get along on. I cannot understand why the veteran who is obliged to take his war veterans allowance because he is prematurely aged, who was broken down in the service of the country and is eking out an existence on $40 a month, which is just about enough to pay his room rent, should be discriminated against. I do not understand why we should make a distinction and refuse to grant him an old age pension of $40 a month without the means test. If it brings him into the tax brackets, then he is taxable. The great majority of those in receipt of war veterans allowances are people who cannot establish a disability pension. They have been broken down prematurely, and they have no other protection. They have been eking out an existence on that kind of income for years. They will never be in the tax bracket. Why should we continue the discrimination under the War Veterans Allowance Act that was written into it years ago! It was never designed to set up the kind of discrimination it sets up today as between one citizen and another in this country.

If we are to make this old age pension at seventy applicable to all our citizens we have to ask the Department of Veterans Affairs to amend the War Veterans Allowance Act by taking out the prohibition against an applicant who is in receipt of the war veterans allowance and who may be eligible for the old age pension. There will not be so many of them, but there are a few. I strongly urge the Minister of Veterans Affairs to get in touch with the Minister of National Health and Welfare and straighten out that point. A continuance of that discrimination which is in effect in this country today cannot be justified. People

are amazed when we tell them there is a clause similar to that in the War Veterans Allowance Act.

We must admit that we have made a lot of progress in this field in the last twenty-five years. All the measures that have been brought in within the last few years have been an indication of progress and of a consciousness on the part of the government that social security is a necessary part of our way of life. Yet I think the objective we should set for ourselves is to see to it that the type of pension we have established now, the universal pension at seventy without the means test, should be extended to those aged sixty-five. I think the whole thing should be levelled down to that age, because when the average person slugs it out in life until he is seventy he does not get very much enjoyment out of life after that. There is not much life left; there is no doubt about that. I believe that a man at the age of sixty-five—unless he has been a senator all his life, or a member of the House of Commons—if he has been a fisherman, a farmer, a steelworker or a miner, or employed in a heavy type of industry, is not thinking about much other than sitting back somewhere quietly and smoking his pipe. He has a lot of kinks in his spine by that time. I know it is the hope and mission of the Minister of National Health and Welfare, and I hope of his colleagues in the cabinet, to see to it that the age limit is brought down to sixty-five so that people may enjoy themselves for a few years anyway. In addition there is the matter of providing ways and means of at least enabling the aged pensioner to have medical examination when it is necessary, because if he went to the average doctor today and got the kind of check-up he should get it would cost him a couple of months' pension. I think that whole field should be looked into. The field of medicine should be made available. They are doing it in British Columbia; they are doing it in Saskatchewan; they are doing it in Alberta and they are talking about it in Ontario.

Mr. Blair: We have had it for some years.

Mr. Gillis: Not on the scale they have it in the other provinces. There is an election on now.

Mr. Blair: They have had free treatment for quite a few years.

Mr. Gillis: I am not going to argue with you, doctor. Perhaps you have treated a lot of people free for a long time.

Mr. Blair: They have a card they can sign.

Mr. Gillis: That is the kind of person you are, but it does not apply generally throughout the province. I have been in sections where they have told terrible stories. There is an election on now and a lot of good hospital schemes are being offered. I hope they get them. At least it does some good to talk about them.

I am not going to take up any more time of the house at this time, Mr. Speaker. I think our next objective is to cover the field of health and lower the pension age to sixty-five.

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

The Deputy Chairman: Is it the pleasure of the committee to adopt the motion?

Mr. Blair: No. Either yesterday or the day before the minister promised to clarify the situation regarding proof of age. I hold in my hand samples of the letters I am constantly getting in regard to this; discrimination about the use of the family bible, taking the pages out and so on. I have one case here, and it is typical. This man is eighty-two years of age. I know him very well. He went to the clerk of the village in which he lived, showed him the family bible—there is no birth certificate available for him; his birth was not registered—and he received an affidavit from this official saying that he had seen the bible in which the birth was recorded, giving the date. This was returned as not being acceptable. On the advice of the lawyer this old gentleman then sent the family bible to the regional office, or a page taken from the family bible, rather than send this immense book of itself. He is waiting, but he feels that there is not much chance of its being accepted. This man's wife is in the same position. She is about eighty years of age. She has no birth certificate either. Although there is a family bible in existence she is having difficulty in obtaining the use of it because other relatives will possibly need it.

I have a second letter here which indicates that an elderly gentleman sent a sworn affidavit from one who had examined the family bible. This was returned. Now in so far as these books are concerned, take the case of the first elderly gentleman who was born in the year of confederation. Other transcripts have been made out of that book for the use of other members of the family, and it is quite possible that it will be difficult even to get the original back. Something should be done. It is going to be very, very difficult, unless you go back to the census, to prove the age of some of these people. One spoke to me the other week end. He had forwarded a baptismal record taken from the church. It was over the name of the church and the

pastor in charge, but that was not accepted. I feel that when an affidavit is taken by a person capable of taking an oath and permitted by law to do so, such as barristers and solicitors, it should be accepted. The average person would hesitate to commit perjury over a thing like that. Certainly one should be entitled to believe that a lawyer, although they were under some criticism yesterday, would furnish a true account of age to the people concerned. There is going to be a great deal of difficulty. Although the minister suggested the other day that this was being well dealt with, and that there was no trouble, yet I find many cases where proof of age is difficult. I do not understand why there should be so much difficulty. I remember that my own birth was not registered. In order to prove life insurance age I was able to get the affidavit of an elder brother, so that all my insurance receipts now come back with the notation, "your age has been admitted." That has come about through the one affidavit of my brother. So I think in respect of these old age pensioners something should be done to make it easier for them; because it does seem ridiculous that a man born in the year of confederation should have difficulty in his attempt to prove his age.

Mr. McIvor: May I have only a brief word. First I would say that this is a mighty fine day for Canada. And let me tell the hon. member for Peel and other members of the committee that my experience with the administration at Toronto has been most satisfactory. I remember a case of a young man in Manitoba. This particular young man, who was partly grown when I was a boy, could not get a certificate. He had never been registered. His parents were not interested in that sort of thing so long as he had enough to eat, and had a good time. However I certified that he was four years older than my brother, that my brother was a certain age, and that this would make the man in question seventy-one years old. He got his pension.

Last year in Quebec I was connected with a case concerning a lady who, I felt, was seventy years of age. She showed me the family bible. I certified an extract from that bible, and she got a pension. I am sure it will be shown that those who administer this measure will direct their efforts so as to favour those who need the pension.

Mr. Martin: Mr. Chairman, I might deal at this time with the points raised by the hon. member for Lanark. Perhaps the hon. member will read tomorrow in *Hansard* what I said today. If he does he will see that the situation is not just as he portrayed it. The fact is that we began these registrations on July 20. About three months have elapsed. When one realizes that at this time some 500,000 out of an expected total of about 700,000 old age pensioners have now had their applications approved for payment, he surely cannot seriously make the suggestion that the situation is in any way confusing. The facts show just the contrary. I will not say, of course, that sometimes there are not difficulties; but I shall deal with them later. In my view the departmental people have done an amazing job. I never expected, and I am sure my colleagues never expected—nor did the hon. member for Winnipeg North Centre who urged me last year to do a lot of advertising—that it would be possible in three months to have this achievement, for which I am not taking the credit but for which the people in treasury and in the family allowance office must get the credit. They have done an amazing job.

Then, with regard to bibles: I suggest the point has been over-emphasized. In Ontario, of the applications received and approved, only one per cent submitted proof by way of bibles. In the other provinces the percentage is even lower than that. But the one per cent in Ontario represents the amount of evidence through bibles—and, theoretically, to cover myself, through the old testament—that has been offered as evidence.

I am sure the hon. member, who is a responsible member of parliament, would insist that in the dispensation of large amounts of money, as in this instance, the government has not only the obligation but the clear duty to see that people who are not qualified do not receive the pension. Surely that is elementary, and good government. No one wants to see anyone get a pension from the moneys to be provided unless he or she is entitled to such pension under the law. That is only elementary good government, and I am sure no one in the house would take any other attitude. Certainly I do not propose to do so.

The types of evidence that may be offered, in addition to the bible, include birth certificates, baptismal certificates, records in family bibles, church rolls or registers, marriage records, communion certificates, military discharge papers, naturalization certificates, passports, acknowledgment of age by insurance companies, assessment rolls, jury lists, pension superannuation records, and records of commercial employment.

Mr. McIvor: That is good enough.

Mr. Martin: It is not an exhaustive list, but it is the kind of list we are using.

Mr. Green: What about census records?

Mr. Martin: I am coming to that. The hon. member for Cape Breton South pointed out that in one province there has been no difficulty in connection with census records. The situation is that, under the law as it now stands, that material is not available for use beyond the control of the director of statistics. That is the law now.

Mr. Fleming: It is available under the Old Age Assistance Act.

Mr. Martin: Yes. In the bill to be based on this resolution authority is being given for the use of census material. There is no legal foundation for using it outside Ottawa and beyond the control of the director. And, as has been indicated to me by the parliamentary assistant to the Minister of Trade and Commerce, even then such information will be limited to only one factor, namely that of age.

I repeat that there is no difficulty. People have written; there has been correspondence, but I have yet to have produced before me any letter—not one—in the over 800,000 sets of correspondence we have had with old age pensioners, in which there has been a charge that we were being unfair in the kind of evidence we were demanding. The suggestion is made that we should merely pick out a leaf from a bible. In the first place we are not anxious to encourage people to destroy a book for which they have the highest regard. But people have sent in pages of bibles. We have had photostat copies made of the originals, to make sure in a particular case through the texture of the page and through its fitting exactly that it really was a page torn out of a particular bible.

I regret to say that in a few instances we have had cases where pages were sent in where we were able to establish clearly that they had not belonged to the bibles to which they were supposed to have belonged, and that there had been fabrication. Let me hasten to say that I would not wish to leave the impression that that was at all general, because it was not. Most people in this country are honest. However, in the administration of a measure like this involving a good deal of public money the job of the administrator is to take great care, and great care is being taken.

I do not know just what my hon. friend meant when he referred to abuse being heaped upon solicitors. I take it that he was not referring to anyone in particular; he nods his head, so I shall not go on to say what I had in mind. There is no suggestion about questioning a lawyer sending in a statement based either on his own declaration or upon the declaration of someone else, but the fact is that is not proof of age. It is purely a statement made under oath saying that he has examined the document, found the name of so and so to be such and such and the date of birth to be such and such. That is all it is. It is evidentiary, but it is not complete evidence that the document upon which the affidavit is based is bona fide.

We had one case where there had been a complete erasure, but an affidavit was sent in signed by a solicitor located not very far from this city. I am quite sure the solicitor was absolutely honest; there was no doubt about his integrity, but we do know positively that the affidavit was based upon a document —I hesitate to use the word "forged"—which did not indicate the true facts. I am not trying to give the impression that this is a normal situation, but I do want to indicate that care must be taken.

In the final analysis no one can expect anyone to take the responsibility which belongs to the departmental officials. That is our responsibility. We are using a uniform practice across the country in connection with evidence as to birth which I think is working out quite well. We have three months yet to go and I am sure that before the end of that time those who can qualify or who wish to qualify will have qualified. My hon. friends suggest that we should be exercising common sense. I think we are exercising common sense consistent with the care the people of Canada will expect us to exercise in respect of a matter so important as this. When you realize that 500,000 applications out of an expected total of 700,000 have already been processed at a time when there is still three months to go, three months ahead of the passage of the act, ahead of the authority to pay out any money, instead even of mild censure I think the departmental officials should receive, as I know they really deserve, the approbation of every member of this house.

Mr. Blair: Possibly the minister was not in the house when the hon. member for Springfield (Mr. Sinnott) made some jocular remarks about the number of lawyers in the cabinet. I did not mean to be derogatory about that profession, but I would point out that we are not going to settle this in the next three months. Next year will bring along another group of applicants, and this will go on.

It is not easy to ship a large family bible to the department. Personally I would hesitate to take a chance in doing so. I would feel like taking it in myself, but that is not always possible. I am appealing to the minister to provide some form which will make it easier. I am not suggesting that we should defeat the purposes of the act, because I realize that we should not pay those who do not deserve it, but there should be some form

of declaration or some other easier method than shipping such an unwieldy book to the department.

This problem will arise for the next twenty years because even in Ontario there are many persons whose births were not registered.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Herridge: It was not my intention to say anything at the resolution stage of this measure. I listened carefully most of the time to the minister's speech. I am always very careful when listening to the minister because one is inclined to be disarmed by his eloquence, and I want to read in *Hansard* tomorrow the exact arrangements that have been suggested as indicated in his speech. I want to mention two points, inasmuch as they were mentioned by previous speakers just before the dinner recess. The hon. member for Winnipeg North Centre and the hon. member for Cape Breton South brought to the attention of the minister the position of men under this legislation who are drawing the war veterans allowance at seventy years of age.

We are still not clear as to the government's intentions in this respect. The officials of the department have given a great deal of study to the financial aspects of these proposals. They have had time to work out a new arrangement with regard to annuities, but apparently there has not been sufficient time to make any concrete arrangements with respect to war veterans 70 years of age, receiving the war veterans allowance. As several of us understand it, under present legislation and the new proposal there will be nothing extra for war veterans over 70 who are receiving war veterans allowance. If we are correct in our understanding of the minister then a good many of us in the house think that is somewhat unfair. A person receiving the war veterans allowance receives it because he is supposed to be pre-aged on account of front line service. If provision is not made for these men over 70 to receive the old age pension it means they will be practically the only group in Canada drawing a regular income from other sources who will be barred from receiving the old age pension. Millionaires will be able to receive it. Persons receiving superannuation and industrial pensions, annuity benefits or who have any other source of income will receive it. As we understand it, at the present time the war veteran on war veterans allowance, and existing on that allowance at that time, will not receive anything extra under this legislation after he reaches 70 years of age. If I am not correct in that respect I am sure many of us would be pleased if the minister would clarify that point.

Mr. Martin: I think I should repeat what I said today. All persons in receipt of war veterans allowance, who can prove they are 70 years of age and who have the required residence in Canada, are eligible to apply for and receive the universal old age pension like anybody else.

Mr. Green: But will they lose the war veterans allowance?

Mr. Martin: Let us deal with that in the proper way. We are now dealing with the old age security legislation.

Mr. Herridge: That is the point I was making. I am sure a good many members will not agree with that treatment of veterans receiving the war veterans allowance. While I am on my feet there is one other point I should like to raise. It comes to mind because of certain comments early in the debate with respect to the difficulty of proving age in a number of cases. The minister mentioned that the percentage was small. If I heard him correctly, I think he said one per cent.

Mr. Martin: What I said was that in the province of Ontario to the extent of only one per cent was proof of age being offered by the production of bibles or the old testament.

Mr. Herridge: Then I did not hear the minister correctly, but the percentage of those not able to prove their age in the manner required by the act probably would be very small. At the same time, however, it is a most serious matter for those who are not able to do so. I mention this because I have encountered a number of cases of people who were known to be 80 or 85 years of age, and who could not obtain the old age pension because they could not prove their age. I refer particularly to people born in the Northwest Territories where records are not available, where births were not registered; and the same is true of people in other parts of Canada. I want to make this point. The department of immigration makes provision when deciding whether or not to admit a Chinaman, let us say, to Canada to use the X-ray method of determining the Chinaman's age. I should like to know why it is not possible to X-ray older people if age can be determined by X-ray. I have a letter

here from the immigration department with respect to the admission of a Chinaman. It reads:

> With reference to your application for the admission to Canada of your son, Wong Soo Sing, I would inform you that the examination has established that this young man is not of the age claimed, and that he could not have been born on February 15, 1934.

That was established as a result of an X-ray examination. If X-ray examination can determine a person's age—and on the basis of such examinations many people come to Canada—I should like to ask the minister why his department does not use the X-ray method when it comes to older people who have no other way of proving their age. I should like the minister to answer that question.

Mr. Martin: I am advised by the medical profession and my own medical officers, more particularly by my parliamentary assistant, that you cannot determine the age of adults by the use of X-ray, that medical science has no known method of determining the age of persons who are beyond the age of 18, let us say. In the case of children X-rays are used as a guide but they are not used as an absolute determinant of age.

Mr. Herridge: In one case the man was 21. They definitely established the fact that he was 21 and not 16.

Mr. Hees: I feel sure the minister is just as keen as any other member to make it as easy as possible for people over 70 to establish their age. I agree with the hon. member for Lanark that it is very difficult for old people to send a bulky and valuable document like a family bible or old testament a long distance in order to certify their age. I suggest to the minister that either a judge or crown attorney could make out an affidavit to the effect that he had examined the family bible which had been brought to him by the applicant. He could testify in the affidavit that it was recorded in the family bible that the applicant was born on a certain date. That would make it a great deal easier for all applicants. They could simply take the bible to a crown attorney, or a judge, and get him to make out an affidavit. I am sure the Department of National Health and Welfare would find it possible to take that as evidence. Will the minister comment on that suggestion?

Mr. Martin: I have already dealt with the question. I suppose my hon. friend was otherwise occupied, perhaps outside the house or even inside, when I addressed myself to the question put by the hon. member for Lanark. I have already dealt with that very aspect of the problem. It took me about ten minutes to do so. I hesitate to repeat the whole reply again, but I am sure my hon. friend will be glad to read *Hansard*, and I will certainly read his very pertinent observation.

Mr. Hees: I was in the house while the minister was answering the questions put by the hon. member for Lanark. I talked to the hon. member for Lanark after we rose at six o'clock, and neither of us is of the opinion that the minister answered the particular question put to him. It would take a very short time for the minister to answer it. It is most important to all applicants for old age pension, and the minister might take about two minutes to answer it.

Mr. Martin: Without repeating everything, I will simply say that it is not a question of not accepting the word of any person as to what a particular document contains. That is not the point. The point is to make sure that the information contained in the document is a true representation of what is alleged. A mere affidavit saying that there is a document to the effect that so and so's name appears, his address and his age, does not prove that is in fact the person's age. As I said in answer to the hon. member for Lanark, we have had cases where documents were actually produced to us, through some other party, and we did not accept that. We wanted to make sure the writing thereon was a true representation of what is alleged. We have had such direct cases where there was fabrication.

Mr. Hees: The one difference is that the minister was referring to affidavits made by lawyers or members of the family. I think it is a completely different thing if the affidavit is made out by a judge or crown attorney. I believe they are reliable people, and their word should be taken.

Mr. Martin: As a lawyer I respect judges, but I do not think that they are any more honest than lawyers.

Mr. Quelch: I understood the minister to say that no charge would be levied against old age pensions. Can he give me any assurance regarding the recipient of war veterans' allowances who at the present time is suffering a deduction from his allowance in order that the Department of Veterans Affairs can recover an overpayment? If the recipient of a war veterans allowance applies for old age pension at seventy, will the Department of Veterans Affairs be in a position to collect any overpayment by having it deducted from the old age pension?

Mr. Martin: I am sure my hon. friend will appreciate that what we are dealing with here is the old age security legislation. I have indicated clearly that we are excluding

from the operation of that act no segment of the population, providing proof of age and residence qualifications are established. Beyond that I cannot go. The member's question is one that should be, in the first instance, addressed to the Department of Veterans Affairs. I suspect the minister would say that when the legislation dealing with the particular matter is before the house he will be in a position to deal with the question. I should point out also that the minister indicated a few days ago a committee was to be established, and undoubtedly that kind of question will be dealt with. The only matter before the house now is the question of old age security. I have said that no group will be excluded from its operation. I do not believe I can go any further than that.

Mr. Quelch: The minister said no liens can be placed against the old age pension. He said a creditor will not be able to seize the old age pension. I am asking whether or not the government will be in a different position, and whether it will be able to seize the old age pension for a debt owing to the crown. Surely that deals directly with the old age pension and the minister can answer that.

Mr. Martin: I do not know how helpful the answer will be, because we are dealing with the old age security legislation. Legislation is in existence now concerning debts to the crown, under which the crown has a right to recover from anyone any debt owing to it. This is not a new act; it has been on the statute books for a long time. I have no hesitation in saying that if anyone owes the crown any money the crown has an obligation to recover it, but its recovery will be under the appropriate legislation which is now on the statute books.

Mr. Quelch: That would mean that any person who owed money for income taxes or for overpayment on a war veterans allowance might have that amount deducted from his old age pension. The minister has said that this pension is supposed to give universal protection, but in this case there would be no protection to anyone in the unfortunate position of owing money to the crown.

Mr. Diefenbaker: There is one question I should like to raise at this time, and not with a view to holding the matter up at all. The financing of this old age security plan was outlined this afternoon by the Minister of Finance. In passing I thought he referred to the large surplus he has built up during the last few months as a rather small surplus. That was rather a masterpiece of understatement. None the less the surplus has been built up. As I understand the system of financing there is to be a 2 per cent sales tax, at 2 per cent addition to the income tax, and a 2 per cent corporation tax. That being so, and in order to assure that what we are doing is in fact constitutionally correct, I should like to ascertain from the minister how it is that in discussing the resolution now before the committee we are departing from the regular constitutional procedure in the imposition of new taxes to meet the old age pension requirements.

As I understand the British constitutional development and our own which is based thereon, in the imposition of taxation it is necessary that the customary motion be made by the responsible minister that the Speaker do now leave the chair for the house to go into committee of ways and means, and also the other motion that the Speaker do now leave the chair for the house to go into committee of the whole for discussion, first of the principle of the resolution, and second of the ways and means whereby the necessary funds will be made available. I should like to ascertain from the Minister of Finance whether or not this phase of the matter has been considered. I know of no case, and I looked into the constitutional authorities on the subject, where legislation similar to that before this committee today has ever been before any parliament without the customary procedure being followed. I raise this point, not for the purpose of holding up the matter in any way—I do not want anyone to misunderstand me—but with a view to ensuring that what we are doing is not making a short cut through our constitutional procedure that may subsequently become a precedent.

Having said that, and while the minister is looking up the authorities on that subject, I should like to mention one other question. I discussed it with the hon. member for Vegreville. I do not know whether or not he is in the chamber at the moment, but it is a matter that affects many people in all parts of this country in establishing proof of age. Those who came to Canada from continental Europe, some sections of which are now within the shadow of the iron curtain, find that all legal documents respecting registration of births and the like are unavailable to them. What general plan has been decided by the department to make it possible for those people to establish their age? I believe this matter deserves some consideration over and above that given to the matters raised by the hon. member for Lanark and the hon. member for Broadview. I know of numbers of cases in which people fully qualified by age, and in this category that I have mentioned, are unable to establish their age and will have great difficulty in

being able to do it, the family bible being in Europe or some other part of the world, and no one older than themselves being available to swear an affidavit as to the date of the birth of the applicant. In consequence, unless there is some relaxation of the rules as of this date, many will be denied that to which they are entitled.

At the same time I should like to mention one other matter—because I do not want to occupy the time of the committee by repeated questions—and to ask the minister if he will give an answer when he speaks. Today he mentioned the fact that in no case had the federal authority ever requested or suggested the filing of a caveat against the lands of an applicant so there would be a degree of recoverability of the amount paid to old age pensioners, after their death. I should like to ask him, however, whether it is not a fact that recoveries have been made against the estates of deceased old age pensioners and also whether or not the federal authority has not received, from some of the provinces, a share of the moneys so recovered. When the minister is answering that question, he might answer this further one. If such be the case, I should like him to give the figures as to the recoverability of moneys paid to pensioners, according to the amounts in the several years from 1949 to date, by provinces, so we will understand the degree to which the registration of caveats or charges against the estates of deceased pensioners has, in fact, been utilized for the purpose of recovery of some part of the pension paid.

There are some other matters I might refer to later on, but these are some questions that occur to me. In raising the initial matter with the Minister of Finance I do so because I believe it deserves attention. Today for the first time in my experience this procedure is being followed. I have looked up the constitutional authorities in the library, and this is the first instance I can find of the preliminary procedure not being followed whereby the Commons in fact becomes the guardian of the public purse. Through the continuance of this method of procedure, which is not a fiction, parliament retains control over the purse and over the requirements of the crown as represented by the cabinet.

Mr. Abbott: To answer the legal point raised by my hon. friend, Mr. Chairman, may I say at the outset that the procedure being followed here is the procedure which was recommended by the law officers of the crown and approved by the law clerks of the House of Commons. I appreciate that this is not a direct answer to the question which has been raised by my hon. friend. However, the point he raised would appear to be covered by standing order 60 of Beauchesne's second edition, which reads as follows:

> If any motion be made in the house for any public aid or charge upon the people, the consideration and debate thereof may not be presently entered upon, but shall be adjourned till such further day as the house thinks fit to appoint; and then it shall be referred to a committee of the whole house, before any resolution or vote of the house do pass thereupon.

Of course the usual rule applies that no charge may be proposed or suggested except one based upon a resolution which is introduced by a member of the privy council. That rule would appear to indicate that on one day's notice a resolution preceding a measure which imposes a charge upon the public purse may be introduced, as this one has been introduced.

Mr. Wright: It is my understanding that under this universal old age pension, as under the previous Old Age Pensions Act, pensions would be paid to Canadian citizens only while they continued to reside in Canada. They may leave for a short visit, but they cannot take up permanent residence outside Canada and receive payment. During the war a great many girls in this country were married to airmen from various parts of the British commonwealth, and great numbers of our Canadian soldiers and airmen married in Great Britain. There is no doubt that a large number of our citizens, in the later days of their lives, may want to go and live with their children in some other parts of the commonwealth. Has the government had any conversations or negotiations with other parts of the commonwealth that have social security schemes, with a view to having these pensions, or a portion of them, paid to residents of Canada when they take up residence in other parts of the commonwealth? I think something should be done in this regard, because I am sure a great many of our citizens may find themselves in that position in the later years of their life.

Mr. Coldwell: I should like to support the hon. member for Melfort in what he has just said. My understanding is this: At the present time, for example, a British old age pensioner receives his pension as of right; he receives it because contributions have been made. If the old age pensioner comes to Canada, for example, that pension is paid to him in Canada, regardless of the length of time he is in Canada, because he receives that pension as of right in view of his contribution. This plan, as the minister said this afternoon, is in effect a contributory plan, as I understand it. Consequently it is paid to an old age pensioner, I take it, as

of right, in exactly the same way as the pension to the British old age pensioner is paid as of right, on account of contributions made. If the British old age pensioner receives the pension as of right, on account of contributions made, it seems to me that, by the same token, a Canadian citizen transferring residence, as mentioned by the hon. member for Melfort, to the United Kingdom or elsewhere should also receive that pension as of right on account of contributions that have been made, if this is a contributory plan, as I understand it is. I should like the minister to say something about that matter.

While I am on my feet I might follow the example set by the hon. member for Lake Centre and say that I thoroughly agree with those who have brought to the attention of the house the necessity for making some provision for the establishment of age on the part of those who are unable to get proof from the places where they were born, or who cannot produce a prayer book, bible, or something of that sort in the way of a record. When these people come to this country they receive a landing card. They are on the manifest of a ship. As I understand it, at the port of entry a record is made of their entry; and if my recollection serves me correctly the age of the immigrant is given on the manifest and on the record. Would it be possible for the immigrant to establish age on the basis of entry into Canada, or failing that, on the first census taken after his arrival in Canada?

Mr. Martin: Perhaps before I get lost in the three questions that have been asked I had better deal with them now; and I will deal with the last one first. There are many types of documents that may be used to establish satisfactory evidence of birth, in accordance with the practice on which we have embarked. I mentioned those various kinds of documents today, before six o'clock, and I will not repeat them now. The kind of document to which my hon. friend has just directed our attention is one of those. For instance, a landing card is accepted without any equivocation as evidence of the birth of an immigrant. That brings me directly to one question put by the hon. member for Lake Centre, who generously referred to the interest of the hon. member for Vegreville, who cannot be here at the moment but who had already spoken to me, as the hon. member for Lake Centre knows, about the same question. I may say that we had less trouble about the establishment of birth of people who have come from Europe, particularly, than we have had with a good number of our own native-born people, for the simple reason that immigration papers, landing cards, naturalization papers and the like are accepted readily and finally as sufficient proof for the purpose of qualification, and our practice has shown that we are not experiencing great difficulty with that group of people.

The hon. member for Lake Centre also mentioned the question of caveats and liens. He said it was true that the federal government had at no time required any province to impose a lien for the recovery of moneys due to the crown that had been overpaid for one reason or another; and that being the case, could I estimate year by year, province by province, what was the amount of such recoveries. My hon. friend will excuse me if I do not give him that detailed information tonight because I have not it immediately available, but I will give him some round figures. The fact is that under the Old Age Pensions Act, as a result of an agreement, a contract made between ourselves and the provinces, there is an obligation on the part of the latter to recover moneys that have been overpaid, or have been received by deceased persons improperly or illegally under the act. The amount of such recoveries in any one year since 1950 has never exceeded $500,000. Under the act, of course, the recovery of such moneys by the provinces has, in respect of the dominion's share, to be paid to that jurisdiction of government, and that has been done. Of course all provinces have not resorted—and it is their right, having in mind their provincial sovereignty—to the imposition of liens. The fact is we have not insisted on the imposition of liens, nor has that been done in every province. This $500,000 recovery which is the maximum received in any one year would be less than one-half of one per cent of the pension payments in any one year.

Mr. Diefenbaker: Was that recovered out of estates?

Mr. Martin: Yes. I think I have dealt with all the hon. member's questions. The hon. member for Melfort spoke about the possibility of a reciprocal arrangement with commonwealth countries. I can only say that two and a half years ago there was some correspondence with several parts of the commonwealth on this point. No definitive arrangement was reached, largely because some countries took the view that until there was equality in amount as well as in extent and type of the various measures of social security you could not propose a reciprocal arrangement. In any event, in the present legislation there is no such thought.

Noting what the hon. member for Rosetown-Biggar said, I can only say there will be provision in the legislation providing for the

suspension of the payment after a certain period of absence of anyone who leaves the country. That is not a unique provision. It will be found to be in existence in at least three other jurisdictions of the commonwealth.

Mr. Coldwell: But that varies from the British practice, does it not? The British practice is that having made the contribution the pension is paid as of right as long as the pensioner lives.

Mr. Martin: There are two acts in Britain where that does not apply, but I just have not the names of them at the moment.

Mr. Coldwell: I think I am right. The other thing I want to say—and I shall be brief—is that I hope the government and the Minister of Finance will reconsider the suggestion made this afternoon that a ceiling be placed upon the amount of the payment above the middle brackets. It seems to me that what is being done is placing the burden very largely upon the middle income group, with the exemption and all the rest of it. I think it is a mistake from the point of view of public support for a matter of this description to say that for persons who have a taxable income of over $3,000 the ceiling is $60. It does not matter whether you have $50,000 a year or whether you are a millionaire; you will have to pay only the limit of $60. I do not think that is in conformity with the present view in this country.

Mr. Abbott: I should like to say just a word about that now, since it has been raised again, Mr. Chairman, to tell the committee why the ceiling of $60 was selected. In the first place, as I said in my statement this afternoon, this pension is being paid to everyone as of right. It should be based on the benefit principle of taxation and in strict logic everyone should make the same contribution. As I said this afternoon, that might be considered to be a harsh thing and impractical. The contribution is going to be made throughout his or her working lifetime by every person in this country, and it will be made in the form of three types of taxes: First, the sales tax; second, the personal income tax with the ceiling indicated; and third, the corporate tax. And let us not fool ourselves; the corporate tax is paid by the users of the goods and services of corporations, so the people who are going to get the old age pension are making their contributions in one of these three ways.

On the system that is proposed it is quite clear to anyone who has the most elementary knowledge of simple arithmetic, let alone higher mathematics, that those in the medium and higher income brackets will be making payments into this fund greatly in excess of any benefit they may possibly draw from it. Income tax with a ceiling is only one element. It costs a man 30 years of age about $60 a year to buy a pension of $40 a month at age 70; so that the producer at 30 years of age by setting aside $5 a month could purchase a pension for himself of $40 a month at age 70. In order to pay the full $60 ceiling the married man will have to have an income of $5,000. The 2 per cent tax will only apply on his income in excess of the existing exemption, so that a married man with $5,000 and no children will reach the ceiling of $60 so far as his income tax contribution to the fund is concerned. If his income is $5,000, at that level about one-third of his income is spent on goods subject to sales tax. He will pay 2 per cent on whatever that is. Actually I think the percentage is a bit higher when you get to the $5,000 range. Up to about $3,000 the calculations which have been made show that about one-third of the purchases of people in that range—I am speaking from memory—are subject to sales tax. So if you take the man of medium or higher income, and taking the three types of contribution into account, you will find that he will be making a contribution to the fund greatly in excess of any benefit he is ever likely to draw from it.

The 2 per cent special social security tax is in addition to any other income tax which may be imposed. Today, as a result of the 20 per cent surcharge, people in the highest income brackets pay 100·8 per cent on the upper part of their income. Obviously it is not possible to take much more from them. But on the principle that it is fair and just that everyone should get equal payments then contributions should be made on the benefit principle. I suggest it is eminently fair that there should be some ceiling put on that portion of the fund which is built out of contributions of the income tax payer; I said this afternoon, only about half the people who earn salaries and wages in this country are subject to the payment of income tax.

After giving this matter the most careful and anxious consideration I have been able to give it, I am convinced that it is not only proper but eminently fair to have ceilings on the contributions. And the $60 ceiling, as I say, was selected—we had to select some figure—as happening to be the figure which represents the cost of an annuity at the age of 70 for a man 30 years of age.

Mr. Coldwell: Then if that is so, if it was on the basis of an annuity, by what right does the government write into this legislation any limitation as to the residence of the person who has paid for that annuity? You

cannot have it both ways. If this is worked out on an annuity basis, then the government has no right to write into this legislation anything whatsoever which limits the residence of the individual.

And might I also say this, that while the minister made a good case, from his own point of view, I think this principle has to be considered; that a very large number of people will be contributing only through the sales tax, or the social security tax, on certain classes of goods. Although generally I have been opposed to the sales tax, for general purposes, I think perhaps some argument can be made for a tax of that description for social security, for a specific purpose in relation to a specific fund. That is the only contribution that will be made by many; consequently it seems to me we should expect those who have very large incomes to assist the fund from those large incomes to make up for at least some of the amount those on small incomes will not be able to contribute to the fund.

The point I want to make is that if this can be worked out on something approaching an annuity basis, then the government has no right to take away an individual's right to receive that annuity or that old age pension regardless of where the recipient may choose to reside.

Mr. Fleming: I have one or two questions for the Minister of Finance: First, will the pension be taxable income in the hands of the recipient?

Mr. Abbott: Yes.

Mr. Fleming: The second question concerns the relationship between the social security fund and the consolidated revenue fund. Leaving out of consideration entirely any provision made out of the consolidated revenue fund under the Old Age Assistance Act passed last June or the Blind Persons Act passed last June, but thinking in terms of what the situation will be after January 1 with reference to pensions, will the consolidated revenue fund as such be relieved now of the amount it is bearing at the present time, namely about $100 million a year, which is the dominion's share of the present dominion-provincial old age pension plan?

Mr. Abbott: Yes, I think that is correct. As I said this afternoon, the over-all cost of providing the no means test pension to all over 70 years of age will be about $340 million. The present cost of old age assistance, which is shared with the provinces—that is, the cost to the dominion—is at present about $106 million, and we estimate that next year it will be about $117 million. It is estimated that the cost of the new old age assistance program, shared with the provinces, may amount to about $35 million. So that there will be a lessening of the charge on the general funds of something in the order of $80 million to $100 million in the first year. But it was felt proper, in setting up the continuing fund for the payment of these no means test pensions as of right at 70 years, that we should provide for the full cost which, as I say, will be something in the order of $320 million to $340 million in the first year. The answer to my hon. friend's question is that in the first year there will be a lessening of the charge on the consolidated revenue fund of something in the order of $80 million to $100 million.

Mr. Fleming: That point concerned the committee on social security somewhat, because they looked at the present situation and, dealing in round figures, said that the consolidated revenue fund is providing about $100 million a year and the new program would run around $300 million a year; therefore another $200 million of revenue must be provided.

Mr. Abbott: It is up $40 million over that estimate now.

Mr. Fleming: I want to be clear on this: the new tax proposed today—the 2-2-2 formula—will provide not just the amount required for the social security fund over and above the amount now borne by the consolidated revenue fund, but also, if not in the first month then certainly soon thereafter, it will bear the entire burden which will be cast upon the social security fund to provide the entire cost of the pension for those 70 years of age and over. In that way the consolidated revenue fund will be relieved of the burden which now runs to something in the neighbourhood of $100 million a year?

Mr. Abbott: That is right. As I said this afternoon, I want to emphasize that the estimate I have given should be considered as a tentative approximation. I would hope and expect that next spring, when we have had the benefit of two or three months of actual operation of the plan, it would be possible for me to assess the situation more accurately. But the committee will appreciate that in the 2-2-2 plan which is being recommended the two per cent sales tax is transferring an existing tax to the old age security legislation.

Mr. Fair: The question of proof has been discussed at some length, not only at this time but in times past. My section of the country is in exactly the same position as that of others who have spoken. Before the dinner recess the Minister of National Health and Welfare enumerated a number of

methods which might be used by an applicant to supply proof of age. I wonder if the minister has sent out instructions in this connection to the registrars in the different provinces. If that is done and a little later on we have difficulty, would it be sufficient to show registrars in various places a copy of today's *Hansard*, so they might know what the minister has said?

Mr. Martin: I am sure today's *Hansard*, containing the speeches of the Minister of Finance and myself, would be readily accepted by officials employed in the government service throughout the country. I can only say that instructions went out as early as the middle of July along the lines I indicated today.

I might tell the committee that applicants in many parts of Canada have shown great ingenuity in offering evidence as to proof of age. Perhaps the most curious, to date, has been the offer of an applicant in Prince Edward Island to prove age by a tattoo on his leg which gave his name and date of birth. He was an old-time sailor but it happened that he had documentary evidence which was completely acceptable, so there was no need to delve further into the question of the tattooing.

Mr. Fair: Pursuing that a little further, in the past we have had quite a little difficulty proving the age of persons who came from Europe. There are persons in my constituency who have not been able to get a pension because they could not give proof of age. At times this was due to misspelling of their names when they came to the country, or it may have happened that they were in outlying districts when the census taker came around. Will some provision be made to take care of cases such as those, so these people may no longer be denied pensions because of their inability to produce proof of age?

Mr. Martin: I have noted what my hon. friend said.

Mr. Henry: May I ask a question about missionaries serving abroad? There is an elderly couple from my constituency who are both serving abroad as missionaries, and I am wondering if the time they have spent abroad will count as residence.

Mr. Martin: I stated this afternoon that Canadian missionaries or those required to be out of the country for occupational reasons will be able to consider their term of absence from the country as having been spent in the country.

Mrs. Fairclough: I was rather relieved to hear the minister say that the tattooed gentleman had been able to produce documentary proof, because I presume that if he had not, following the precedent set by the department, he would have had to amputate his limb and send it to the provincial capital. I am gravely concerned about those people who are unable to furnish proof of age. All of us are acquainted with those who are unable to prove age other than by having copies made of documents which sometimes are too hefty or unwieldy to be shipped to a point some distance away. I wonder if the department would not be prepared to pay the express charges in these cases. Many of these people simply cannot afford to ship a 25-pound document two or three hundred miles. These are all problems which bother elderly people.

I know of many members of the legal profession who have gone to the homes of aged people to examine documents and make copies because it was impossible for those people to transport the heavy documents to their offices. It would cost them money to hire a taxicab. I know that even in Ontario there were many births 40 or 45 or more years ago that were not registered. I ran into a case along this line not long ago, when some people were attempting to secure proof of age in order to obtain United States citizenship. Their births had not been registered and they were unable to secure the necessary evidence in order to obtain naturalization papers. If the minister is not prepared to yield on this point I suggest that there be appointed in each municipality a local authority to examine documents and certify to their authenticity, and thus relieve the anxiety of these old people.

I have in my hand a letter from a gentleman who would be well known to many hon. members of this house, because for twelve years he was a member. He is a former member of the tariff board, and I think his word can be taken as a parliamentarian and a gentleman. He writes:

> I am one of those who made application over two months ago following departmental requests to send application in early. I was born Jan. 21, 1881, being now over 70 years of age. I forwarded my birth certificate and never dreamed but that this would be acceptable proof of age. To my amazement I received a letter October 3 from Mr. F. C. Jackson, regional director, in which he says:
>
> "Unfortunately this document does not present acceptable proof that you are over seventy years of age and it is not possible, therefore, to approve your application for payment, without further evidence."
>
> If this does not present proof of age, in the name of heaven, what does?

I repeat, if that is not proof of age, what is?

Mr. Martin: Will my hon. friend send me that letter?

Mr. Cardiff: I come from a part of the country where our senior citizens live to be very old, and in most cases they retain their intelligence almost until death. An old gentleman came to me the other day, or rather a young gentleman of 69 years, and told me that he could not find any trace of the registration of his birth; however, he said that he had an affidavit from his godmother who was with his mother when he was born. Would that be acceptable?

Mr. Martin: As I was reading the letter sent to me by the hon. member for Hamilton West I did not follow my hon. friend. I shall note what he said.

Mr. Shaw: What policy is pursued in connection with treaty and non-treaty Indians as to proof of age, and what has been the experience up to the present time?

Mr. Martin: Our experience with Indians has been very good. We are operating through the Indian affairs service and are fortunate to have the advantage of the assistance of Indian agents and so on. We are not experiencing undue difficulty.

Mr. Shaw: What possible evidence could there be in connection with non-treaty Indians. Have you had no difficulty at all?

Mr. Martin: I said no undue difficulty.

Mr. Shaw: I shall have to examine the minister's dictionary.

Mr. Fleming: Would the minister clarify the situation in regard to applications pending? We know that some 305,000 were taken over from the provinces in connection with which age had been admitted. The minister said that up to October 23 an additional 277,000 applications had been received. How many have actually been reviewed, that is either approved or rejected?

Mr. Martin: The revised figures as of last night show applications received in the number of 284,239. Of that number, 174,953 have been approved. A total of 109,000 applications are now in hand and have still to be approved. We estimate that possibly 15 per cent of those will require further verification or submission of evidence. That leaves roughly about 95,000 applications still to be received. On the basis of three months yet to come it would appear that we would be well within our mark in the light of our experience of the previous three months.

Mr. Fleming: As I understand the minister's reply, he is saying that of the remaining applications standing for review about 15 per cent are likely to require further proof.

[Mrs. Fairclough.]

Mr. Martin: That would be on the basis of our experience with regard to the others.

Mr. Fleming: In how many cases to date have applications been rejected?

Mr. Martin: I could not give that figure offhand. I have not that information. I will get it.

Mr. Fleming: Is it a significant figure?

Mr. Martin: No.

Mr. Macdonnell (Greenwood): Not undue.

Mr. Martin: Not undue.

Mr. Fleming: I presume the minister can get that figure and give it.

Mr. Martin: I will give it when we come to the bill.

Mr. Green: Earlier in the discussion there was some mention of recipients of war veterans allowance. The Minister of Veterans Affairs is in the house now, and I think it would be in the interests of the veterans and the public generally if between them these two ministers would make clear exactly what the result will be for two classes of veterans. In the first place there is the veteran who is in receipt of a disability pension, and in the second place the veteran who is getting the war veterans allowance. I understood the Minister of National Health and Welfare to say that everyone over 70 would qualify automatically for the $40 pension, but when he was asked what effect that would have on the veteran who was drawing the war veterans allowance the reply was that that would have to be answered by the Minister of Veterans Affairs, or would be decided when a special committee on veterans affairs is set up during the 1952 session of the house.

I do not believe a reply of that kind is satisfactory. I should like to know whether, in the case of a veteran who is drawing a disability pension and is 70 years of age, he will get the old age pension and also his disability pension. Furthermore, if he is in receipt of the unemployability supplement, will he continue to get that supplement? During the meetings of the special committee on veterans affairs last spring we were told he would not, but I should like to have that cleared up now.

Secondly, where a veteran is drawing the war veterans allowance is he going to lose that allowance because he gets the old age pension? Surely these two questions must have been considered by the government before this legislation was brought down. I repeat that it would be in the interests of everyone if that information were given tonight.

Mr. Lapointe: With respect to the pensioner in receipt of a disability pension under the Pension Act, he will be entitled to the universal old age pension as mentioned by my colleague.

Mr. Green: Louder.

Mr. Lapointe: I said that, upon reaching the age of 70 and meeting the other requirements of the act, he would be eligible for the old age security pension the same as any other citizen.

Mr. Green: As well as for his other pension?

Mr. Lapointe: With regard to the recipient of the war veterans allowance, as my hon. friend knows the War Veterans Allowance Act establishes a ceiling of permissible income in the same way as the present old age assistance acts. Under the new old age security legislation, old age security payments are going to be considered as income. They shall not be deductible from the war veterans allowance payments as such. I might give an illustration: let us take the case of a veteran who is single and in receipt of the war veterans allowance of $40; with the present ceiling existing in the act, which is $600, the veteran should apply for his old age security payment upon reaching 70. He would receive $40 a month, and with respect to war veterans allowance if he does not have any other source of income he would be entitled to receive the difference between $480, which is twelve times $40 a month, and the ceiling of $600. That is what will take place.

Mr. Green: That is $10 a month.

Mr. Lapointe: That is right. Actually I think it is $10 and some odd cents. That is what will take place, when this legislation comes into force, under the terms of the present War Veterans Allowance Act.

Mr. Green: Is the pensioner who is in receipt of an unemployability supplement to be eligible also for old age pension or will he lose his unemployability supplement?

Mr. Lapointe: That matter is being considered at the present time, and I will be giving an answer on that question.

Mr. Green: The war veterans allowance is paid to the front line veteran at 60 years of age on the presumption that he was pre-aged ten years by his fighting service. The new old age pension has no means test. Is the means test to be retained for the war veterans allowance recipient, and if so, why?

Mr. Lapointe: At the present time it is, but that is one of the questions which I hope the special committee on veterans affairs will look into when it is set up during the next regular session. The whole War Veterans Allowance Act will be submitted to it, as I announced some days ago.

Mr. Fulton: Will they have any power to deal with it?

Mr. Lapointe: I said it would be submitted to them. If my hon. friend had read my announcement he would have understood that is the purpose of setting up the committee.

Mr. Fulton: Similar committees have been set up before without any powers.

Mr. Herridge: Will all persons who are now receiving pensions under the terms of the Pension Act be entitled to the old age security payment provided they can fulfil the requirements of the old age security legislation?

Mr. Lapointe: The answer is yes.

Mr. Churchill: I have been trying to get in a word for half an hour with respect to the war veterans allowance, and perhaps this is my opportunity. As I understand it this will be the only group in the country that will receive rather different treatment. I think further consideration will have to be given to this matter, and the assurance surely must be given that people receiving war veterans allowance will benefit in the same way as others who are drawing pensions of one sort or another. This measure has been advertised as a security scheme without a means test, yet it seems to me that the means test is being applied with regard to this one group.

Mr. Lapointe: Oh, no. If I may interrupt my hon. friend, what I said in answer to the hon. member for Vancouver-Quadra was that the means test was still in the War Veterans Allowance Act, but it certainly does not exist as far as old age security payments are concerned for any recipient of war veterans allowance who reaches the age of 70.

Mr. Churchill: Perhaps I did not make myself clear. The point I was trying to make was that this security plan is advertised to be without a means test. That is one of the great features of it. People who are eligible in other respects, and who are drawing war veterans allowances, are going to find that notice will be taken of the fact that they are drawing money under the War Veterans Allowance Act, and consequently their income is going to be reduced. The income of no other group drawing pensions or retirement allowances will be reduced.

Mr. Lapointe: It is going to be increased by $10.

Mr. Churchill: It will not be reduced, but those who have been expecting that they would benefit to the extent of the pension

are now going to be disappointed. I would point out that we have a figure of 700,000 indicated as the possible number who will be eligible for this old age pension without a means test. This group on war veterans allowance is rather small. The report of the Department of Veterans Affairs indicates that there are 26,635 who are receiving the war veterans allowances and who are 60 years of age and over. They cannot all be over 70 years of age, though the statistics do not indicate that.

Mr. Lapointe: Some are under 60.

Mr. Churchill: There are a few, but not many.

Mr. Lapointe: We have some who are only 31 years of age.

Mr. Churchill: We can assume the majority are 60 years of age and over. We can assume that perhaps half are 70 years of age. You get a group, therefore, of about 12,000 or 13,000 persons who are being set apart from this whole scheme, and a different type of arrangement is being made with regard to them. I suggest that does not make sense when you are dealing with 700,000 people across the country.

Mr. Green: Mr. Chairman, as I understand the statement made by the Minister of Veterans Affairs, the position will be this. If a war veterans allowance recipient has no other income, then he will get $50 a month instead of $40. That is correct, is it not?

Mr. Lapointe: Yes; he will get his $40 a month under the old age security legislation, and the difference between that and $600 per year from the war veterans allowance.

Mr. Green: He will get his old age pension but he will lose $30 of his war veterans allowance.

Mr. Lapointe: At the present time.

Mr. Green: That will be bringing him up to a total of $50, but if he has any other income or if he is only eligible for partial war veterans allowance, then he will get absolutely no benefit from the old age pension. His income will not be increased at all.

Mr. Abbott: But this pension is income just the same as any other type of income in the hands of veterans. It is going to be subject to tax, and that is the fundamental principle of this new old age security program. The $40 is taxable income in the hands of every recipient. That is a very simple principle, and it carries with it all the consequences of its being taxable income.

Mr. Green: The Minister of Finance has not dealt with the point I have raised. If the veteran has other income or if he is only able to qualify for partial war veterans allowance—

Mr. Lapointe: Because he has other income.

Mr. Green: —because he has other income, then he will not get any benefit whatever from the old age pension.

Mr. Lapointe: He will be getting his old age pension, but he will not get any war veterans allowance.

Mr. Green: He will get his old age pension, but he will not get any war veterans allowance.

Mr. Abbott: What we have to remember is that it has always been recognized that the War Veterans Allowance Act provides a special type of old age pension to veterans at a lower age limit, and with certain other advantages including medical treatment. It has been considered as a form of old age pension at a lower age, of course, for the reasons that have been indicated by some of the previous speakers. It has always been subject to the means test in the same way as the old age assistance which is going to continue to be shared jointly by the provinces, and which will continue to be subject to the means test. The old age pension is paid without a means test to everyone, and it is taxable income in the hands of the person who receives it.

Mr. Macdonnell (Greenwood): Surely this point still arises, and I am not for a moment expressing an opinion as to what should be done. Let us be clear as to what happens. It is correct to say that here you have two men, one with a private income of $480 arising we will not say how, and the other a veteran with an income of $480 which he gets under the War Veterans Allowance Act. At the present time they are both in the same position. Then along comes the old age security measure, and the man who has the $480 arising by whatever means will get the $480 in addition, but the veteran only gets $120. For the moment I am not expressing any opinion, except to add that what the member for Winnipeg South Centre has said is true. In that way we are discriminating against the man under the war veterans allowance. You may say he is in a different position in that he already derives his income from an allowance and he should be treated differently. I am merely pointing out that these two men are treated differently.

Mr. Abbott: In just the same way as if the recipient of the war veterans allowance came into a legacy and had an income, then his war veterans allowance would be reduced

proportionally. This payment is a payment as of right which is being contributed to by everybody, and the theory is that it is not charity. It is not being given out of somebody else's money, but is being given out of contributions that are made by people who can make them. We had to maintain a principle in this thing, and that is the principle. Another principle is, as I have said before, that it is taxable income, and the people in the relatively high income bracket are going to get very little benefit from the old age pension. Those in the highest bracket will get virtually nothing.

Mr. Brooks: This problem arises, of course, because last year the war veterans committee could not consider the matter of the war veterans allowance. The whole difficulty is that this $600 ceiling is too low. It does seem to me it is very unfair to these war veterans to say that they now have to wait until 1952 before the War Veterans Allowance Act will be considered.

Mr. Abbott: They will not get the new pension until 1952 either.

Mr. Brooks: These men are in a different category altogether. If we do not consider the matter until 1952, it may be late in 1952 or 1953 before it is remedied. I believe something should be done at once to raise the ceiling so these men would be treated in much the same manner as every other citizen of this country.

Mr. Cruickshank: May I ask the Minister of Veterans Affairs, if a war veteran decides to apply for the old age pension will he lose his hospital rights or will he still be considered as a war veteran?

Mr. Lapointe: Any recipient of war veterans allowance who, because he starts to receive old age security payments stops receiving payments under the War Veterans Allowance Act, may continue to have the same medical treatment.

Mr. Johnston: The question I had in mind was similar to the one asked by the member for Fraser Valley. I believe the problem that is going to concern the veteran is whether he should apply for old age pension, having in mind that he will receive no more than the $40 he is getting from the veterans allowance, if his medical benefits are going to be reduced. It may be that the veteran will not receive or does not receive a great deal in the way of medical benefits at the moment, but next year he may require a great deal of medical treatment. I understand the minister to state that even if the war veterans allowance is reduced to zero, so long as he is qualified under the War Veterans Allowance Act he will continue to receive all the benefits for which he is qualified under that act.

Mr. Lapointe: So long as he is in the same financial position, if I may use that expression, as when he was a recipient of the war veterans allowance.

Mr. Johnston: Does that mean he will have to go back periodically for an examination under the War Veterans Allowance Act to ascertain whether or not he is qualified to receive that allowance?

Mr. Lapointe: The situation will not be changed at all so far as he is concerned, except that he will be getting $40 under the old age security. As regards medical treatment, it will be exactly the same situation that exists now.

Mr. Hees: As the allowable income for old age security was raised from the old ceiling of $600 to $720, is it not reasonable now, with the rise in the cost of living, to raise the allowable income ceiling for war veterans allowance from $600 to $720?

Mr. Lapointe: That is one of the points that will be considered when the War Veterans Allowance Act is looked into at the next session. As I mentioned before when I made that announcement, such a change can be made retroactive to January 1, 1952, which will be the date of the coming into force of this act, so there will be no difference in the application of the two acts.

Mrs. Fairclough: May I ask the Minister of Veterans Affairs whether these same rules apply to the non-pensioned war widows as well?

Mr. Lapointe: I have not looked at the problem from their point of view particularly. There are certain differences as far as they are concerned. I shall be glad to look more thoroughly into the matter and let my hon. friend know.

Mrs. Fairclough: I should be glad if the minister would look into it.

Mr. Lapointe: Yes. That matter will be studied at the same time.

Mr. Knowles: I should like to ask a few questions of two of the ministers and of one of the parliamentary assistants. May I deal with the parliamentary assistant first; and I am referring to the parliamentary assistant to the Minister of Transport, to whom I should like to address a question in the absence of his minister. If he is not in a position to deal with it I am sure he will draw it to the attention of the minister. I refer to the matter I mentioned when I was speaking this afternoon, namely that clause

9 of the rules and regulations of the Canadian National Railways pension fund specifies—

Mr. Abbott: Order.

Mr. Knowles: Just a minute. This is perfectly in order. Clause 9 specifies that no one can receive that pension if he is in receipt of a pension where such pension or allowance is contributed to wholly or in part by the company or by the government of Canada, except war pensions. I put the whole of that clause upon the record this afternoon. My point is that, as that rule reads, it would seem to be clear that recipients of Canadian National Railways pensions would lose those pensions—

Mr. Gibson: It is not a government pension.

Mr. Sinclair: Another parliamentary assistant.

Mr. Knowles: Just a minute. The hon. member for Comox-Alberni has been paying as much attention as has the Minister of Finance. As I say, the recipients of Canadian National Railways pensions would lose those pensions—and particularly the basic pension of $25 a month—if some change is not made in that rule. If I may quote the rule again for the benefit of the hon. member for Comox-Alberni, it says that a Canadian National Railways pension is not receivable by a person who is in receipt of a pension which is contributed to wholly or in part by the government of Canada.

It is obvious that this problem will have to be looked into. I may say quite frankly that I think it is the intention of the government that there shall be no loss of those pensions, and that this $40 shall be received by Canadian National pensioners in addition to what they are now receiving. But it is a point that I think should be looked into and I would refer it to the Minister of Transport or ask that the parliamentary assistant take it up with the Minister of Transport.

Mr. Benidickson: My hon. friend will recall that at the last session the president of the Canadian National Railways advised the committee on railways and shipping owned and operated by the government that the representatives of the union and the management of the C.N.R. were looking forward to some change or the prospect of change in our general pension set-up and, as a result of that, they felt that their whole pension arrangements might be revised. I would think that on second reading the Minister of Transport would be able to answer my hon. friend specifically with respect to changes in legislation if they prove to be necessary.

Mr. Johnston: May I ask this question on the same subject that has just been dealt with by the parliamentary assistant. The section the hon. member for Winnipeg North Centre just read was to the effect that the pension could not be received if the employee was in receipt of a pension which was contributed to by the government. Let me ask the Minister of Finance this question. Is the government contributing? I would think that the government is not contributing in any way whatever.

Mr. Abbott: That is an extremely interesting legal question. Of course the people of Canada are making the contribution. But I will refer my hon. friend's question to the law officers of the crown for a formal answer.

The Deputy Chairman: Shall the resolution carry?

Mr. Knowles: I should like to ask a couple of questions of the Minister of National Health and Welfare. From what he said this afternoon am I to understand that when the act is passed it will then be possible to refer to census records for proof of age in future years?

Mr. Martin: Yes.

Mr. Knowles: In other words, some of the difficulty now being experienced may not be experienced once the act gets into full operation?

Mr. Martin: Yes.

Mr. Knowles: I know of certain persons who applied for the pension soon after it was so well advertised by the minister—and I thank him for taking that suggestion of mine—and who submitted only one document, namely an acknowledgment of receipt of proof of age by an insurance company. I know of at least one instance where, that having been done, the applicant received back the document and was advised that his application had been approved. Has there been a change so that it is now necessary to submit, along with that, another item? I have in my hand a copy of the suggested proofs of age that the department sends out and I find that acknowledgment of proof of age by an insurance company is included in the group of items where two different documents are required. Has there been any change in that or is it still in order to accept just that one item?

Mr. Martin: That item would be sufficient.

Mr. Knowles: That item will be sufficient?

Mr. Martin: Yes.

Mr. Knowles: I suggest that this be drawn to the attention of the hon. member for Lanark. I think he mentioned a case this afternoon in which the one was not sufficient.

Mr. Martin: Let me have those cases.

Mr. Knowles: The other comment I wish to make is in reply to what the Minister of Finance said earlier in response to the comments by the hon. member for Rosetown-Biggar in support of the view we take that there should not be this $60 ceiling on the tax to be paid under the heading of old age security, so far as well to do persons are concerned. In endeavouring to justify that $60 ceiling the Minister of Finance tonight said that the figure was arrived at because it was approximately the amount which would buy an annuity equal to the old age pension if it was purchased at a certain age. May I suggest that is one of the reasons we take exception to this idea of imposing a ceiling. I have in my hand a copy of the report of last year's parliamentary committee, and in paragraph 38 on page 106 I note this sentence:

> The universal pay-as-you-go system of old age security is designed to avoid the chief weaknesses of the insurance approach by assuring benefits to the entire population in the eligible age group. It does not attempt to relate the benefit which an individual receives or the amount of that benefit to the individual record of contributions.

Mr. Abbott: Of course.

Mr. Knowles: I am glad to hear the minister say "of course". Similarly on page 108, where the committee's opinion is set out, under paragraph 51 (a), we say:

> A universal pay-as-you-go program applicable to all persons 70 years of age and over, based on the contributory principle and administered by the federal government. The benefit should be a flat, uniform amount of $40 a month for all eligible persons, and eligibility should be based solely on age and a suitable residence qualification.

There are other paragraphs in the report where we referred to the fact that the country will have to face up to the cost of a program of this nature, but we made it crystal clear that in our view the benefits should not be related to any individual record of contributions; indeed, they should not relate to anything other than age and suitable residence qualifications.

Mr. Abbott: Payments, not the contribution.

Mr. Knowles: I feel that to the extent the minister has established that $60 figure and has quoted it as a ceiling, as though it were a proper amount to be paid in, he is departing from the principle of universality that the committee had in mind.

Our thought was, as I tried to set out this afternoon, at least as I understood it, that out of the production of this calendar year or this fiscal year, we set aside a certain proportion for old age security to be paid for according to each person's ability to pay. It was our view that when you try to relate what a person is going to get by way of pension in terms of dollars in his years of retirement to the amount that is paid in dollars across the years, you are just running into trouble, and to that extent you are departing from the pay-as-you-go universal principle which we laid down; to that extent the minister is giving in to the propaganda for the insurance principle, or for putting this whole pension on an annuity basis. If we are going to have a ceiling at $60 and say that the wealthy man must pay no more than that for his old age security, it means that you get away from the principle of taxing according to ability to pay, and the amount required to pay the pension to those in the lower income brackets has to be found somewhere else. Of course the minister has made it clear that this will be obtained to a fairly substantial extent out of the sales tax. In other words the burden is being put too heavily on those who cannot bear it.

I pleaded as forcefully as I could this afternoon; and the more I have had time to think it over and look at the income tax set-up and the rates of income tax, and so on, the more I feel that it is a mistake to have that $60 ceiling in this legislation. In fact I think a lot of wealthy people in the country will be surprised—of course pleasantly surprised—to discover that it is to cost them in terms of direct old age security tax only $60 a year; whereas many people with lower income are going to have to pay $30, $40, $50, $55 a year, which is more than they would have to pay if the wealthy paid their full share.

In connection with that, we had a bit of discussion back and forth this afternoon about the position of the millionaire who goes on pension. Before I deal with that may I say the people we are most concerned about, so far as paying is concerned, are those who are still working and earning an income, be it small or large. I contend that they should pay in, not in terms of what they are going to receive when they retire, but in terms of their ability to pay at the time they are earning.

To get back to the case of the millionaire who has retired, it is clear that the only tax on his income that goes into the old age security fund will be the $60 that he pays, plus such portion of his income as is included in the 2 per cent sales tax. The minister pointed out in an interjection—

Mr. Abbott: And the corporate tax.

Mr. Knowles:—quite correctly that the millionaire will pay regular income tax on his

additional $480 pension at whatever tax rate he is paying at his top bracket. But that money of course will not go into the old age security fund. That will go into the general revenues, and will not show up as part of the revenue that might be treated as for old age security purposes. I mention this just to straighten out between us what I think should be our understanding of the situation with respect to the millionaire who is retired. But I come back to the other. I feel with respect to those who are working, earning and paying income tax for old age security purposes, that their payments ought to be as nearly as possible on an ability to pay basis, and I think the minister vitiates that principle, and places too heavy a burden on those in the lower income brackets, when he says that the wealthy people of the country do not have to pay more than $60 a year.

Mr. Abbott: There is where my hon. friend and I differ completely. I think the system I indicated this afternoon of incorporating essentially the benefit principle is sound. It is not possible, it is not practicable, to do that, and in fact under the proposal I am making those who are well to do pay infinitely more in proportion to what they receive than the lower income group. In the case of the well to do man, if he buys a motorcar for $4,000 or $5,000, he will pay $80 or $100 more in tax right there. In the case of the corporate tax he will pay his share of the higher price of the goods that result. I think what we have to emphasize here, if we really mean that we are making this plan contributory, is to make it fair. To attempt to impose an inordinate proportion of the cost on the income tax payer alone, who represents approximately half the earners of this country, I think is wrong. I feel profoundly that this is wrong. The income tax contribution is only one portion, incidentally one of the smaller portions, of the contribution. The total take, by providing no exemption, would not be substantially increased above the $95 million that I think I mentioned. But the purpose of putting on a ceiling is to endeavour to assure some measure of equity in this plan as between different contributors. I differ profoundly with my friend when he says it should be strictly in accordance with ability to pay. I do not think that is appropriate for a plan of this kind. It is appropriate for taking care of the general revenues of the country, and that is the basis upon which our tax structure is set up; but I do not think it is appropriate for a contributory pension plan of this country where it is paid to everybody as of right and without difference between rich and poor, and more particularly where the pension itself is made taxable income. That is where my friend and I differ fundamentally in our approach to the method of obtaining contributions for this fund, and I do not suppose we will ever be able to reconcile our differences. His argument of course leads one irresistibly to the conclusion that pensions of this kind ought to be paid out of general revenue, and that we should play no part in setting up a fund to be shared on the basis of contributions.

Mr. Wright: If the minister says that the basis, or even a fair basis, on which this pension should be paid is the contributory basis, what argument has he for not paying it to our citizens whether or not they continue to reside in Canada? If the minister is right—and he assumes he is—in saying that it is a contributory scheme which is paid for by the citizen, then it is the citizen's by right.

Mr. Abbott: Only contributory, as I indicated this afternoon, in the sense that a fund is created out of specially imposed, earmarked taxes which are put into a fund, and to which the person becomes entitled when he reaches 70 years of age and has spent a certain proportion of his time in this country. That is the basis upon which the plan was considered by the parliamentary committee. It is the basis upon which it was approved. I must confess that I may be unduly dense, but I can see no connection between the $60 ceiling which is objected to by some of my hon. friends opposite and the principle that someone should get this whether he lives in the country ten days, twenty days, twenty-five years or whatever it may be.

Mr. Wright: That is not my argument at all. The minister just twists things to make a case for himself.

Mr. Abbott: Not intentionally.

Mr. Wright: He is certainly doing it, whether intentionally or not. I am talking about a person who is a citizen of this country, who has lived here and has contributed all his life to this scheme and helped build up the fund. If when he becomes 70 he wishes to go reside in Great Britain or any other part of the world he should receive the payments to which he contributed while he worked in this country, from the fund which he helped to build up for other citizens in this country. I do not see any justice in not being entitled to it.

Mr. Gillis: Apparently the hon. members are not agreed that the replies answer the

questions. I shall ask another question of the Minister of Veterans Affairs. He is not now in his seat, but it will appear in *Hansard* so that he may read it.

Mr. Abbott: We will bring it to his attention.

Mr. Gillis: I should like to find out where another type of war pensioner may fit into the scheme of old age security. I have in mind dependent parents who receive a pension with a means test as the result of the loss of a son in the services. The pension is received on the ground that the son, had he not been killed, would have contributed to their support. The pension is paid on the means test basis. The parents have no income. There are many of these people throughout Canada, and I am wondering if they will be eligible to receive the old age pension without any reference to the income derived from the source I mentioned?

Mr. Martin: I shall call that to the attention of the minister.

Mr. MacLean (Queens): It has been indicated that certain veterans who are now receiving war veterans allowances will forfeit those allowances either in whole or in part when they begin to accept old age pensions. Are there any other sources of income or benefits now being received by individuals from the government which will have to be forfeited when those individuals begin to receive old age pensions?

Mr. Abbott: The War Veterans Allowance Act is a special statute that has been on the statute books for some time. It provides for a scale of war veterans allowances, and that the recipients of those allowances must be subjected to a means test. The new old age pensions legislation is completely separate and has no connection whatsoever with the War Veterans Allowance Act. The recipient of a pension under the new legislation will be receiving income, just as if he were in receipt of a salary or interest on investments or what have you. That income will have to be taken into consideration in determining whether an individual comes within the means test set out in the War Veterans Allowance Act.

It may well be, as indicated by some hon. gentlemen opposite, that the means test ceiling, or the ceiling of permissible income under the War Veterans Allowance Act, should be changed. That whole question will be considered by the special committee which will be set up at the next session, as indicated by my colleague the Minister of Veterans Affairs. If it is concluded that changes should be made, then they might properly be made effective on January 1, the date on which the new old age pension will become operative.

I know of no other payments or receipts which could be received by recipients of war veterans allowances which would be affected in any way by the provisions of the bill which will be founded on the resolution now being considered.

Mr. Riley: Will those in receipt of blind pensions be able to make application for the further old age pension?

Mr. Martin: A blind person seventy years of age who has the required residence, certainly.

Mr. Riley: In addition to the blind pension?

Mr. Martin: No, he cannot have it twice. But the blind person can qualify, like any other person.

Mr. Graydon: During the last session of parliament I suggested, as the minister may recall, that we might find a better name than "old age security" or "old age assistance", as the case may be. Would the minister give some indication as to the title of the present legislation, and would he state whether a better name has been found?

Mr. Martin: We have considered my hon. friend's suggestion. After the most careful consideration, and consultation with all concerned, we decided that the present phrase "old age security" was the most satisfactory.

Mr. Graydon: Was there any objection to the expression "national dividend", or "senior citizens' dividend" or "senior citizenship superannuation"?

Mr. Martin: There were several other suggestions.

Mr. Gillis: I notice the Minister of Veterans Affairs is in his seat, so he may be prepared now to answer my question. How will the new old age security legislation affect the Pension Act? I understand the minister told the hon. member for Kootenay West that no pension paid under the Pension Act would be affected by this act, and that all in receipt of pensions under that act would qualify. I then proceeded to ask this question: Would dependent parents granted a pension because of the loss of a son in one of the services, and who received such pension under a means test, qualify for the new old age security pension without affecting the pension they now receive as indigent parents?

Mr. Lapointe: I said before that no disability pensioner would see his pension reduced, or that all disability pensioners would be receiving old age security when they qualify by age. Then, as regards people in receipt of dependents' pensions, I would

point out that this is a different type of pension, one which is awarded by the Canadian pension commission upon evidence of need. In other words it is subject to a certain type of means test.

Perhaps I am thinking out loud when I say that the situation would be somewhat similar to that of the recipient of war veterans allowance. There again the old age security payment will be considered as income. The Canadian pension commission will consider these cases individually, as they do at the present time, and keep in mind always the receipt of $40 a month as the old age security payment, and as income.

Mr. Herridge: I am glad to hear the minister's explanation, because my question was this: Would persons being paid pensions under the authority of the Pension Act be affected so far as this legislation is concerned?

Mr. Lapointe: Not the disability pension. The veteran himself who is in receipt of a pension, whatever the percentage of disability may be, will qualify to receive the old age security payment without affecting his pension. Those who are in receipt of a dependents' pension, which is awarded on a completely different basis and which carries with it a means test, as my hon. friend knows, will possibly be considered in the same manner as the recipients of war veterans allowances. That is to say, the Canadian pension commission, in looking into a case to see whether or not a dependent pension should be awarded, will take into consideration the fact that the applicant is in receipt of a $40 a month old age security pension.

Mr. Green: Mr. Chairman, that means the dependents are very apt to have their allowances cut, and the same is true of the recipients of the war veterans allowance. It is perfectly clear, from the statement made by the minister earlier this evening, that many of the recipients of the war veterans allowance are going to have their allowances cut. It all adds up to the Canadian veteran getting the small end of the stick on this deal.

Mr. Lapointe: It might add up like that in my hon. friend's mind, but that is not the way it works out.

Mr. Green: Who has the floor, Mr. Chairman?

The Deputy Chairman: The hon. member for Vancouver-Quadra may continue.

Mr. Abbott: He makes these appeals all the time.

[Mr. Lapointe.]

Mr. Green: I suggest that this whole question as to the effect of this legislation on veterans should be considered by a special committee on veterans affairs to be set up at this session of parliament. There is no reason at all why all these questions could not be thoroughly reviewed by that special committee on veterans affairs. We are going to be here for another six weeks, and it just is not good enough to put the veterans' side of this problem over until next March or April and be told that perhaps the payments will be made retroactive. The veterans' side of this picture should be straightened out now and not left until next year. I submit to hon. members that there is no reason at all why it should not be dealt with now.

Mr. Gillis: I hope the minister has not given his final decision in this matter. I hope he has just been thinking out loud. When the minister makes the statement that all dependent pensions paid under the Pension Act will be affected in the way he indicates, that is pretty all-inclusive. I am thinking of the widow of a soldier who was killed in service and who receives a dependent pension.

Mr. Lapointe: No.

Mr. Gillis: I am glad to hear the minister say "no". His statement of a moment ago could be construed as meaning that.

Mr. Lapointe: That is a pension as of right.

Mr. Lesage: That is not a dependent pension.

Mr. Lapointe: It is not considered a dependent pension under the Pension Act.

Mr. Gillis: I am glad to hear the minister clarify that because that is why I got up. His statement seemed rather ambiguous and to me it could mean a lot of things. I still think he should not be too adamant in the matter of dependent parents' pensions. That too is a pension as of right and should be considered as such in the minds of the people who interpret the act. The parents who have lost a son or sons in service often find themselves with no income, and when a pension is granted by the government it should be considered a pension as of right. Their circumstances are largely attributable to the fact that they have lost those who might have supported them had they lived out their normal span of life.

I wish the minister had stated that this matter will be considered by the veterans affairs committee if and when it meets, at this session if possible. I think that is worthy of consideration. I know many people in this category whose only income is the $40 per

month. We have been paying this for twenty-five years in some cases, and I think we should continue it from this fund which is going to be contributed to by the nation as a whole. It would not be a great drain, and it would be a gesture in the right direction.

There is also the matter of compassionate pensions which are paid to widows of veterans whose pension was under 50 per cent. I have in mind a widow with eight children whose veteran husband had a 40 per cent pension. She is left with those children on her hands. She could not get a war veterans allowance or a dependent's pension as of right, so the government gave her a compassionate pension. According to the minister's decision that pension will be affected by this old age security legislation.

I think the minister should give this matter more consideration and not arrive at any final decision. I believe every hon. member is pretty much of the same mind. I do not know much about this as yet, and I am simply trying to feel my way about. After due consideration there are many things we think cannot be done that we find can be done.

Resolution reported, read the second time and concurred in.

Old Age Security

Mr. Martin thereupon moved for leave to introduce Bill No. 13, to provide for old age security.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): In yesterday's *Votes and Proceedings* there was a motion to set up a special committee to consider railway legislation. That motion will be on tomorrow's order paper and will be proceeded with. We will then take up the following bills on second reading: Bill No. 12, to amend the Railway Act; Bill No. 6, to amend the Canadian National-Canadian Pacific Act; Bill No. 7, to amend the Maritime Freight Rates Act. After second reading those bills will be referred to the special committee on railway legislation. Those bills having been disposed of, we will consider Bill No. 9, respecting the Toronto harbour commissioners and Bill No. 8, to amend the North Fraser Harbour Commissioners Act.

At ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on October 12, 1951.

HOUSE OF COMMONS

Friday, October 26, 1951

The house met at two o'clock.

HOUSE OF COMMONS

CONCURRENCE IN SECOND REPORT OF SPECIAL COMMITTEE ON PROCEDURE

Mr. Speaker: May I be permitted to present the second report of the committee which was appointed on October 9, 1951, to consider with Mr. Speaker the procedure of this house for the purpose of suggesting any changes that may be desirable to assure the more expeditious dispatch of public business.

Your committee, pursuant to clause 2 of its first report, concurred in on October 12, 1951, relating to the hours of the sitting of the house, held a further meeting on October 25, 1951, to consider the results of the two weeks' experiment, and recommends as follows:

That the following new hours of sitting be given a trial on an experimental basis during the next two weeks:

For the week commencing on October 28, Mr. Speaker take the chair at 2.30 o'clock, p.m., on each sitting day and adjourn the house at 11 o'clock, p.m., without question put, unless the closure rule (standing order 39) be then in operation; except on Monday, Wednesday and Friday when the hour of adjournment will be 6.30 o'clock, p.m.; with provision for intermission from 6.30 o'clock, p.m. to 8 o'clock, p.m. on Tuesday and Thursday; and, subject to any special orders, the hour set aside for private and public bills under standing order 15 remain the same on Tuesday and be from 5.30 o'clock, p.m. to 6.30 o'clock, p.m., on Friday.

For the week commencing on November 4, Mr. Speaker take the chair at 2.30 o'clock, p.m., on each sitting day and adjourn the house at 10.30 o'clock, p.m., without question put, unless the closure rule (standing order 39) be then in operation; except on Wednesday when the hour of adjournment will be 6 o'clock, p.m., and Friday when the hour of adjournment will be 7 o'clock, p.m.; with provision for the usual intermission from 6 o'clock, p.m., to 8 o'clock, p.m. on Monday, Tuesday and Thursday; and, subject to any special orders, the hour set aside for private and public bills under standing order 15 remain as at present on Tuesday and be from 6 o'clock, p.m. to 7 o'clock, p.m., on Friday.

That toward the end of the second week your committee consider the results of the four weeks' experiment and bring in recommendations based thereon with respect to the balance of the present session.

Mr. W. G. Weir (Portage-Neepawa): Mr. Speaker, by leave of the house I beg to move, seconded by the hon. member for Grenville-Dundas (Mr. Casselman):

That the second report of the select committee appointed on October 9, 1951, to consider with Mr. Speaker the procedure of this house for the purpose of suggesting any changes that may be desirable to assure the more expeditious dispatch of public business and presented this day be now concurred in.

Motion agreed to.

WAR VETERANS ALLOWANCES

MOTION FOR ADJOURNMENT UNDER STANDING ORDER 31

Mr. P. E. Wright (Melfort): Before you proceed, Mr. Speaker, I wish to ask leave, seconded by the hon. member for Cape Breton South (Mr. Gillis), to move the adjournment of the house under standing order 31, for the purpose of discussing a definite matter of urgent public importance, namely, the urgent need for consideration at this session of the plight of war veterans in receipt of war veterans allowances, with particular reference to the inadequacy of the amounts they are receiving in the light of today's cost of living. The urgency of this motion is based on the need of bringing to the attention of the government the necessity for action at this session.

Mr. Sinnott: A political dodge.

Mr. Wright: Tell that to your war veterans.

Mr. Speaker: Standing order No. 31 says:

Leave to make a motion for the adjournment of the house (when made for the purpose of discussing a matter of urgent public importance) must be asked after the ordinary daily routine of business (standing order 15) has been concluded and before notices of motions or orders of the day are entered upon.

I might say that, unfortunately, I was under the misapprehension that only motions under routine proceedings could be made today and I informed another hon. member of this house that his motion should be made immediately before the orders of the day are called. Under those circumstances, although the rule states to the contrary that only one motion may be made at a sitting, I shall also hear the other motion.

I must decide whether the motion of the hon. member for Melfort should be proceeded with. Standing order 31 states in paragraph (3):

He—

That is, the mover of the motion.

—then hands a written statement of the matter proposed to be discussed to Mr. Speaker, who, if he thinks it in order, and of urgent public importance . . .

And so on. I must decide whether it is of urgent public importance. Under section 174, urgency is defined as follows:

"Urgency" within this rule does not apply to the matter itself, but it means "urgency of debate," when the ordinary opportunities provided by the rules of the house do not permit the subject to be brought on early enough and public interest demands that discussion take place immediately.

The subject matter of the motion was discussed in the house yesterday, and we are still debating the speech from the throne. Under the sessional order of this house, the speech from the throne must be taken up on Monday and Wednesday of next week. An opportunity will then be given to discuss the matter referred to in the motion that has been made. Although the matter is an extremely important one, in my opinion it is not one which comes within the rule of urgency as set out in standing order 31.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, may I say a word before you make a ruling. I respectfully suggest to you that a number of the members of the house who are interested in this matter have already spoken on the address. This matter now arises because of the statement made by the Minister of Veterans Affairs (Mr. Lapointe) a day or two ago to the effect that the question would not come before the house until next session.

As to the matter having been raised in the debate in connection with old age pensions, may I say it arose only incidentally, and I do not think that it was debated as it deserved to be debated, having regard to the urgency of this question at the present time. If we are to take the Minister of Veterans Affairs at his word, no opportunity for debate will be provided by the government until next session. Many hon. members of the house have already spoken on the address and are therefore debarred from speaking again on this matter. As to the debate on old age pensions, this matter could only be incidental to the discussion.

Mr. Speaker: I recognize the point of what the hon. member for Rosetown-Biggar (Mr. Coldwell) has said with respect to those who have spoken on the motion for an address in reply to the speech from the throne. But I would point out that most of those who have spoken—in fact, this statement applies with few exceptions—have spoken on the amendment to the amendment. There will therefore be given to practically all the members of this house an opportunity to speak on the main amendment and on the motion. I feel satisfied that there will be an early opportunity for hon. members to speak on this matter.

As I said, I informed another hon. member today that a motion under standing order 31 should be made immediately before orders of the day are called. Under the circumstances, and this is in no way to be taken as a precedent, I am going to allow the hon. member to make his motion.

[Mr. Speaker.]

WHEAT

AVAILABILITY OF FREIGHT CARS—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 31

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, as a preliminary to the motion, if I could have the indulgence of the house for a moment or two, I should like to point out the serious, almost tragic, situation in the western provinces in connection with the marketing of the wheat crop; and I do so in no partisan sense.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: Possibly my hon. friends think differently than I do, but I do it in no partisan sense. I do it for the purpose of bringing to the attention of the house, and permitting debate on the subject, the need for something being done at once to meet a crisis that faces the western farmer in connection with the delivery and storage of his wheat.

Freight car supplies are far below what they should be.

Some hon. Members: Order.

Mr. Diefenbaker: Many farmers have thousands of bushels of wheat which they are unable to market because of a serious discrimination that is taking place against certain districts and areas, although I do not say that it is intentional. Having said that, I ask leave, seconded by the hon. member for Souris (Mr. Ross), to move the adjournment of the house under standing order 31, to discuss the imperative need of immediate action to be taken by the government to alleviate the economic hardship being caused to many farmers in the prairie provinces and the calamitous losses in crop yield and grade that face them, unless effective action is taken by the federal authorities to meet this problem and to assure that many areas and districts in the prairie provinces that are being denied a just and fair share of the available freight cars and storage facilities shall be assured of an equitable allocation and distribution of such freight cars.

Mr. Speaker: This motion is made under standing order 31, the terms of which are becoming quite familiar to hon. members of this house. As hon. members know, the member making the motion hands a written statement to Mr. Speaker, who must decide two things. He must decide whether it is in order and whether it is of urgent public importance. The urgency referred to is the urgency of debate; it is not the importance of the matter itself that is to be decided, but whether debate should take place now rather than at some later time; whether it is so important that the debate should take place now, and that an early opportunity will not be given under the ordinary rules of the house to debate this motion.

May I refer hon. members again to paragraph 174 of Beauchesne's third edition which reads as follows:

"Urgency" within this rule does not apply to the matter itself, but it means "urgency of debate," when the ordinary opportunities provided by the rules of the house do not permit the subject to be brought on early enough and public interest demands that discussion take place immediately.

As hon. members are aware, under a sessional order of this house the speech from the throne will be considered on both Monday and Wednesday of next week. At that time a discussion of this matter would be in order. Although it is an extremely important matter, in my opinion it is not one of urgency within the rules of the house, in view of the fact that an early opportunity will be given to hon. members to discuss the question raised. Under the circumstances, I cannot allow the motion to stand at this time.

RAILWAY LEGISLATION

PROVISION FOR APPOINTMENT OF SPECIAL COMMITTEE

Hon. Lionel Chevrier (Minister of Transport) moved:

That a special committee on railway legislation, consisting of 31 members, to be named at a later date, be appointed to consider Bill No. 12, an act to amend the Railway Act, Bill No. 6, an act to amend the Canadian National-Canadian Pacific Act, 1933, Bill No. 7, an act to amend the Maritime Freight Rates Act, and such other railway legislation as may be placed before it; and that the committee be empowered to send for persons, papers and records, to sit while the house is sitting, report from time to time and to print such papers and evidence from day to day as may be ordered by the committee; and that paragraph (1) of standing order 65 be suspended in relation thereto.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, the official opposition have no objection to the problem which is dealt with by these bills being referred to a committee of the house for study, but I have two suggestions which I should like to place before the minister today with regard to the procedure to be followed.

In the first place, I suggest that, instead of setting up a special committee to consider these bills, the reference should be to the standing committee of the house on railways, canals and telegraph lines. That was the practice followed by the government in 1929 when there were important amendments to the Railway Act. I believe that at that time the study was made by the standing committee, not by a special committee.

The standing committee has had considerable experience with problems of this type. In 1950 it dealt with amendments to the Canada Shipping Act, which were extensive and complicated, perhaps just as much so as the amendments to the Railway Act which are contained in Bill No. 12. Furthermore, the standing committee has dealt with different bills authorizing the construction of railways and I submit is in a position to deal efficiently with the problem now before the house.

Canada is in the process of working out a new national transportation policy. The bills presented now are only one part of that policy. Perhaps the other parts, which will follow at later sessions, will also have to be considered by a committee, and it would be unwise, in our opinion, to set up a special committee in each case. Why not let the standing committee do its job? We have quite a few standing committees of the house. Several of them never meet at all except to choose chairmen, which I think is unfortunate. In the standing committee on railways, canals and telegraph lines we have a committee which has actually been working each session and doing good work. I do hope that the minister will agree to have this question referred to that committee. At this fall session there will be only two or three committees sitting. It is not as though there would be many committees taking up the attention of a large number of members, who in some cases have been sitting on two or more committees. This fall we are going to have in all only two or three committees. There is no reason why this standing committee on railways, canals and telegraph lines could not do a first-class job on this particular question.

This point was raised with the minister on April 5 of this year, when we had a discussion on the report of the Turgeon commission on transportation. The discussion will be found at page 1657 of *Hansard*. I asked the minister this question:

The minister means that any legislation brought in will be referred to the committee on railways, canals and telegraph lines.

His answer was as follows:

Mr. Chevrier: What I mean is that legislation having to do with equalization, if it is approved

of by the government, could, I think, be referred to the committee on railways, canals and telegraph lines, if it was the wish of the house.

Then on June 14 of this year the minister introduced Bill No. 377, which was a bill to amend the Railway Act in much the same terms as Bill No. 12, which is to be considered this afternoon. His explanation will be found at page 4065 of *Hansard*. Asked to explain the bill on first reading, he said:

This bill, which is to amend the Railway Act, together with the other two which follow, an act to amend the Canadian National-Canadian Pacific Act, 1933, and an act to amend the Maritime Freight Rates Act, are bills which have been drafted to meet the recommendations of the royal commission on transportation so far as the equalization of freight rates is concerned.

When we reach the second reading stage of these bills I propose to ask my colleague, the Minister of Public Works, to move that the bills be not now read a second time but that the subject matter thereof be referred to the standing committee on railways, canals and telegraph lines, with instructions that the committee shall consider the same and report thereon from time to time to the house.

Mr. Green: Mr. Speaker, is it the intention that the standing committee should consider the subject matter of these bills during the present session, or at the fall session?

Mr. Chevrier: The committee on railways, canals and telegraph lines is the master of its own procedure, and will decide what action it will take in connection with the bills.

All I am suggesting today is that the minister's own promise, as made on June 14 of this year, should be fulfilled, namely that instead of referring the bills to a committee, he should refer the subject matter of the bills for study before second reading, and that the reference be to the standing committee on railways, canals and telegraph lines, rather than to a select committee which of course will be an entirely new committee.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, we learned of the intention of the government, and therefore had an opportunity of considering the matter, and we are of the same opinion as that expressed by the hon. member for Vancouver-Quadra (Mr. Green). We think that we have an experienced committee which has been dealing with railways, canals and telegraph lines for a number of years. Some members of the committee have had experience on that committee for a number of years, and we are of the opinion that much more could be done by an experienced committee than one which is set up anew to deal with this problem. I suggest to the minister that it would be in the best interests of the house and of those who will appear before that committee, and the officials who will be there to advise hon. members, that the experience of this committee should be utilized in discussing this problem, which is of very great importance not only to the government but to the country and to every member of the House of Commons as well as indeed to the railways. And therefore I would support—I may say that I do so at the request of my colleagues, and I am in agreement with it of course—the suggestion that the procedure outlined by the hon. member for Vancouver-Quadra be followed.

Hon Lionel Chevrier (Minister of Transport): Mr. Speaker—

Mr. Speaker: Order. If the Minister of Transport speaks now he will close the debate.

Mr. Knowles: Is this a substantive motion?

Mr. Chevrier: I am glad to see that both the spokesman for the official opposition and the C.C.F. party agree that the legislation should be referred to a committee for study. There is, however, some disagreement as to which committee it should be referred to. While it is true, as stated by the hon. member for Vancouver-Quadra, that on one occasion, if not on more than one, I indicated to the house, first that the subject matter of this legislation should be referred, or might well be referred, to the committee on railways, canals and telegraph lines, still, after giving it further consideration, I came to the conclusion, with which my colleagues agree, that it would be a better and a more efficient procedure to send it to a special committee. I want briefly to speak about the two points raised by the hon. members. First, I would deal with the one having to do with the subject matter. The moment the subject matter was referred to the committee, and the bills were reported upon, then it meant that entirely new bills would have to be introduced in this house. That action would have been required, because it had not been decided what form the $7 million subsidy should take. In other words, it had not been determined at the last session of parliament whether we would cover it by a section in the bill or place an item in the estimates.

Having decided to do it by way of a section in the bill, it was necessary to introduce a resolution. So that it was therefore no longer possible to refer the subject matter of the Railway Act amendment, if not the whole legislation, direct to the committee. It was necessary on that account to refer the actual bills; and that is the procedure which, so far, the government has followed—by placing the bills on the order paper, and considering today the second reading thereof.

Now, with respect to the other point, it is true that the committee on railways, canals and telegraph lines has done an excellent job on railway legislation, both public and private

bills dealing with matters concerning railways generally. But I should like to submit to the house that it is a fairly large committee, so far as numbers are concerned, and it was felt by the government that a smaller committee composed of some thirty-one members which could be representative—and which I am sure will be representative of all parts of Canada, because I have seen the list prepared by those responsible from this side of the house and I know it gives representation to every area in Canada—would be more satisfactory.

Because of that, the government was of the opinion that this committee might be in as good, if not—and I say this with all respect—a better position to give its full time to this legislation. Because if, perchance, it were not possible to deal with the bills during this session, and we had to go over to the next session—which I hope will not be so—then the committee on railways, canals and telegraph lines would perhaps be extremely busy dealing with other bills of a public and private nature.

For that reason we hope this procedure will commend itself to the best judgment of the house, and I trust the suggestion will be adopted.

Motion agreed to.

RADIO BROADCASTING

SHORTWAVE BROADCASTS TO EUROPE—UKRAINIAN LANGUAGE SERVICE

On the orders of the day:

Mr. John Decore (Vegreville): Mr. Speaker, I should like to ask a question of the Secretary of State for External Affairs. Is the minister prepared to make a statement as to whether there has been any decision to inaugurate shortwave broadcasts to Europe over the Canadian Broadcasting Corporation international service by the addition or inclusion of other languages in addition to those now used, for the purpose of informing as many people as possible under Soviet domination about our Canadian way of life?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, I understand a decision has been taken that the C.B.C. international service shall make shortwave broadcasts in the Ukrainian language. The C.B.C. is now making the necessary preliminary arrangements for the inauguration of these broadcasts.

RAILWAY ACT

IMPLEMENTING CERTAIN RECOMMENDATIONS OF ROYAL COMMISSION ON TRANSPORTATION —MAINTENANCE OF TRACKAGE

Hon. Lionel Chevrier (Minister of Transport) moved the second reading of Bill No. 12, to amend the Railway Act.

He said: Mr. Speaker, this bill is based upon the recommendations of the royal commission on transportation and seeks to put them into effect, particularly those dealing with equalization. I should like to make some remarks of a general nature on the amendments therein proposed.

The sections of the present Railway Act dealing with tariffs and tolls, which are the principal subjects of the proposed amendments, have been changed little if at all since 1903. In passing the early railway legislation, parliament's concern with rate regulation was a relatively limited one, namely, the prevention of unjust discrimination. Nevertheless it promised a solution to the discontent and dissatisfaction which had been developing for over half a century, and probably few pieces of legislation won greater or more widespread approval.

In a small and compact economy the "unjust discrimination" concept of public control might well have maintained itself to the general satisfaction of all parties. Similarity of conditions, including those of competition, would have required only a minimum of intervention by the regulatory board.

However ideal such a state of affairs may appear, one would be less than realistic to overlook the fact that we are far from having the ideal conditions for it. Instead of being small, compact and homogeneous, our country is large, sprawling and varied. Densities of population, producing and consuming areas, types of traffic, and lengths of haul, to mention but a few factors, all show the widest variation. And in addition thereto, the last quarter century, in particular the last decade, has been a period of tremendous economic change with important consequences to transportation. The royal commission assessed these and other factors in considerable detail; and, in concluding that the present Railway Act was deficient in certain respects, stated:

> It appears that Canada has reached a stage in its development when former methods of making regional rates must give way to a uniform rate structure that, as far as may be possible, will treat all citizens, localities, districts and regions alike.

The board of transport commissioners is a statutory tribunal and as such must rely for its authority upon the Railway Act. A warrant must be found in the act for its orders or they are null and void. Its decisions are remedial and corrective in intent, endeavouring to remedy a situation rather than punish a dereliction. The board's responsibility is to see that all parties receive fair treatment. It is legislation based on this premise of fair treatment which confers wide general powers on the regulatory board but is sparing in specific directives. The board is

given wide powers of initiative to meet particular situations, but is not encouraged to expand its regulations as an end in itself. There seems no doubt but that such general policy will continue to meet the approval of the Canadian people. On this point the royal commission found almost unanimous agreement among all who appeared before it. No one asked that the board of transport commissioners be made an economic planning board, nor for that matter did anyone seek to have the board "manage" the railways. I do not believe that this point can be over-emphasized, for failure clearly to define the purpose and extent of regulation has provoked regrettable dispute between parties who actually have been very close to agreement on this essential point all the time.

The findings of the royal commission indicate that rate regulation would be more compatible with the public interest and would more effectively meet our national needs if parliament were to determine a national freight rates policy. In accordance with the commission's recommendations section 332A of the present bill provides an over-all directive respecting freight rates and authority for the board to carry out parliament's intent. If it is the desire of the Canadian people that such basic conditions should govern the freight rate structure—and the royal commission was of this opinion—then the board should be so instructed by the inclusion of those conditions in the Railway Act.

The attainment of basic uniformity in the freight rate structure is to be sought by modification, not repudiation, of the general principles on which existing tariff and toll legislation has been based. Both the board and the railways would retain their respective fields of initiative in rate matters. The rates which by this legislation would be subject to equalization are almost entirely those which might be termed the "permanent" or basic rates in the rate structure. These rates are not subject to the same frequent changes as are those which in the course of the railways' day to day business are constantly being issued, revised or cancelled.

The only changes to which the permanent or basic rates have been subject have been the general percentage increases or decreases and such adjustments resulting from the board's numerous decisions bringing them closer to equality or removing unjust discrimination. With substantial equalization accomplished, the motive for many such adjustments would disappear. The general position would then be a relatively constant body of equalized class and commodity rates applicable throughout the country, and beneath which the lower specific commodity and competitive rates will appear, change or disappear as particular circumstances and conditions require.

It need not be anticipated that the proposed amendments will result in a body of freight rates which will disrupt established industry and trade patterns. The differences to be equalized are not that extensive. The legislation offers a means whereby general agreement will be obtainable on the basic elements of the rate structure—class rates and commodity mileage rates—and relief to the board from those regional controversies from which it has never been free in all the 48 years of its existence.

In my opinion the great advantage to be derived from this legislation lies in the removal of a persistent source of regional grievance. In this country, made up as it is of widely differing regions, no state of affairs within the power and responsibility of parliament, and which is a source of friction and grievance between regions, should be permitted to continue. So long as regional grievances remain unsolved they encourage thinking exclusively in terms of regional interests rather than in terms of national interest.

Clauses 1, 2 and 3 of the bill relate to the appointment, term of office and salary of the chief commissioner. As the Railway Act now stands, the office of chief commissioner is filled by a judge of the exchequer court. It has been considered advisable to change these requirements and the bill now provides that any person may be appointed chief commissioner who is or has been a judge of the superior court of Canada or of any province of Canada, or who is a barrister or advocate of at least ten years' standing at the bar of any such province. The bill also provides that the chief commissioner shall have a position and pension rights similar to those of a judge of the exchequer court and an annual salary equal to the salary of the president of the exchequer court. If the term of office of the chief commissioner expires before he reaches seventy-five years of age and he is not reappointed, he becomes a supernumerary judge of the exchequer court with the same rights and privileges as a puisne judge.

Clause 4 of the bill provides for an appeal from a decision of the board to the Supreme Court of Canada on a question of law upon leave being obtained from a judge of the supreme court. Parties to a proceeding before the board now have the right to apply to a judge of the supreme court for leave to appeal to that court on a question of jurisdiction. It is proposed to give the parties the right to apply to a judge of the supreme court

for leave to appeal on either a question of law or a question of jurisdiction. This amendment would make an application to the board for leave to appeal unnecessary and it is proposed to repeal subsection 3 of section 52. The commission did not recommend any change in subsection 1 of section 52 which provides for appeals to the governor in council, and no amendment is proposed in this respect.

The next amendment of importance provides for a new division of freight tariffs. In order to implement the recommendation of the royal commission and to bring the provisions of the act relating to freight tariffs more in line with modern railway practice, sections 328 to 332 inclusive are repealed and new provisions substituted therefor. At present, section 328 of the Railway Act provides for three classes of freight tariffs, namely, the standard freight tariff, special freight tariffs and competitive tariffs. The bill provides for a new division of tariffs into four classes, namely, class rate tariffs, commodity rate tariffs, competitive rate tariffs and special arrangements tariffs. This new division of freight tariffs is well understood by railway and shipping interests and will be helpful in working out the application of the equalization sections of the bill.

New section 331 of the bill provides that the board may require a company issuing a competitive rate tariff to furnish information to establish that the competition actually exists; that the rates are compensatory; and that the rates are not lower than necessary to meet competition. The section provides that the board may require other information to be filed regarding competitive rates.

The part of the bill that empowers the board to effect and maintain the uniformity in freight rates throughout Canada recommended by the royal commission is found in new section 332A. Subsection 1 of this section declares the national freight rates policy and says that every railway company shall, so far as is reasonably possible, in respect of all freight traffic of the same description, and carried on the same kind of cars, passing over all lines or routes of the company in Canada, charge the same rates to all persons. Subsection 2 provides for a uniform scale of mileage class rates and a uniform scale of mileage commodity rates and for revision of any other rates with a view to implementing the national freight rates policy. Subsection 3 gives the board power of disallowance of any tariff considered to be contrary to the national freight rates policy, and subsection 4 contains the exceptions to equalization.

Hon. members will note that the provision for an equalized freight rates structure is made subject to the proviso to subsection 5 of section 325 of the Railway Act which establishes the Crowsnest pass rates, and is also made subject to the Maritime Freight Rates Act. Neither of these special statutory provisions will be affected by the new equalization section of the bill. The other exceptions are joint international rates, rates on export and import tariffs, competitive rates, agreed charges, rates on the White pass and Yukon route, and any other case where the board considers an exception should be made from the operation of this section.

Provision is made in new section 332B to implement the recommendation of the royal commission that the benefit of any transcontinental rate from the east to the British Columbia coast or from the Pacific coast to eastern Canada should be carried back in the rate to intermediate territory on a basis not more than one-third greater than the transcontinental rate. In other words, when competitive transcontinental tariffs are published by the railways, such tariffs shall provide that the rates to or from intermediate territory shall not exceed the transcontinental rates by more than one-third.

Another amendment contained in clause 10 of the bill carries out the recommendation of the commission on interline rates. An interline rate is one which applies between stations on the lines of two or more different railway companies. As a rule these rates are lower than the sum of the local rates but more than the rate for the same distance over the line of one company. The amendment dealing with this problem provides that in any case where it is shown that joint interline rates exceed the rates in a single line tariff for the same or similar distances in the same locality, the burden of proof shall be placed on the companies to show to the satisfaction of the board that there are greater costs involved in the joint movement, and only in such case are the companies permitted to charge joint rates higher than on the single line basis.

The royal commission recommended that the Railway Act be amended so that the board should be empowered and directed to prescribe, as soon as practicable, a uniform classification and system of accounts and reports for rail items for the Canadian National and Canadian Pacific railways. The commission also recommended that the board be empowered and directed to maintain a revised statistical procedure so designed as to provide the requisite data necessary for the performance of its duties. Effect is given in clause 15 of the bill to these recommendations.

Clause 18 of the bill covers the payment to the Canadian National and Canadian Pacific railways of the cost of maintaining corresponding amounts of trackage on that part of the two transcontinental railway systems which serves as a link or bridge between the east and west, that is, between Sudbury and Fort William on the Canadian Pacific and between Capreol and Fort William and between Cochrane and Armstrong on the Canadian National. The payments to the railway companies are limited to $7 million in the aggregate and are to be paid out of the consolidated revenue fund. This part of the bill was outlined when the resolution was considered in this house on October 23.

In view of the complicated and difficult nature of the provisions of the bill to amend the Railway Act, and the importance to the welfare of all citizens in all parts of Canada of the changes recommended by the commission, I consider that this bill should be referred to the special committee on railway legislation for further examination and study. The bills to amend the Maritime Freight Rates Act and the Canadian National-Canadian Pacific Act deal only with minor amendments and should go to the committee together with the bill to amend the Railway Act.

I have already indicated on several occasions that in our minds these bills are the implementation of the recommendations of the royal commission in so far as equalization is concerned. In other words, these bills not only lay down the principles recommended by the commission but also give effect to a number of recommendations on equalization in the report. I do not think it desirable that the government should be committed to all the details of the legislation prior to its being referred to the committee for consideration and report. It was our feeling all along that these bills should be referred to a committee. First of all I thought that the standing committee on railways, canals and telegraph lines might be the appropriate committee. Later, after giving it further thought and because of the reasons mentioned earlier this day and also because of the fact that this would be a committee to study principles, it was felt that it should be a special committee.

I hope that the committee which will hear these representations will not be put in the position of having to rehear all of the briefs, recommendations and statements that were made before the royal commission on transportation. I think it will be for the committee, in consultation with subcommittees if it is decided to establish them and in consultation with the chairman, to determine what the procedure should be. But if this committee receives all these representations again it will bog down and the house will not be in a position to deal with this legislation at the present session. It seems to me —and I give this as my own opinion, not as any direction but for what it is worth—that those who will appear to make representations before the committee, individual witnesses, groups, associations and the like, should indicate whether or not this legislation has a detrimental or favourable effect upon their respective regions. Otherwise the committee will be listening to a repetition of arguments and representations already made. I am sure the house will wish those appearing before the committee to follow that course. Again I repeat that I give no direction. The committee is master of its own destiny, and I am sure that its members will deal with this legislation as it should be dealt with. At the conclusion of this debate I intend to move, as I have already indicated, that this particular bill, together with the other two which will follow, be referred to the special committee on railway legislation.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, the Minister of Transport (Mr. Chevrier) has reviewed the terms of this particular bill, and I do not think there is any need for me to go over the same ground. The members of the official opposition are glad to facilitate the placing of this bill, and the two other measures known as an act to amend the Canadian National-Canadian Pacific Act, 1933, and an act to amend the Maritime Freight Rates Act, before the special committee on railway legislation. Mind you, we would have preferred to have them go before the standing committee on railways, canals and telegraph lines, but we cannot always have our way on these things, and now we shall facilitate getting the bills before the special committee.

We recognize very clearly the importance of the Turgeon report on transportation in Canada. It must be obvious to every member of the house who has given the matter any thought that the transportation question is extremely complicated and requires the most careful study. I find myself in sympathy with the remarks of the minister about the way in which the special committee should carry on. I agree that if we hear any large number of briefs similar to those which were placed before the royal commission it will be impossible for the committee to do a job at the present session.

However, I hope that representations will be made by the railways, the provinces and any organizations that are interested. The history of proceedings during the last few years is that only seven of the provinces

have shown an interest in the question of freight rates. Thus far Ontario and Quebec have shown very little interest. Of course there is a reason for that attitude in that in Ontario and Quebec the railways face extensive competition from trucks and water transportation on the canals and the great lakes with the result that freight rates have been kept lower than in other parts of the country. The seven outlying provinces have been the ones which have had to keep on complaining. I understand that the new province of Newfoundland is in the same position. It has been compelled to join in the chorus of protests from the other seven provinces. Therefore I hope that an opportunity will be given for the provinces to make their representations before the committee. The men representing them have acquired a very thorough knowledge of the whole freight rate question, and I am sure they could help us a great deal in our deliberations.

While we are anxious to facilitate getting these bills before the committee, there will be speeches made by members of the official opposition in which they will try to place before the house and the country some suggestions and complaints about the proposals. Perhaps it would be better for me to use the word "doubts". They have some doubts as to just how the plan is going to work out. I believe that is particularly true of members from the maritime provinces. There seems to be a great uneasiness there about how this so-called equalization is going to affect them.

As I see it, the main principle of the bill is contained in the new section 332A which sets out a national freight rates policy for Canada in these words:

> It is hereby declared to be the national freight rates policy that, subject to the exceptions specified in subsection 4—

In this policy, of course, the exceptions are very important.

> —every railway company shall, so far as is reasonably possible, in respect of all freight traffic of the same description, and carried on or upon the like kind of cars or conveyances passing over all lines or routes of the company in Canada, charge tolls to all persons at the same rate, whether by weight, mileage or otherwise.

That policy may be described as an equalization policy, although I think it is hardly that because there are so many exceptions. Some have described it as a policy of uniform rate structures. The implementation of the policy is left to the board of transport commissioners. This bill merely lays down the broad approach for the board, and results, of course, will only follow depending upon the manner in which the board carries out that policy.

There are other important matters contained in the bill, but today I intend to refer only to one and that is the provision for the payment of a subsidy of $7 million for the maintenance of the transcontinental trackage through the wild country of northern Ontario. I do not know how long we shall be able to describe that country as wild. Every time I go through it there are new towns, and one of these days it may be an important producing part of the country. However, there will always be great expense in maintaining the tracks through that particular area, and I believe the minister will find general agreement with the proposal that there should be a subsidy paid for the maintenance of those tracks. The amount of $7 million was the amount recommended by the Turgeon commission. I do not know whether it will pay the whole cost of maintaining the tracks, but in any event it is a move in the right direction.

As I have said the implementation of the main national transportation policy is left to the board of transport commissioners. From what the minister has said in the different debates on this subject, I judge that the board will take a considerable time to implement this policy. The commissioners must first complete the general freight rate investigation. It is now over three years since they were instructed to undertake that investigation, and instructed in much the same terms as this national policy is outlined in the bill. Three years ago we were promised that action would be taken along that line right away but as yet there are very few results to be seen. If there is to be any long delay, I hope that there will be no more horizontal increases in freight rates in the meantime. Every time there is a horizontal increase it makes the discrimination across the country worse. Surely, a stop should be put to horizontal increases until the board has taken steps to implement the policy laid down in this bill.

I am afraid that the minister will have to do something about strengthening the board of transport commissioners. He has not made any reference to a step of that kind, but I believe that some of the trouble has been that the board is not sufficiently strong to handle the job.

Mr. Coldwell: Inadequate staff.

Mr. Green: Yes, and it probably has not an adequate staff. We find a reference to the board at page 273 of the Turgeon commission report. It says:

> In dealing with the subject of the board, the importance of its functions and the high standard which should be maintained in the selection of its members cannot be stressed too strongly. Since its inception, the board's responsibilities have in many respects increased, and its jurisdiction has been

extended. It is now called upon to regulate some of the most important public utilities in the country and its decisions are of vital importance to, and have far-reaching effects upon, almost every person in Canada.

There you have a very clear finding that the board of transport commissioners must be an exceptionally strong board. With all respect, I submit that the board could be improved, and I hope that the government will take steps to see that this board is set up in such a way that it can handle the problems which are now being placed before it.

It is unfortunate that the government has given no indication whatever of its policy with regard to the other recommendations made by the Turgeon commission. This legislation only deals with the first part of the commission's report. There is no indication of what the policy is to be regarding the change in capitalization of the Canadian National Railways. There is no indication either of the policy on broad questions such as whether this board of transport commissioners is to have jurisdiction over not only the railways but also shipping and aviation in Canada. Mind you, I do not want to be taken as arguing in favor of giving the commissioners authority over shipping, although I am not in a position to speak for the party in that regard. I think it is unfortunate that the government has not given the house and the country a clearer indication of the whole transportation policy, instead of giving us one part of such a policy. It is not possible for any committee or for the house to work out a proper policy to meet part of the situation when they have no indication whatever from the government as to what is to be proposed on these other matters.

Probably there is no domestic problem which is of greater importance to the Canadian people than that of transportation. Those of us who come from the more remote portions of the nation are always greatly concerned over this question. Transportation has been the means of building the nation, and it is still the main means of holding the nation together. In Canada transportation will always be of the utmost importance. The commission summed that up very neatly in the chapter on national transportation policy at page 275 of the report. It reads:

> It has always been recognized that railways are of primary importance to Canada and its people. Ours is a country great in size and small in population, yet today we rank third in the whole world in the export of goods. This by the very nature of things requires a long haul of primary commodities which to a great extent must be transported by rail.

We of the official opposition are very much concerned about Canada's transportation policy.

[Mr. Green.]

I can assure the minister that those members of this party who go into the special committee on railway legislation will do their best to see that thorough consideration is given to the questions under review, and that such consideration is given in a non-partisan way.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, this is an extremely important bill. It marks another step forward in the development of our entire transportation system.

I agree with the hon. member for Vancouver-Quadra (Mr. Green) in most of what he has said this afternoon, and particularly with regard to the necessity of considering the whole problem of transportation in all its phases in Canada. As I read the report, the royal commission on transportation emphasized four main problems. They suggested a plan for what they termed the limited equalization of freight rates as between the various regions of Canada and a recapitalization scheme for the government-owned Canadian National Railways, to reduce its fixed charges and to put it on a paying basis. I think that the house will have to go into the matter thoroughly when we have the opportunity to do so because, personally, I do not think the commission's proposals are sufficiently comprehensive to deal with the problem of the overcapitalization of the Canadian National Railways. I think, however, that it forms the basis for useful discussion and consideration.

The royal commission also suggested the co-ordinating of all forms of federally-controlled transport through a single regulatory board replacing the boards we now have, and I believe there are three of them. When the time comes I think perhaps we shall have to go beyond that point and consider whether or not it is in the interests of Canada as a whole and of the various forms of transportation as a whole to consider the regulation of the various forms of transportation under a single regulatory board with fairly wide powers, of course under the authority of this parliament.

Then the fourth recommendation which I think is important is the subsidy of some $7 million to help finance the unprofitable northern Ontario railroad stretch linking the east and the west; that is, on the C.P.R., the 550 miles—is it?

Mr. Chevrier: Five hundred and fifty-two miles.

Mr. Coldwell: Yes, the 552 miles between Sudbury and Fort William and a like distance on the Canadian National Railways. This particular bill deals with some other matters

such as the right to appeal to the courts, but in the main it deals with two of these problems, namely, the problem of equalization of freight rates and the problem of relieving the railways of the expense of maintaining the lines across that part of Ontario which in the past at least has been unproductive, although along the C.P.R. line today, I am glad to say, are some quite large and important industries that have been established, and towns like Marathon and Terrace Bay have sprung up in the past six or seven years—certainly within the last ten years—with not inconsiderable populations. I shall have something to say about this proposal in a moment or two. But, Mr. Speaker, it seems to me that it is indeed difficult to think of the commission's recommendations embodied in this bill as a plan for equalization; because there is not a single member in the house who would permit what we term complete equalization; that is to say, the west must maintain the statutory advantages of the Crowsnest pass agreement; the maritime provinces must maintain the benefit of the maritime freight rates; and so on. But in some other respects we can remove discrimination and we can more or less equalize the burden, although the difficulties are to an extent created, of course, by the developments that have occurred in recent years in other forms of transportation.

Apart from these exceptions I have no doubt that hon. members from the central provinces of Canada too will continue to demand an opportunity for competitive rates as long as we have the present transportation system as we have it today in Canada or as it will still be under the provisions of the bill. The competitive transportation system in the central provinces is, of course, the reason why the two provinces of Quebec and Ontario did not join with the seven other provinces of Canada in making representations before the royal commission, and will probably not be particularly interested in the work of this committee. From the point of view of the seven provinces which have co-operated, and which may indeed co-operate before this committee the problem is most important. Indeed, if they wish to co-operate in making representations before this committee, they should have every opportunity to present their case to it, because, after all, they are governments speaking for the peoples of their particular provinces.

There must then remain exceptions to the equalization plan; and I think that fact is recognized in the bill itself; that is, exceptions to the general plan of what the commissioners and we term "equalization", although, as I say, it is equalization to a limited extent.

The railways require and must have a certain level of revenue. I think we all agree with that statement. There is one thing that I think we must never forget. Canada could not be Canada, or this country could not exist, without those bands of steel, as I have sometimes called them, that bind it together from the Atlantic to the Pacific. Indeed, it was on the fundamental consideration of the building of the first transcontinental railway between what we today call central Canada and Vancouver that the province of British Columbia agreed to come into confederation over eighty years ago. The railways therefore must have revenue; and if they cannot get it in one place, they of course look for it in another. Because of the competition in central Canada there is no doubt whatsoever that, when you examine the profit and loss sheets, particularly those of the Canadian Pacific Railway, you find that the major portion of the profits of that great transcontinental railway—and may I say that like the Canadian National it is an extremely efficiently-run organization—is derived largely from western Canada and quite largely indeed from the three prairie provinces. We find that they exploit what we might call the non-competitive areas in order to make up their returns so as to dodge deficits and indeed to build up their profits. Therefore no scheme of equalization can of itself alter the necessity for the railways doing this kind of thing. But at the same time, increased costs of railway operations, increased competition from trucks for the most profitable traffic, and from busses carrying express, carrying profitable freight and carrying passengers shorter distances and therefore not having to provide facilities like roadbeds, diners, sleepers and so on, exert a serious pressure upon our railway systems. That is why I said at the outset of my remarks that sooner or later this house will have to tackle this problem not as a single railway problem but as an entire transportation problem and consider how best to deal with it—retaining the competition that we can retain and using the new kinds of transportation for certain purposes, feeding and assisting perhaps the long hauls that have to be undertaken—in order to maintain a transportation system that will give our Canadian people adequate facilities at rates that the traffic can properly bear.

Those of us who come from the distant parts of this country, particularly those of us who come from the prairie provinces, are well aware of the fact that we must have the railways to move the heavy bulk commodities that cannot be moved in any other

way advantageously. We must have the railways to move such things as wheat, coal, lumber, iron ore and so on, we must consider that traffic not only as eastbound or westbound from the prairie provinces, but we must consider how we can get some of these bulk raw materials into these provinces in order to build up some industry and diversify the industrial life of this country to the advantage of all Canada.

I think then that sooner or later we shall have to consider this transportation problem as not only affecting the railways but also affecting the entire transportation facilities of the country, the railways, trucks, busses, ships, planes and so on. We have entered an age when the railways, still vital to this country, are nonetheless only a part of the main transportation system of Canada.

It is proposed in this bill to amend the Railway Act to give the board of transport commissioners power to prescribe and maintain something of a uniformity of rates on certain types of goods. Of course this legislation does not deal with the rates themselves. They must be worked out by the board and by the railways and approved by the board. That is the reason why I so strongly support the suggestions that the board of transport commissioners be strengthened to the greatest extent possible. This is one of our most important boards. It deals not only with railway transportation, but with telephone rates and a large number of other matters that are of vital importance to the community in all parts of Canada. And as I interjected a moment ago when the hon. member was speaking, we must see that the board is provided with the means of acquiring and using the very best advice in accountancy and in legal matters and so on that the country can provide. I have been told by people who were very interested in the various rate discussions before the board that the staff of the board was overworked, and indeed was quite inadequate to meet the needs of the inquiry. Therefore we have to strengthen the board and provide it with facilities to do the kind of job we want it to do.

Of course one would have expected that the board would have found, as it did in its report, that the transportation disadvantages are heaviest on provinces away from the centre of Canada. That has been obvious, I think, in the many discussions that we have had regarding horizontal freight rate increases. I want to join my hon. friend in suggesting that no further horizontal increases be permitted at least until this legislation has been passed, and until we have an organization which can go into the matter thoroughly.

The horizontal increases that have been permitted in the past several years, and which we have criticized so bitterly, have caused greater discrimination and more burdens on those parts of Canada which had already been discriminated against. These increases have discriminated against the maritimes. The maritimes depend on central Canadian markets, and the relatively long hauls from both the maritimes to this area and from this area to the maritimes. Then of course the maritime provinces, like the prairie provinces, are engaged largely in primary production, production of heavy commodities. The commission itself stated that the maritimes' concern with the problem of shipping goods to and getting goods from central Canada had become acute as the result of post-war rate increases. And those of us who represent western constituencies, prairie or British Columbia, can join with them in saying that we have found that also. Lately the province of Newfoundland, though not associated with the seven provinces originally, has shown a good deal of apprehension regarding the freight rate structure and what may happen in the future because its transportation facilities, as we know, are not nearly as efficient as the transportation facilities in the rest of Canada. That I suppose is one of those understatements that one sometimes feels inclined to make. But our prairie provinces are even more subjected to discrimination, because of the long haul, than those parts of Canada that I have already mentioned.

The freight rate structure in the west is one that was built up on the basis of primary production, the production of primary commodities in the prairie provinces; but with the development of oil and gas in Alberta, and perhaps with discoveries of similar resources in the neighbouring prairie provinces there is now a considerable amount of diversification foreshadowed, and in the province of Alberta perhaps in sight. I will leave that for the hon. member for Peace River (Mr. Low), who no doubt will say something about it. Therefore there is a friction, as it were, between the traditional rate structure—the board says this very plainly—and the drive for industrial development and diversification. This must be ended.

Coming to my own province, may I say that those who have read the brief submitted to the royal commission will have noticed that Saskatchewan emphasized that its economy is highly dependent on rail transportation because of the distance from markets, the high degree of economic specialization and the bulkiness of the products to be sold. I have already pointed that out. The

producers of Saskatchewan are farther from the markets of the world than are the producers of commodities of a similar sort anywhere else in Canada. Then, there is no ship transportation to make water competition possible in that province.

Owing to the fact that some 38 per cent of all the surveyed roads in Canada are in Saskatchewan, it indicates how great a problem it is to provide extensive truck and bus competition in our province. So far as Saskatchewan is concerned the freight rates have always been oppressive and discriminatory. The same sort of argument applies to British Columbia, removed, as it is, from the great markets of central Canada and across the ocean except by the long sea route through the Panama canal.

I was interested to note something else in this report that I should like to mention. That was an opinion recorded by one of the three commissioners, Dr. H. F. Angus. It was in the form of a comment on the commission's conclusions on the question of regional disadvantages. I should like to quote him in that respect because it is something I think we should keep in mind. At page 282 of the report I find this:

> The complaints made by the provincial governments seem to me to concern the effect upon their people of national policies rather than the physical fact of distance from markets and sources of supply. They do not challenge these policies which comprise not only the tariff but the very maintenance of Canada as a separate nation; but they complain that too little has been done to compensate those who suffer economically as a consequence of these policies. This is not a complaint against the railways. It is a complaint against the federal government which, in effect, is asked to subsidize the railways in order to enable them to forgo high freight rates.

It seems to me that was a very significant note made by one of the commissioners. As he says, it does not deal specifically with the railways, but it does in part make it necessary for this federal House of Commons to consider some compensatory adjustments; and one of those, of course, is in connection with the railway problem.

I do not want to speak too long, but I should like to mention the $7 million proposal set out in the bill. That is a part of the so-called equalization plan. I suppose its aim is to try to ease to some extent the full effects of rate increases on the long-haul traffic and shipments of basic commodities, to some extent similar to the easements provided in connection with maritime rates. The royal commission recommended a subsidy of $7 million a year to be paid to the railways to help meet the cost of the railway bridge between east and west across sparsely settled northern Ontario.

From my understanding of the bill now before us, this $7 million would go to the railways as part of their general revenue in return for equalizing the impact of rates between east and west, the attempt being of course to offset the disadvantages resulting from this bridge, as it is called, of 552 miles.

The commission quite properly pointed out that this east-west link is a long stretch of territory which originates very little revenue traffic. Then it was claimed that this payment would have the effect of relieving the railways of a liability for which they have to recoup themselves by means of relatively high freight charges on through traffic crossing over the bridge between east and west. I think we can all agree with that objective.

To justify this idea—and I thought this an interesting point—they draw an analogy between this section of track across northern Ontario and Canada's toll-free canals, which are maintained by the government at the public expense for the handling of water traffic. The commission thought that this subsidy would reduce the cost of moving goods from eastern Canada to the west, and it observed that eastbound traffic from the west already is aided by statutory low rates on grain and grain products.

The point I have in mind is this: What is the minister's suggestion for the basis of the payment of this subsidy? If we look at the wording of the bill we find this:

> (1) Subject to the provisions of this section, the Minister of Finance may, when authorized by the governor in council, pay out of the consolidated revenue fund (a) to the Canadian Pacific Railway Company an amount equal to the annual cost of maintaining the trackage between Sudbury and Fort William on its transcontinental line of railway, and
>
> (b) to the Canadian National Railway Company an amount equal to the annual cost of maintaining trackage corresponding in extent to the trackage mentioned in paragraph (a) between Capreol and Fort William and between Cochrane and Armstrong on the transcontinental lines of Canadian National railways.
>
> (2) The Board of Transport Commissioners for Canada shall determine the annual cost of maintaining the trackage for which payment may be made under this section and shall fix the extent of such trackage in respect of each company.

There is of course a limit that the amount paid under subsection 1 shall not in any year exceed $7 million in aggregate. Then subsection 4 continues in these words:

> (4) When the cost of maintenance of the trackage on the lines of railway specified in subsection one exceeds in any year the sum of seven million dollars, the payments authorized by subsection one shall be apportioned between the companies according to the amounts expended by each company on the maintenance of its trackage.

I would ask the minister to tell us what that means. Who is going to determine what

those amounts are? How is this to be done? Indeed, one railway may put in a bill for the maintenance of trackage at a far greater rate per mile than the bill put in by the other railway for the maintenance of its trackage. How will the benefits of each railway be assessed in that regard? I suggest that is an important point, and it was the one the hon. member for Winnipeg North Centre (Mr. Knowles) had in mind the other day when, as we were discussing the resolution, he asked what formula the government had in mind in connection with the payment of this $7 million subsidy.

I agree with the view held by many people in the prairie provinces that this will be quite inadequate, particularly if it is put into the general revenue of the railways. I feel something more substantial has to be done. We know there were several proposals. There was a proposal to pay a subsidy similar to the maritime freight rates subsidy which today, I believe, is 20 per cent. There is a reduction discount in freight charges on maritime rail freight movements. The commission rejected the suggestion, however.

Then there was the Saskatchewan proposal which would have introduced subsidized reductions on all freight hauls within, into and out of the prairie provinces, with a somewhat wider application than in the maritime rates. This was estimated to cost $40 million a year as compared with the $9 million in the maritime provinces for, of course, much smaller tonnage. The commission rejected this proposal. But what I am pointing out is this, that while the government of Saskatchewan thought that a much larger subsidy, one amounting to $40 million annually, was justified, it does point up very clearly that the $7 million would appear to be quite inadequate.

While this measure is welcomed, of course —and do not misunderstand me—I repeat that while it is welcomed, what I have said expresses I believe fairly well the general view of people in the prairie provinces. However, when the bill is before the committee no doubt representatives from the several provinces will make their own case. Therefore I do not propose to do it at this time.

Having said this, and having offered some criticism, I wish it to be clearly understood that we welcome this legislation. But we welcome it as only one step forward. After all, in democratic countries we move by steps, and it seems to me that this is a step. As such we welcome it. But I want it to be clearly understood that we think the steps taken in this bill are inadequate to meet the needs of the country. If we are going to deal properly with our railway problem we must not isolate it, we must consider it as part of the entire transportation problem of Canada.

Mr. Solon E. Low (Peace River): Mr. Speaker, I think I should take just a few minutes of the time of the house this afternoon to place our views on record with respect to the bill now before us. We believe that the bill is sound in principle and we support it. It is true that we look upon its provisions as providing only half a loaf, but we in the west are grateful for what the minister has indicated he is prepared to do in order to implement the commission's recommendations.

The bill does not provide for the equalization of rates, but it does go quite a distance in removing unfair discrimination. We are very pleased with those provisions that do remove unfair discrimination in rates. We would have liked to have seen greater steps taken toward real equalization, but we realize that in a country such as ours there must be certain exceptions to the equalization principle, exceptions that probably would not have to be considered if our country was small and closely knit together and more uniform in its geographical and topographical features.

We can quite understand the necessity of maintaining the preferred position that the maritimes have enjoyed ever since the passing of the Maritime Freight Rates Act. We think that the maritime freight rates structure is perfectly justified and we have always supported the maritimes in their efforts to maintain that position. We have a great deal of sympathy for our brethren in the maritimes because we know something of the tragic effects which certain movements have had on their economy since confederation. We are ready to support their efforts to maintain their preferred position under the freight rates structure. We have never requested that the western provinces achieve equalization with the maritimes but we are anxious to achieve equalization with the central provinces.

Another exception which we understand as being necessary is the maintenance of the Crowsnest pass agreements. Those arrangements are essential in the interests of the western farmer and I am quite certain that without them the western farmer could not carry on today.

Mr. Coldwell: They are fundamental agreements.

Mr. Low: As the hon. member for Rosetown-Biggar says, they are fundamental agreements to be held in perpetuity. Under those circumstances we were happy that the royal commission suggested that they be not

abrogated in any way. There are other exceptions that we understand must be made in applying this principle of equalization.

We join with those who have spoken from this side of the house in asking that no further horizontal freight rate increases be granted to the railroads until this bill has been made law and is operative. We think that the railroads ought to be able out of their operation to recover enough to pay their costs, to keep themselves in a strong position, to renew equipment and get rid of obsolete equipment which they now have. We are certainly not attempting in any way to set aside the demands of the railways that conditions be laid down so that they can carry on successfully. We are prepared to support any move or any measure which will assist them to carry on, but we do not want any further horizontal increases granted until such time as the board of transport commissioners have in their hands this legislation in an operative form. Then we think they will be able to arrive at a proper judgment on the requests that are made.

Up to this time the efforts toward industrial development in the three prairie provinces—I am limiting it to those provinces at the moment—have met with only meagre success, largely because of the discriminatory freight rates structure. I do not believe there is anyone who can successfully argue against that proposition. In Alberta we have all the endowments necessary for successful industrialization, and the other provinces have many of these resources. However, Alberta is particularly fortunate in the diversity of its natural endowments. Oil and gas are in abundance and we have salt beds second to none on the North American continent, beds that we did not know existed until a comparatively few years ago.

We have great coal reserves, we have large timber resources, and I could go on and name many other resources, all of which would make possible a steady industrial growth. It seems too bad that our province has not been able to go ahead much faster with its industrialization program. We have tried to take advantage of every opportunity and many industries have been established there. But they were not able to make a success because they found themselves up against too great freight costs.

With all the resources that are presently visible—perhaps there are many not yet found—there should be a flourishing fertilizer industry in Alberta which would contribute to the well-being of Canada from coast to coast. If there is one thing this country needs more than another in the agricultural field, it is a sufficient supply of good fertilizer. We have all that would be required to manufacture such a supply but thus far freight rates have discriminated against the development of this industry.

I think we have everything that would be required to establish a basic plastic industry, perhaps as great as the industry in Europe, particularly in England. We have everything required for a successful woollen industry. We have the three fundamental essentials of coal, gas and salt for a huge chemical industry. I make the prediction that with the passage of this bill Alberta will eventually develop an important chemical industry that will add to the well-being of our great country.

I have spoken on several occasions about the possibility of developing a great steel industry in Alberta. I have no doubt but such an industry could be successful, provided the freight rates situation was cleared away to the point where it would be economical to haul coal eastward, haul iron ore westward and haul the manufactured basic products to wherever the markets might be. I can see no reason why, under a revised and more equalized freight rate structure, iron ore from Steep Rock in western Ontario should not find its way into the coal beds of southern Alberta and there be manufactured and fabricated according to our needs. In all of these things I believe that this bill will be of considerable help.

I think it is important and desirable that the economies of the western provinces be balanced. For quite a long time we have suffered under the disabilities that go along with wheat economies. These wheat economies are subject frequently to disasters as to which very few people have any understanding. This year, for example, the prairie provinces have suffered a tragedy that has not been visited upon us for fifty years or more. We have had too much moisture, and that is not an ordinary thing at all. Usually the cry is that we have not enough. We have frequent droughts.

Mr. Green: You got all our rain.

Mr. Low: We evidently got all the rain that was supposed to have been dropped on the people of the Pacific coast. All this moisture delayed our seed time and our harvest with the result that harvesting is only about 40 per cent completed. As I say, our economies have been subject to tragedies that we could obviate to a great degree by having a measure of industrialization that will balance them and perhaps mitigate to some extent the extreme disabilities of wheat economies. I think that much of the assistance to western farmers might be obviated by a greater degree of industrialization. I leave

it at that. I impress upon members of the house that the bill will lay down better conditions and will result, I am satisfied, in some stimulation at least of industrialization in the western provinces. We must not overlook the fact that as the well-being of the people of any part of Canada is improved that very thing contributes to the strength and well-being of all of Canada.

I only wish to make one brief comment on the portion of the bill which deals with the $7 million subsidy. I was interested to note this statement by the commissioners at page 253 of the report of the royal commission on transportation:

> The submission of the United Farmers of Alberta Co-operative Limited above set out before refers to the expense which ought to be borne by the federal treasury as "a percentage of the operating costs" incurred by the mileage traversed between Sudbury and the head of the lakes. There is really no practical difference between the idea expressed in that formula and the measure recommended here which is intended to attain a similar result by the application of another formula, that of charging the general revenues of the country, not with any part of the actual cost of operating trains in this middle area, but with the whole cost of maintaining the bridge over which the traffic between the two large areas must pass, just as the toll-free canals in central Canada are maintained at public expense for the passage of traffic through them.

At first when I examined the wording of the bill I had to ask myself what maintaining the trackage actually meant. It occurred to me that it was a rather narrow expression which did not have any too much specific meaning. There are many other things that enter into the cost of railroading besides the mere maintenance of right-of-way. I thought as I read the bill, and then referred again to the submission made by the United Farmers of Alberta Co-operative Limited with respect to a subsidy, that we might perhaps have found a little happier way of expressing what we wanted to get at. However, after I had given the matter more consideration I came to the conclusion that because there is a dollar value placed upon the assistance that is to be granted out of the general revenue fund of Canada it did not make too much difference how the statement was worded.

One thing that seems to me to count is that the amount will be allocated to the actual operation and shown as a credit to that operation so that everybody can see it there, and so that if the railroads ever have the inclination to come and ask for further increases in freight rates they will not be able to hide that amount at all. It will be right there and allocated to that portion of the line between Sudbury and the head of the lakes. Therefore while "trackage" might appear to be pretty narrow, nevertheless since the amount that we are going to grant will be a subsidy and will be reflected in the rates I have no objection to it at all.

I want to end on this note. I quite agree with what the minister said this afternoon, and I want to emphasize it again. Let us not attempt in any way to make this committee a second royal commission. I think that would be a terrible mistake. I should like to see the work proceed with such dispatch that we can have the bill reported on by the committee and passed by the house at this session. I think it is important and essential in the interests of Canada that it be done that way. I want to thank the minister and his colleagues for bringing in the bill. We want to thank him for the efforts he has made to correct these ills—I will not make it stronger than that—in our transportation system. I want to say to the minister that we will give him all our support in getting down to a detailed study and putting this measure through.

Mr. J. H. Dickey (Halifax): Mr. Speaker, I am sure that the remarks of those who have preceded me in this debate, starting with the introductory speech of the minister, indicate very clearly the opinion of the house that this bill is one of extreme importance and one which may well have a very lasting and definite effect upon the economies of all parts of this country. In opening my few remarks, which will be within a very narrow compass, I hope I will have your permission, Mr. Speaker, and the indulgence of the house, to deal with a question that is raised by the opening paragraphs of the bill, the position of chairman of the Board of Transport Commissioners for Canada. I mention this matter simply in order to take the opportunity of expressing a word of appreciation and commendation of a fellow Nova Scotian, the Hon. Mr. Justice M. B. Archibald of the Exchequer Court of Canada, who is retiring as chairman of the board. Mr. Justice Archibald's high qualities of heart, mind and industry have been known in his own province of Nova Scotia for many years. On the national scene, he was taken from the bench of the supreme court of Nova Scotia during the war to become chairman of the war labour board on which he served with distinction and with great value to Canada. Shortly after he had returned to the supreme court of Nova Scotia from these wartime services, he was called upon again to enter the national field with his appointment to the bench of the Exchequer court and at the same time his appointment to the chairmanship of the board of transport commissioners. His work upon that board speaks for itself. I am sure it is with a sense not only of regret

but of loss that we realize that his great industry in carrying out those important responsibilities of a national character which he was called upon to assume has had its effect in undermining his health to the point where he is now forced to retire from the board and return to the Exchequer Court of Canada.

In considering this bill to amend the Railway Act, Mr. Speaker, it is of fundamental importance that we remember it is intended to put into effect certain of the recommendations of the Turgeon royal commission on transportation. This royal commission was set up at the request of the seven provinces who, since 1945, had joined in opposition to the various applications of the railroads for horizontal increases in rates, and whose opposition had not been able to do more than prevail upon the board to limit the extent of the increases permitted. Merely because this legislation is based upon some of the recommendations of that commission, it does not mean that everything in this bill or in the recommendations of the commission is acceptable to those seven provinces, or is exactly what they wish. It does represent, however, an attempt by this government to interpret the findings of that commission in a manner in accordance with the purpose for which that commission was set up, which was to ascertain the kind of solution to our transportation problems the seven provinces desired.

Having said that, I should like to turn to what I consider the main provision in this legislation. It is contained in section 332A, the provision for the equalization of freight rates throughout Canada. In considering the question of equalization we should first consider the findings of the royal commission with regard to equalization in a general way. From the examination it made of transportation in Canada, and from the representations that were made to the commission, it came to the conclusion that a policy of equalization was generally regarded as acceptable and necessary in this country. We must remember that in the order in council setting up the royal commission the government did one thing of special interest to us in the maritime provinces. They made their instructions to the commission subject to the provisions of the Maritime Freight Rates Act. The recommendations of the commission are, therefore, subject to those provisions.

The legislation before us says in express terms that the action the board may take under section 332A to bring about an equalization of freight rates in Canada must be subject to the Maritime Freight Rates Act and certain other limiting factors. That is a fundamental principle we must recognize as underlying not only the specific paragraph and section of the bill but the whole principle upon which this problem has been approached by the government. I believe that the Maritime Freight Rates Act must be regarded as the very cornerstone of transportation policy as it affects the maritime provinces. That act was passed in 1927 as the result of a recommendation made by the Duncan commission on maritime claims. That commission made a careful study of all aspects of the economic life of the maritimes. It was in accordance with one of the most important recommendations of that commission that the Maritime Freight Rates Act was brought into force.

The hon. member who immediately preceded me expressed his support of the maritime position. I thank him very much, not only for the words he used but the spirit behind them. I know he would be the first to admit that kindly spirit of cooperation is not his alone but is shared, I am pleased to say, by the majority of the members in all parts of this house. He referred, however, to the maritime position as a preferred position. With all deference I submit to him that is perhaps not an exact way of phrasing the situation. The preference we enjoy under the Maritime Freight Rates Act is a partial solution of certain problems which the Duncan commission found to exist. It was never intended to place the maritimes in any preferred position, but was an attempt to go part of the way in alleviating the results of certain disabilities which the commission found to exist. Developments since the coming into force of the Maritime Freight Rates Act certainly have not removed those disabilities or lessened their serious effect on the maritime economy. In truth, the developments since that time have simply accentuated those problems. It is a fact that the percentage preference under the Maritime Freight Rates Act has, to some extent, cushioned the impact of horizontal rate increases which have been put into force, particularly since 1945. Nevertheless, the impact of those horizontal increases was very severe indeed. The essential need for the protection of the Maritime Freight Rates Act is even greater today than it was at the time the act was brought into force. This government has ensured the continuation of that protection in all stages of the examination of the transportation problem in Canada which has given rise to the legislation before us today. As I have already pointed out, it was protected in the order in council setting up the commission, in the instructions to the commission, in the findings of the commission and finally in the act which has been brought down.

As to the special interests of the maritimes, I think we find in the Maritime Freight Rates Act the protection that we require. In previous stages of this debate certain members of this house have taken upon themselves the role of prophets and have said that this legislation will have the most severe effects upon the transportation system and the freight rate problem in the maritime provinces. I am not going to join them in prophecy, except to say that any statement to the effect that there is in this legislation anything which indicates that freight rates in the maritime provinces will be increased 100 per cent is absolutely fantastic. There is nothing in this legislation which can bear that interpretation. Any statement of that kind must be based upon some information or something quite outside the report of the royal commission and this particular bill. In dealing with a matter as complicated as that of freight rates I do not think anybody can predict with absolute assurance as to particular situations when dealing with general provisions of this kind. But if there is anything in this legislation which would have anything like the effect which has been suggested by certain hon. members in previous stages of this debate—and I do not for a moment believe there is—it is my opinion that any result of that kind is directly contrary to the provisions of the Maritime Freight Rates Act and cannot be brought into effect.

Mr. Browne (St. John's West): It is too late to stop when it is brought into effect.

Mr. Dickey: It is not a question of being too late when it is brought into effect. There is existing legislation which will prevent it being brought into effect, and it will never come into effect.

Mr. Browne (St. John's West): Mr. Speaker, may I ask the hon. member a question?

Mr. Dickey: Certainly.

Mr. Browne (St. John's West): What is the hon. member's interpretation of the subsection he refers to, namely subsection 4 of the new section 332A? Would he tell us that?

Mr. Dickey: For what it is worth, my interpretation is that it makes any action taken under section 332 subject to the provisions of the Maritime Freight Rates Act.

Mr. Browne (St. John's West): That is what it says; but what does it mean?

Mr. Dickey: Strange as it may seem, it means exactly what it says.

Mr. Browne (St. John's West): That is what you think.

[Mr. Dickey.]

Mr. Dickey: If my hon. friend cannot understand plain language, then I am afraid that I cannot elucidate any further for him.

There are one or two other aspects of this legislation with which I should like to deal briefly. The first is that under this legislation the board of transport commissioners is for the first time being given the power to examine competitive rates. What the result of the examination of competitive rates by the board will be it is impossible at this stage to say with assurance. But with that power given to the board by this legislation we shall have the assurance, which we have never had before, that any competitive rate that a railway brings into effect must be in truth competitive; that the competition must exist, and that the rate proposed as a competitive rate is sufficient to reimburse the railway for the services performed so that it will not be in the position, for purposes of competition, of performing expensive services at a ridiculously low figure, recouping its losses from some other traffic.

Mr. Johnston: What about the agreed charges clause?

Mr. Dickey: If my hon. friend wants to deal with that matter, that is fine; but I was particularly interested in the competitive rates, as I will now show. I think that is something which is of particular interest to western Canada and to the maritimes because of our feeling that in many instances—having regard to the low freight rates enjoyed by shippers in central Canada because of the competition of water and truck transportation—we were paying the bills for some of the services the railways were giving in central Canada. It will now be possible for the board to look into that situation and make sure that the freight rates structure in some parts of Canada is not bearing an unfair burden in order to maintain services in other parts of Canada.

Another matter I should like to mention is the action being taken under this legislation to deal with the question of transcontinental rates. That action will have a distinct effect on the freight rates on traffic both east and west, between the maritimes and points in western Canada; and I would hope that the bringing into effect of this provision will result in a substantial reduction in the tariffs in both directions for traffic of that kind.

We in the maritimes might perhaps think that the provision with regard to the $7 million subsidy to maintain the trackage in northern Ontario is of little interest to us. That is not a proper conception. The savings that will be made possible through that

subsidization scheme will also have the effect of reducing the through rates from the maritimes to the prairie provinces and from the prairie provinces to the maritimes. That will be another benefit added to the readjustment of the transcontinental rates.

In conclusion, Mr. Speaker, I should like to say only this. I wish to compliment the minister on having brought down this legislation. Along with other maritime members I am delighted at the obvious unanimity of the opposition parties in support of the principle of this legislation, no matter what the small disagreements may be on detail. I will support, with a great deal of pleasure, the motion for the second reading of this bill.

Mr. G. C. Nowlan (Annapolis-Kings): At the outset I should like to join with the senior hon. member for Halifax (Mr. Dickey) in his reference to the chairman of the board of transport commissioners, Mr. Justice Archibald. It was my pleasure many years ago—more years than one likes to recall—to be recruited into the army by Mr. Justice Archibald who was then a recruiting officer for the old 10th battery, associated with Halifax for many, many years. I followed him overseas and afterwards into the law school, and became associated with him after he became a judge of the supreme court of Nova Scotia. I appeared before him on many occasions. He is a man of great integrity, a man with a sense of public duty and responsibility, that forced him to efforts possibly beyond his strength. I am sure everyone will regret that owing to ill health it has been necessary for him to relinquish the position which he has filled so honourably in the past.

I cannot possibly follow the hon. gentleman in all the other comments he made with respect to this bill. He warned against one becoming a prophet, and I will attempt to avoid that category, though the hon. gentleman himself prophesied that nothing but good would flow from this bill. I hope his optimism is justified.

This is, as everyone has said, a most important measure. The bill itself deals with many matters. As the minister pointed out, it deals with everything from passenger tariffs to the appointment of the board and various matters such as that; but those of us from the east and the maritimes are in agreement that section 332A is the important section of this bill. It is that section to which I shall draw the attention of the house this afternoon, with particular reference to any possible implications to the maritime provinces. The marginal note of section 332A reads: "National freight rates policy." We are laying down, apparently, a national policy with respect to freight rates. If that marginal note is a correct description—and I think it is—then it might easily follow that this legislation may be as important as any we may pass this session, at least in so far as its effect on some parts of the nation is concerned. This bill in setting forth this national policy says:

> It is hereby declared to be the national freight rates policy that, subject to the exceptions specified in subsection four, every railway company shall, so far as is reasonably possible,—

And omitting a few words which are not material to the meaning, we read these words:

> —charge tolls to all persons at the same rate, whether by weight, mileage or otherwise.

Section 2 (a) reads:

> To establish a uniform scale of mileage class rates applicable on its system in Canada. . .

And so on. Then we come to paragraph (b) which reads:

> To establish for each article or group of articles for which mileage commodity rates are specified, a uniform scale of mileage commodity rates. . .

In other words the emphasis in this section, Mr. Speaker, is on the mileage; and in that it follows of course the report of the royal commission at page 126, section 9 (b), which reads:

> The establishment of one uniform equalized class rate scale throughout Canada applicable on each of the two major railway systems, expressed in mileage distances or in specific rates between all specified points on each railway. . .

There again, Mr. Speaker, the emphasis is on the mileage and the uniformity of the rates. I am certainly the first to admit that I would not want to enter into a technical discussion of the rate structure, how rates may be applied or how they are created; but in reading these sections it would appear to me that it would be a fair question to ask whether what is proposed in these sections of the bill is the establishment of a new rate structure in which at least mileage is going to play a very prominent part, more so than it has in the past. We all know of the complicated structure we have had with its various rates, its various qualifications, additions, arbitrary structures and so on, which frankly confuse most laymen and many lawyers. I do not think I would be reflecting upon most of the members of the House of Commons, including many of the legal profession and certainly myself, by saying that they have often baffled us and still do. I am suggesting that with that background, on reading these sections it would appear that with this uniformity to which reference has been made we are having a simplification in which the rate in future is to be based largely on mileage. If that is so, Mr. Speaker, the effects can be very

serious indeed, and particularly I suggest they would be serious to the maritime provinces.

The fact that the maritimes have a long haul is known to all. It does not require any great argument to establish it. In their report the royal commissioners dealt with that. They presented an analysis of waybills showing the relative haul of central Canadian points and also of the maritimes, and at page 28 they say:

> The waybill analysis indicates that approximately 93 per cent of the freight traffic originating in the maritime provinces moves on commodity rates and that the average haul per ton is 319 miles, but that about 30 per cent of the 93 per cent moves on the average from 733 to 812 miles.

In the next paragraph they go on to say:

> On the other hand, while approximately 80 per cent of the freight traffic originating in central Canada moves on commodity rates and the average haul per ton is 234 miles, approximately 90 per cent of this, on the average, moves from 80 to 167 miles. It will thus be seen that, compared to central Canada, the maritime provinces do, at least on a large part of their originating traffic, suffer a disadvantage in respect to length of haul.

It does not need a royal commission to tell us that Mr. Speaker. The history of our transportation system in the maritimes is well known. I do not think some of us are cynical, but when we hear today about the construction of transportation systems and the great benefits that will be derived from them, we recall statements which were made about transportation systems in the past, and the history of them. I think the history of ours is well known; at least it is well known to the maritimes. Briefly, the old government railway was constructed for what purpose? To keep the movement of goods and troops as far away as possible from that country to the south of us which we now call our good neighbour. When that road was built it was expected that there might be a war at any time; so what happened? They built the railway from Halifax to Montreal, and they followed the coastline just as far away as possible from the nearest United States point. You have this long, tortuous, twisting haul running up the bay of Chaleur and the Matapedia valley, and finally down the St. Lawrence river to Montreal. That in itself was a part of the national policy of that time which created the transportation system. That makes our situation in the maritimes very very difficult indeed. Not only is it a fact that the long haul is there, but there is the other fact. We have to use that haul because of national policy, and also because of international policies. The situation in the maritime provinces is such that the goods we produce are now largely sold in central Canadian markets, and to a great extent we are dependent upon those markets for consumer and other goods, including capital goods, which we have to buy.

That is a situation about which we do not complain. It is the situation to which the hon. member for Rosetown-Biggar (Mr. Coldwell) referred earlier this afternoon, due to the incidence of national policies and later on of international policies, and I refer to the loss of sterling and other markets, to the exchange situation and the like.

We are now at the end of that long, attenuated railway line, the only saving feature of which is that it is run by most efficient men in a most efficient manner; and the minister and his department can share the credit for that. I say it is well run, and that is a compensating feature in the situation. It is because of that fact that some of us in the maritime provinces are concerned about any change in the freight rate structure which could be attributed to a mileage basis.

May I say in parentheses that I appreciate very much what the minister said at the outset, namely that this bill is to go to a committee and that it will be there studied without any commitment as to details. That clarifies the position of all of us in the house today, and I welcome what was said. But to go back to my original thought, if it follows that because of the changed basis we do have substantially increased rates, then—and I am minding the advice of the hon. member for Halifax (Mr. Dickey); I am not donning the robes of a prophet—I would say that the effects on the maritime provinces would be just as serious as were the effects of the collapse of the wooden ship-building industry in the maritimes; and that was the most disastrous situation we ever had. That is how serious the position may be.

I am not for one moment overlooking the matter which the hon. member for Halifax stressed, and rightly so: that the section we are considering embodies the safeguard of the Maritime Freight Rates Act. He stressed that, and I think from the argument he advanced he was justified in so doing. I am glad he appreciates what the Maritime Freight Rates Act has done for the maritime provinces, and for Nova Scotia in particular. I am sure all of us are glad to see sitting in the house this afternoon the hon. member for Cumberland (Mr. Black), who was a member of the government of Nova Scotia responsible for the setting up of the Duncan commission, out of which flowed the Maritime Freight Rates Act, to the benefits of which the hon. member for Halifax referred. I say that because the Maritime Freight Rates Act was the climax of a long period of stress and demand in the

maritime provinces, sparked to a great extent by Senator Dennis and the Halifax *Herald,* which culminated in the creation of the Duncan commission, from which flowed the Maritime Freight Rates Act. That was in 1927.

Again, without going into technical detail and without becoming involved in arguments as to the application of the act, as I read and understand it the act said that it scrapped the rate existing in 1927 and set up a new rate 20 per cent below the one then obtaining. That 20 per cent was arrived at because the commission found that until 1911 or 1912 the government of Canada had recognized its responsibility under its national policy and had not raised the rates in the maritimes, but that following 1912 the rates had been raised to such an extent that the Duncan commission decided a reduction of 20 per cent would compensate for it.

So we find this 20 per cent statutory reduction becoming effective. But the act went on to say that the board of transport commissioners could change the rates if it found under certain circumstances that the costs justified it, and so on. As a matter of fact, the benefits of the act—and I believe many will agree with this—have been lost to a great extent because instead of the rates being increased they were decreased because of truck competition. I am not so sure what benefits are flowing from the Maritime Freight Rates Act today. I sometimes wonder if those of us in the maritime provinces would not be in a better position if the act were revised and amended, because we hear it said, as was said today by the hon. member for Peace River (Mr. Low)—I am sure quite innocently—that we are in a preferred position under the act. Every once in a while we hear talk about handouts. Actually none of these things take place. As I said, I know the hon. member for Peace River spoke in a kindly way, and I appreciate the position he took. I would point out, however, that we do not have a preferred position: it may have been at one time, but certainly it is not today. And I repeat that there are no handouts under it.

I may be wrong, but the picture as I see it is this. If there is a change in these rates, and if as a result of equalization the board of transport commissioners decides to raise the rates, then what happens under the Maritime Freight Rates Act? We have been getting 20 per cent off. With a rate of $1 today under the act we pay 80 cents, with the 20 per cent off. So if the board were to raise the rate to $2, as it might do, and as it can do under the act—I see one hon. member disagrees by shaking his head—what happens? I shall not argue with the hon. member, but I am saying such an increase is quite possible. The power is in the board to revise those rates. If they were to raise them to $2, what would be the result? The result would be that instead of having a rate of 80 cents we would have one of $1.60. That is too high. It might strangle the little bit of trade that is going on in that particular item? If you are going to kill a man, it does not matter whether you cut off his head at the neck or saw him in two at the middle. The result is just the same; he is dead. It makes no difference in freight rates, that you have a theoretical or statutory reduction of 20 per cent, if after the rate is reduced by that 20 per cent it is still so high that your trade is strangled. You die, economically. And, as I see it, that is a possibility under the freight rates act. What I say is not based entirely on supposition, either, because if one turns to page 126 of the report of royal commission he will find this:

> 8. The board has requested the railways to submit to them the railways' proposals for equalization of freight rates throughout Canada subject to statutory prohibitions contained in section 325 of the Railway Act and in the Maritime Freight Rates Act.

In other words the royal commission asked the railways to submit briefs based upon this proposed equalization. They were anticipating that parliament was going to pass this measure. But they wanted the team all harnessed and ready to drive through the gate as soon as parliament had opened it.

As a result, what happened? The railways submitted their schedule of rates, and they did so having in mind the very safeguards the hon. member from Halifax discussed a few moments ago, which he says give us protection. They submitted those rates. The railways may be wrong; they may not know what they are talking about, but I think it is generally recognized that they employ a fairly good legal staff. They have had great experience, and I suggest that when the railways submitted rates under that instruction from the royal commission they first considered the effect of the Maritime Freight Rates Act and the safeguard set out in subsection 5 of section 325 of the Railway Act.

I have in my hand an interview with Mr. Rand Matheson, manager of the maritime transportation commission. That is a commission for which the boards of trade in the maritime provinces are largely responsible, and is financed by the governments of those provinces. Mr. Matheson is to some extent a quasi-public servant or civil servant, and is recognized as a freight rates authority in the maritime provinces as well as throughout

Canada. He gave an interview to the Halifax *Chronicle-Herald* some time in September and is quoted as follows:

Proposals by the Canadian railways for equalization of freight rates—

Mr. Deputy Speaker: I am sorry to interrupt the hon. member, but it seems to me that he should confine his remarks to the principle of the bill.

Mr. Nowlan: I am dealing with the principle of the bill. I am dealing with equalization. I think we all agree that at least to maritimers equalization is an important part of this legislation. Dealing with equalization Mr. Matheson continued:

. . . across the country would approximately double present rates in the maritimes, and would thereby have detrimental repercussions of far-reaching consequence on the economy of the four Atlantic provinces.

That is not the statement of a prophet; that is not the statement of a politician. That is the statement of a recognized expert in the maritime provinces dealing with this matter. He gave certain examples. For example, the first class rate to Moncton in carload lots is $1.87 per hundred pounds, the fifth class rate is 94 cents. The proposed new rate would be $3.70 for first class as compared with $1.87, and for fifth class, $1.48 as compared to 94 cents. In the case of the first class rate you would have a percentage increase of 97·9 which is as near as you can get to a 100 per cent increase. In the case of the fifth class rate the increase would be 57·4 per cent. Perhaps Halifax is concerned in this. At present the first class rate per hundred pounds is $1.94 and the proposed new rate, according to Mr. Matheson, will be $4.23.

Mr. Chevrier: May I ask the hon. member to what he is referring when he mentions proposed new rates?

Mr. Nowlan: I warned the minister that I did not want to be involved in any discussion on this, but these are the rates proposed by the railway companies to the board of transport commissioners as a result of paragraph 8 on page 126 of the report.

Mr. Chevrier: I do not want to interrupt the trend of thought of my hon. friend, but this legislation does not deal with any rate. This legislation provides enabling authority which will permit the board of transport commissioners to equalize freight rates. When my hon. friend refers to a proposal submitted by the railways I contend that he is not in order because there is no such proposal before this house. I submit further, although I am not going to stop my hon. friend because I want him to put on the record everything he wants to, that he is dealing with a matter now before the board of transport commissioners for investigation and which has been adjourned until January 10. I submit that this matter is sub judice and should not be considered now.

[Mr. Nowlan.]

Mr. Green: If I may rise on that point of order—

Mr. Chevrier: I did not raise a point of order, I simply asked a question. Having been answered I stated that there is nothing in this legislation which permits the hon. gentleman to deal with a proposed increase in rates.

Mr. Deputy Speaker: There is no point of order before the house. There is only the question asked by the minister.

Mr. Nowlan: As the minister said, this matter has been adjourned to January 10. It was before the board as a result of the report of the royal commission to which the minister referred. The minister has introduced a bill implementing some of those recommendations. It was the report of the royal commission that permitted the companies to file this tariff. It is true that it is most unusual to have tariffs filed with the board of transport commissioners before parliament had seen the bill, but that is what happened.

Mr. Chevrier: Will the hon. member agree that the matter is now before the board of transport commissioners for adjudication?

Mr. Nowlan: I think that is correct.

Mr. Chevrier: If it is, does the hon. member think he should discuss a matter under investigation?

Mr. Nowlan: I do not think it is a question of discussing a sub judice matter. I think it is proper to refer to a public document which is factual and to read what is stated in that document without attempting to draw any conclusions.

Mr. Chevrier: I do not intend to continue my interruptions. I disagree with the hon. gentleman, as I think the matter he has brought up is one which should be discussed before the committee. I hope that Mr. Matheson will come forward and make the representations there which are included in this article.

Mr. Nowlan: I am not pursuing the matter further. I have placed some of these figures on the record, whether they are sub judice or not. These are the submissions of the railways based on the suggestions of the royal commission, having in mind all the safeguards to which reference has been made. I say to you that if the railroads are not entirely insane, if the figures they have submitted

have any relevancy at all, these safeguards will be of very little use and the maritimes will face a situation which could be described as verging on disaster.

I realize that if one feels strongly about a bill up for second reading he should consider whether he will vote against it, and I wondered what attitude to take. However, I would not want to take that position at this time; and I do not intend to, because this bill is to be referred to a committee. I did feel better, as I said earlier, when the minister said that even the government was not to be committed to the details of this bill until it had been referred to the committee. There must be some misgivings or doubts with respect to it, and I think properly so. We hope and believe that this committee will call representatives—of course they will not call all those who appeared before the royal commission—of the maritime transportation commission and from other areas in Canada who are interested in this situation, because it is a most serious thing for Canada.

It is not altogether a railway problem. I am not blaming the railroads for having proposed rates such as they have. I intended to read the quotation from Dr. Angus which the hon. member for Rosetown-Biggar (Mr. Coldwell) quoted earlier; but to summarize it, he said that it was not a railway problem, it was a complaint against the federal government which in effect is attempting to subsidize the railways in order to enable them to forgo higher freight rates.

I presume the minister has read the statement by Dr. Innis, and I draw his attention particularly to page 307 of the report where Dr. Innis states:

> No scheme of equalization can be devised which will overcome the effects of competition in the St. Lawrence region as reflected particularly in competitive rates. An obsession with equalization will obscure the handicaps of the maritimes and of western Canada and perpetuate their paralyzing effects.

"Obsession" is the descriptive term used by Dr. Innis with respect to equalization. Whether you like that or not, Dr. Innis was one of the commissioners and is recognized as being something of an authority. I suggest that when you read those words you must wonder just what effect should be given to this proposal of equalization.

Mr. Chevrier: Dr. Innis signed the report.

Mr. Nowlan: That is perfectly true. He signed the report, and he also referred to this obsession about equalization. How he reconciled that is not for me to say. Apparently it was not a difficult task, and I do not presume it was. There is one other matter to which I should like to draw attention with respect to equalization, and I think this is the classic statement of the year. If you will look at page 124 of the report you will find this statement half way down the page:

> The maritime provinces said that they did not "subscribe to or support so-called equalization of freight rates" and stated "rate equalization is impossible of achievement."

That is on page 124, and on the very next page—

Mr. Chevrier: May I ask the hon. gentleman to keep on quoting because I think the next sentence is very material.

Mr. Nowlan: Surely. It reads:

> Accordingly they opposed an amendment to the Maritime Freight Rates Act submitted by the Canadian Pacific Railway Company as being essential to the bringing into effect of an equalization plan.

If that is material I am very glad to quote it. I think the material thing is that they said they did not subscribe to or support so-called equalization of freight rates. Then on the very next page I should like to refer to the first conclusion of the commission. It reads:

> It would appear, from the foregoing and having regard particularly to the terms of order in council No. P.C. 1487, that the broad general principle of equalization throughout the country is now accepted.

There you have the statement on one page that the maritime provinces oppose it and refuse to accept it, and on the next page the bland statement by the commissioners that the country generally accepts it. Apparently the maritimes are no longer a part of this country, if you accept that statement.

I am sure the minister did not do it purposely, but I do not think even he is entirely free from fault on that score because I noticed that the other night when referring to this matter he said, as recorded at page 329 of *Hansard*:

> The provinces asked for equalization, and by these bills the government intends in so far as is possible to implement the recommendations of the royal commission on equalization.

It is true that some of the provinces asked for it, but certainly not all the provinces, and some were definitely opposed to it. It is true, as the hon. gentleman said the other night and as he said to me again a few moments ago, that the bill in itself does not provide specifically for an increase in freight rates. There is no increase spelled out there but the bill does provide for equalization, and it at least can be argued and I think will be argued with some trepidation in many parts of the country until the committee meets and dispels the view that equalization can, and possibly does, involve a substantial increase in freight rates. Therefore indirectly that could flow from it.

As I said a moment ago, we are to have this matter referred to a committee. Perhaps it would have been better if the principle had been referred without the bill itself, but the minister explained why that could not be done. I believe and know that an opportunity will be given to representatives of various parts of the country to appear before the committee, not to rehash all the old arguments of the past but to state the position taken by certain districts in this nation, and I am sure all members of the house on either side will respect and try to meet the views of those areas. I think it can be done; but if it cannot I want no misunderstanding that, in accepting second reading of the bill this afternoon, so far as I am concerned at least I am definitely committed to opposition to the principle of equalization.

After the committee has reported, after they have heard these people, if a solution can be arrived at whereby rights can be safeguarded, or it is shown that they are not prejudiced—and that is a matter on which we certainly are ready to be convinced—then we will all join very happily in supporting a bill which, as has been pointed out, has many interesting and valuable features. Until that can be done, however, I at least reserve the right to take such action on the bill as I think is in the interests of the maritimes after all the facts have been disclosed.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, ordinarily I would not at this time discuss the bill at all in view of the fact that it is going to a committee, but I think discussion in the house is necessary on this measure. First of all, there are a lot of members in the house who will not be on the committee, and the fact is that the bill represents the government's considered opinion as to what they may do with regard to implementing the report of the royal commission on transportation. The commission was appointed in December, 1948, and reported on February 9, 1951. It was gathering evidence for a period of twenty-five months, and all the government has in mind in implementing the commission's report is the bill now before us.

The bill has many implications. While it does not spell out increased freight rates and so on, by the reorganization of the board and the new powers being granted to the board the government is placing in the hands of the board of transport commissioners the right to do a lot of things on which the hon. member who has just taken his seat elaborated. That is why I think the bill requires considerable discussion on the part of members in the house. If it is the intention of the government to set up another royal commission, through the committee, and if the committee is going to take the bill and call in all the people whom it took the royal commission on transportation twenty-five months to hear, there will be a few sessions of the house go by before the committee is ready to come to a conclusion on the bill.

Another thing I am rather sceptical about is that many representations with respect to freight rates and the railroads generally that were made to the commission, and upon which the commission at least rendered some judgment, have been ignored in the bill. If the committee takes the bill in its present form and goes into session, the chairman of that committee will hold the members strictly to the terms of the bill. He will not permit a discussion of any matter not covered by the bill. That is why I am going to have a little fun with it at this time rather than wait for the committee.

The first thing I should like to point out is that the only thing the bill definitely does is grant $7 million to the railway companies for the purpose of maintaining that bridge in central Canada. In my opinion the main problem the railways have to contend with, and one which the president of the Canadian National Railways pointed up very strongly in a special submission to the commission, is the reorganization of the capital structure of the Canadian National Railways in particular, and at the same time we should have a good look at the capital structure of the Canadian Pacific Railway. I think that is the basis of all our trouble. You go merrily on with a capital structure on both railroads that is faulty and out of date, and should be changed. Before you can get any sanity in fixing rates on the railroads you have to start at the root cause, which in my opinion is the capital structure of the Canadian National, and at the same time take a good look at the Canadian Pacific Railway.

Mr. Chevrier: Would the hon. member permit not an interruption but merely an observation?

Mr. Gillis: The minister is going to try to rule me out of order.

Mr. Chevrier: No, this bill does not deal with the financial structure of the Canadian National Railways. We may deal with that at a later date. This bill deals with equalization, and I hope the hon. member will speak on that subject.

Mr. Gillis: When I started I was careful to point out that we are dealing with the royal commission report.

Mr. Chevrier: No, we are not.

Mr. Gillis: Let me read from the explanatory notes.

The bill contains certain proposed amendments to the Railway Act arising out of the royal commission on transportation.

It so happens that the basis of the bill is that commission's report.

Mr. Chevrier: May I remind the hon. gentleman that we do not deal with the explanatory notes of the bill at this juncture. We are dealing with the bill itself, and not with the royal commission report.

Mr. Deputy Speaker: Order. It seems to me that the principle of the bill is the principle of the amendment.

Mr. Gillis: Well, Mr. Speaker, you are the boss so far as that is concerned. There is no point of order; it is a matter of a difference of opinion. It is not my opinion; I am taking the bill itself, which sets out that the basis is the report of the commission which sat for twenty-five months. The government is recommending this legislation based on the evidence presented to the commission. The bill was written by the government, but if I had written it I would have said something about the capital structure of the Canadian National. I would have put first things first. I am not going to elaborate on that. I mention it because I sat on the committee on government owned railways and shipping, and listened to the president of the Canadian National Railways state that one of the main difficulties in financing that road was the fact they had inherited the sins of the companies they had taken over. The interest on that debt of around $63 million which the Canadian National has to pay each year is tremendous, and the royal commission recommended a change in the capital structure as one of the first things that should be done to straighten out the financial position of that railroad. Unless we tackle that angle, there is not much use talking about fleecing the public by increasing freight rates in order to pay interest on bonds that either should have been called in years ago or written in as equity capital drawing no interest. Until we tackle that problem I do not think we are going to straighten out this problem of freight rates.

I want to say a word concerning the principle of the bill, which is equalization. I agree with the maritime transportation commission that there is no such thing. It is impossible to equalize freight rates in Canada unless you can change the geography. The senior member for Halifax (Mr. Dickey) seemed to think the Maritime Freight Rates Act was not affected, but it is badly affected. When the act was passed in 1927 that 20 per cent rebate which was granted was based on the prevailing freight rates. That percentage was considered fair and equitable. It placed the maritimes on a somewhat competitive basis with the rest of the country. Since that time there has been a 47 per cent increase in freight rates. What has happened to the Maritime Freight Rates Act is that we have lost 27 per cent of the value of it. Because of the increased freight rates that tariff has been placed against the products of Nova Scotia that have to go into the central market. The Maritime Freight Rates Act has been affected in that way, and the member knows it. He knows there is a lot of dissatisfaction in Nova Scotia on this very point. I have a clipping in my hand from Saint John, New Brunswick, dated April 13 of this year, in which the mayor is forecasting that certain industries in Nova Scotia would have to close down because of increased freight rates. I believe that is true.

If you are going to retain the benefits of the Maritime Freight Rates Act as they were intended when the act was passed—I may say it is not a handout but a recognition of the difficulties brought about by our geographical position and by confederation, and I hope the minister is paying strict attention to this—the maritime freight rate subsidy has to be increased to 30 or 35 per cent. While theoretically the benefits of the Maritime Freight Rates Act are not going to be interfered with, that 20 per cent granted before the 47 per cent increase in rates is not going to be retained unless the rebate is increased to equal the rate increases.

At the present time it is rather difficult to put the products of Nova Scotia into the central market to compete with manufacturers in Ontario and Quebec. Because of the short haul the freight rates in Ontario and Quebec have not changed very much. These provinces have not been sufficiently affected to appear before the board to make representations. With these increased rates the maritimes cannot compete with central Canadian industry. That is not my opinion; it is the opinion of editorial writers and experts who have considered the matter. The Maritime Freight Rates Act will not be effective unless you grant the same percentage of rebate as the increases which the board grants to the railways.

I said a moment ago that we should take a look at the position of the Canadian Pacific. I believe one of the first steps should be the reorganization of the capital structure of the Canadian National Railways. The president of the Canadian National has made a similar statement in a committee of this house and before public bodies right across this country. It is alleged that in considering the position

of the Canadian Pacific Railway the board of transport commissioners allowed the Canadian Pacific to exclude from the annual income of that road about $27 million from steamships, hotels, and other sources. Why should they? Why should that amount be excluded from the earnings of the railway for the purpose of rate fixing? I think the time has come when the government have to get tough if they are going to protect the general public. You cannot keep on loading freight rates on the back of the public to pay interest on the old bonds of the Canadian National Railways, and you cannot allow the Canadian Pacific Railway to hide that amount of revenue in its balance sheet and say "We are going to keep this to distribute to our shareholders, and you are going to get out and bleed the public in order to market commodities across the country". I am really a little bit afraid of this bill because, after twenty-five months during which that commission sat and with all the evidence it received and all of the recommendations that were made, as far as we know at the present time this bill represents the government's thinking on the implementation of the report of that commission. As I said a moment ago, while it is not definitely stated that the rates are going to be stepped up, as indicated by the hon. member for Annapolis-Kings (Mr. Nowlan) in this bill power is given to the board of transport commissioners to do that very thing, if we agree with the principle of equalization; and to equalize freight rates in this country you have to wipe out the Maritime Freight Rates Act.

Is it meant that there is going to be just a flat rate right across the country? That is what equalization means to me. If that is what it means, then it means there will not be any Maritime Freight Rates Act or any Crowsnest pass rates either. It is all very well to say: oh, the board will never do that kind of thing. In this bill authority is being given to them to do that if they want to. That is why I think a great deal of discussion is necessary in the house. I do not think equalization can be brought about without causing a great deal of upset in the whole structure.

The thing I wanted to impress upon the minister is the failure to do anything about regulating that capital structure of the Canadian National Railways and to take a realistic position about the Canadian Pacific Railway in reporting their income. Unless you can fix a base as to what the revenues of these railroads are from legitimate sources and wipe out all these manipulations that take place at the present time, you are not in a particularly good position to go to the public and honestly ask them to pay more freight rates across the country.

I am not going to say any more at this time, Mr. Speaker; but when this bill goes to committee, I hope the chairman of that committee will do as the minister thinks he is going to do. I hope he will allow a broad, wide open discussion on this whole question of the equalization of freight rates and that there will be an opportunity to call in witnesses from the various parts of the country. To me the bill means that you are either going to do something about that commission's report or you are not. Judging by the bill in its present form, I would say you are not going to do much about it except to put on more commissioners, raise their salaries, give them the right to equalize freight rates across the country in any way they see fit, and grant that $7 million to northern Ontario in order to continue the operation of the railroads in that area. That is about all it is doing. It is really an extremely anaemic gesture. I will reserve any technical discussion on the rates until that committee meets.

Mr. C. E. Johnston (Bow River): Mr. Speaker, I think this bill is sufficiently important that everyone in the house should express his views on it. It is a bill which has taken the government a long while to get to this stage. The royal commission have made an extensive study of this problem, and now they have made certain recommendations. I am happy to see that the government is moving along in the direction of putting some of those recommendations into the form of legislation.

I am glad to see that the Minister of Transport (Mr. Chevrier), who has been much concerned with this legislation for some time, is going to make some progress and probably get the bill through the house before he decides to resign his present post for another appointment which I understand is coming. But we should not underestimate the importance of this bill.

Mr. Chevrier: Does my hon. friend want me out?

Mr. Johnston: No, not at all. I should like to see the minister get this bill through before he leaves for another appointment or promotion that I understand is coming to him.

Mr. Chevrier: I have never heard of it.

Mr. Johnston: You probably will. The information comes from a very reliable source, so do not be so greatly surprised.

Mr. Deputy Speaker: Order.

Mr. Johnston: I hope the minister does not try to make any final decision on the subject of truck transportation because, knowing his present attitude on that subject, I would not want to discuss it on this occasion. But that is another subject.

This bill is exceedingly important, and one which has been long delayed in coming before this house. Almost everyone who has spoken before me has made reference to the suggestion that this bill is going to equalize freight rates. I cannot see anything whatever in the bill to suggest the equalization of freight rates. I do not think it does any such thing. It will probably endeavour to make the freight rate structure more equitable; but it certainly does not propose to equalize freight rates. In the first place, I do not think that could be done. In the next place, I doubt whether it would be advantageous to all Canada if it were done. I do not think we need to worry about that matter at all. But certainly the present freight rate structure which is embodied in the Railway Act has been most detrimental to the beneficial expansion of Canada, both financially and industrially. That fact was mentioned by our leader, the hon. member for Peace River (Mr. Low), when he was discussing this bill. It was also mentioned by one of the commissioners, Dr. H. F. Angus. He expresses the matter clearly at page 286 of the report when he says:

> A rate structure, once established, is an important factor in determining the economic location of industry and any change in an established structure is likely in the long run to affect the location of industry by making some enterprises vulnerable to competition. There are, therefore, vested interests opposed to any substantial change and insistent that, as a matter of national policy, it should be avoided or neutralized.

After careful study, after having carefully heard all the submissions made before that commission, Dr. Angus comes to that conclusion. Is it any wonder, then, that those of us in western Canada and those in the maritimes as well have long complained about the unequal rate structure across this country? But until just lately little heed has been paid to our complaints. Certainly the recommendations of the commission and the report itself tend to substantiate all the claims the western provinces have made throughout these many years.

We in Alberta—and the same is true in Saskatchewan—have all the necessary materials to make a great industrial province. The one thing that has held us back has been the freight rate structure in this country. It is something that is long overdue for an overhaul, and I am glad to see that is coming at this time. Every time that the railway companies have been permitted to raise their freight rates it has been made that much more difficult for those of us in western Canada to improve our economic, financial or industrial position. There has been a great advantage to Ontario and Quebec, which have these long-established low rates. It is no wonder, Mr. Speaker, that Ontario and Quebec did not appear before the commission to make submissions. It was to their advantage to stay away from the investigation so they might maintain their already favoured position. Dr. Angus makes that very clear when he says:

> There are, therefore, vested interests opposed to any substantial change and insistent that, as a matter of national policy, it should be avoided or neutralized.

Therefore it has retarded the progress of Canada as a whole. Some mention has been made of competitive rates, and they are mentioned in the bill as well. There again, let me point out that Quebec and Ontario have been in a very favoured position in regard to competitive rates. Every time there was a rise in freight rates, Ontario and Quebec were affected the least of any province in the Dominion of Canada; and those places which had to bear the brunt of the increase were the western provinces and the maritimes, where there was no effective competition to the railways.

Now we see a great effort made, particularly on the part of the railways, to eliminate all forms of competition in an endeavour to get national transportation, particularly as it applies to trucks, under the control of the federal government. A decision was brought down just the other day by the supreme court, stating that the federal government would have control over interprovincial and international trucking. That principle is not embodied in this legislation, but the effect can be there just the same. It would be a great crime if this House of Commons were ever to allow the railways to get into the position that they did not have effective competition from the trucking industry, because mind you, Mr. Speaker, that is the only effective competition we have in western Canada. In Ontario and Quebec they have competition from water transport, and they also have competition from trucks within their own provinces. The areas over which the trucks have to travel are not as great as they are in western Canada; therefore we in that part of the country are very much concerned that this effective competition shall remain there.

We should not consider the railways as being the poor relatives in this set-up, because

not only have they the great advantages already established under the rate structures but they have other means at their disposal to take advantage of any competition, especially as it applies to the agreed charges which enter into competition. Just this morning I received a circular from the Saskatchewan motor dealers' association. In that circular they point out how effective is the agreed charge clause when it is made to apply to the hauling of freight. I will read a short paragraph from this circular so there will be no chance of misrepresentation. They say:

> We understand that the railways have offered the oil companies operating west of Fort William a special "agreed charge" on the condition that they use only rail facilities. According to information we have received the following figures furnish the picture: . . .

Then they give three headings as follows: "present rate per hundred pounds; proposed rail rates per hundred pounds; present Saskatchewan truck rates per hundred pounds." At 20 miles the present rail rate is 22 cents. The proposed rail rate under the agreed charges clause is 5 cents and the present truck rate is 13 cents. If that does not make a very effective form of competitive agreement I would like to know what does. Certainly great caution should be taken in setting up any new freight rate structure to see that no company, no matter whether it be trucks, railways, ships or anything else, has the advantage of such a clause as that to practically rid itself of any effective competition.

One of the good things about this proposed legislation is the $7 million which the railways will receive to maintain the road between Sudbury and Fort William on the Canadian Pacific Railway and a similar distance on the Canadian National Railways. That $7 million should put the railways in a position where they will be able to effectively bring about greater equalization in freight rates, and to that extent we are hoping the new legislation will make it a little bit fairer for western Canada and also for the maritimes.

The maritimes have a very strong case and good grounds for being fearful that this new legislation may affect them detrimentally. I do not think any of us want that to happen. Great care should be taken to see that no part of Canada will suffer unduly because of this legislation. I am sure the committee which is to be set up will deal very effectively with it. I think that can be said generally of any committee which is operating in the House of Commons. I trust that the reference to this committee will be sufficiently extensive to permit it to make a thorough investigation.

[Mr. Johnston.]

I am doubtful whether the time which will be at the disposal of this committee during this comparatively short session will be sufficient to enable it to make the thorough investigation that the subject warrants. I hope the minister will not hesitate to extend the time, which will permit them to do their job, even if they have to sit during the 1952 session. No obstacles should be put in the committee's way to prevent it from making a thorough study of the work which is to be given to it.

There should be a change in the board of transport commissioners. I am not so sure that the general public has been satisfied with the operations of that board. I am not blaming individuals; but as the royal commission has recommended, I think they have not had sufficient technical knowledge to do the work that was assigned to them. Perhaps the board should be enlarged and more technical staff added, so they will be able to go into these questions of rate fixing to a degree which would bring about better results than has been the case in the past. When the committee has completed its investigation of this matter there should be, as a result of that work, a better bill brought forward. I shall not say more at this time, because when we are in committee that will be the time to go into the details of this particular bill and carry on a thorough investigation.

Mr. G. F. Higgins (St. John's East): Mr. Speaker, I realize that at this stage of the evening, after a subject has been so well debated, it is exceedingly difficult to say anything that has not been said before. This subject, however, is of such great importance to the maritime provinces and Newfoundland that I think anything, even though it may be repetitious, may be fairly said.

As the minister said after introducing the measure, it is based on the recommendations of the royal commission on transportation. So far as I have read the bill, that part of greatest importance to the maritimes, and certainly to Newfoundland is section 332A dealing with equalization. When introducing the subject on April 5, as reported at page 1656 of *Hansard*, the minister said, referring to the report:

> In the chapter entitled "Equalization" the commission is of the opinion that the time has arrived when there should be equalization of freight rates in Canada so far as that is possible. To say in a report that there should be equalization is one thing, and to put it into effect is another.

That, I think, is the gist of the whole difficulty with which hon. members find themselves faced today. In discussing the resolution the other evening, and again in introducing the measure today, I believe the minister endeavoured to lay at rest some of the worries

of maritime members with respect to increases in their freight rate structure. On Tuesday night, when he was asked on one or two occasions as to the increases to be faced in freight rates, especially by Newfoundland, he said quite definitely that this legislation had nothing whatsoever to do with increases in freight rates. After reading his remarks and studying the legislation I must agree with him in so far as the measure itself is concerned. But, Mr. Speaker, at this point we diverge. Here I join with members of my party who have spoken this afternoon, and who have disagreed with the minister and with the senior member for Halifax (Mr. Dickey) in the interpretation they have placed upon the bill.

As the senior member for Halifax said, if you can read the king's English you must understand you are fully protected by the Maritime Freight Rates Act. I may not have quoted his words exactly, but that is what I understood him to say. That may be so, and the minister may be perfectly correct in what he says. But again I say that is a legal interpretation. While I have a high opinion of the minister's legal ability, with all due respect to him I would want a little more than an opinion. If we had a definite and positive undertaking by the government that there will be no increases in freight rates so far as our province is concerned, then I would have no further hesitation in taking my seat at this moment. But I know we cannot get that. With all due respect to what was said by the minister as to certain applications being sub judice—and he was referring to applications now pending before the board of transport commissioners—I say that such applications are based upon this measure. In my opinion any reference to them—and again I bow to the ruling that has been given—is not out of order in this discussion. It is the interpretation to be put upon this measure as to which the board of transport commissioners are now being asked by the railways to rule.

Equalization as we understand it, and as it has been explained to us, means merely that the western provinces, which have agreed to this theory of equalization and which have been complaining bitterly for years about high freight rates, will have their freight rates scaled down, while maritime rates will be increased. That is what equalization is going to mean. We had not long been a part of this dominion before we were faced with a freight rate dispute of another type. This involved an increase in freight rates for Newfoundland. At that time I made the brash statement that I would resign from this august company if we were not given justice. I was happy to note that my threat was taken into consideration and that I did not have to resign; because I can assure hon. members that I am not going to repeat the threat. I was young in the membership of the house in those days. However, there is another chamber in parliament, a chamber used to mild speeches, a chamber used to conducting itself in a more orderly manner; and I hope I am not using an improper word. Recently over there we heard very strong statements made by a Newfoundland Liberal senator.

Mr. Speaker: Order. I would remind the hon. member that it is not customary to refer to recent debates in the Senate.

Mr. Higgins: I do not wish to infringe upon the rules, but what was said was in reference to this particular matter. I would suggest to hon. members that they peruse the official report of debates in that place, so they might see what I mean.

In that connection I have a comment which I believe would be in order, which arises out of an editorial in the *Daily News* of St. John's. It makes reference to the speech made in the other chamber, but I shall not refer to that part. Perhaps I might say in passing, however, without pursuing the matter further, that the observations were made by a person who was not altogether unfavourable to the government. This is what appeared in the *Daily News* of October 22:

> People are just beginning to wake up to what equalization could mean to the future of Newfoundland. As a consequence they are alarmed at the damage that could be done to their economic hopes and shocked that in a federal system this kind of proposal could be made.
>
> Newfoundland did not join Canada so that her people could become hewers of wood and drawers of water.
>
> Premier Smallwood has himself disclaimed as the objectives of first importance some of the chief props of the confederate campaign. It was not for old age pensions, not for family allowances, he has said, good as these are that he sought to bring Newfoundland into the Canadian federation. It was rather to gain that wider market and consequent economic emancipation from dependence on one or two primary industries that he fought so hard.
>
> But equalization threatens to blast at a single blow every hope and prospect he may have of building a small industrial empire in Newfoundland. It would cripple existing industries, drive up the cost of living to intolerable levels, and destroy all that has been attempted to procure a diversified economy through a new kind of industrial development.
>
> For if federation means anything at all, it means equal opportunity for all. If, on the other hand, it can be construed as a system that imposes a penalty upon the people of provinces that are industrially poor and far from the main centres of production and distribution, then it is nothing more than a sham, a deception, and a mockery.

And again:

> The major benefit of union, in Mr. Smallwood's own terms, is the wider market we should be able

to enjoy for the products of this province. Equalization would destroy that market. It would also crush the local manufacturing industries we already have. And, in fact, if we do not get the benefit of that wider market, confederation will prove no more than a snare and a delusion.

We are at this very time contributing not less than $50 million a year in direct and indirect taxation to Ottawa, and that is more than we get back in baby bonuses and pensions and unemployment insurance and federal disbursements on public works and other administrative outlays. That revenue, accruing to Newfoundland as a sovereign entity, would be capable of meeting all the services we now receive from all sources. We are not, therefore, a parasitical growth attached to the Canadian federation but a people who are paying their way and paying it in full.

The least that we can expect is that Canada should prove herself to be the kind of federation that has been her boast for the past seventy-five years.

We want freight rates that represent an acknowledgment of the fact that we are not to be penalized for our geographical remoteness from the centre of Canadian industrial life.

And further on:

We want equality of opportunity with the rest of Canada so we can pull our full weight in the dominion and work out a bright and prosperous economic future within the framework of confederation.

We want this equality of opportunity in many fields, not the least of them education.

But above all and everything else, we demand the right to live by our industry and not to be placed in the position where the only salvation for our people is that they should move to where freight rates have decided they must go.

We did not enter union that Newfoundland might become a deserted and penurious island. We did enter it so that Newfoundland might attain to a new economic and social stature. But if the equalization bill goes through by the will of the Liberal majority in the parliament at Ottawa that purpose will be destroyed and Newfoundland will be destroyed with it.

Those are strong words, and comments equally strong have been made in another place. I do not know that there is much I can add to that type of argument. Rates have been referred to by the hon. member for Annapolis-Kings (Mr. Nowlan), which would suggest a considerable increase indeed. If the minister has no objection I should like to refer to some additional rates because they show more glaring increases. They make it quite obvious why the people of Newfoundland are so worried.

For class 1 freight the present rate from Toronto to St. John's—

Mr. Chevrier: May I ask the hon. member if he does not think that the rates he intends to place on *Hansard* should be given to the committee instead? I understand those rates were submitted to the board of transport commissioners in connection with its equalization investigation, and the matter is therefore before the courts.

Mr. Higgins: If we give second reading to this bill we will be approving it in principle,

[Mr. Higgins.]

and it would then be more difficult to have this particular section removed. I hope I am wrong in that understanding. That is why I should like at this time to present every possible argument that can be put forth, at least by those from the maritimes, to show that this equalization principle is not of benefit to us.

Mr. Chevrier: I believe the hon. member should give that to the committee. I think that is the proper place.

Mr. Green: If the minister is raising a point of order, let him raise it. If he is not, he should allow the hon. member to go on with his speech.

Mr. Chevrier: I do raise a point of order. The hon. member is quoting rates which have been submitted to the board of transport commissioners in connection with the equalization investigation following order 1487 passed by the government. The matter is now under investigation, as the hearing was adjourned until January 10, 1952. Therefore anything having to do with it is sub judice and should not be referred to in the house.

Mr. Green: The order in council directing the board of transport commissioners to make this investigation was passed nearly three years ago, and they have been on that investigation ever since. Here we have a case where certain railways have put forward proposals in connection with the equalization plan. The details of this plan have been published in the press. I submit that the minister is completely wrong when he says that this matter cannot be discussed. I repeat that these figures have been given in the daily papers. There is nothing before the courts in the accepted meaning of that term, and I submit that the hon. member for St. John's East is perfectly in order in attempting to bring forward the effects of these high rates.

Mr. Chevrier: May I say a word in reply? The point is that this legislation has nothing to do with individual rates filed before the board of transport commissioners. This legislation proposes to enact certain principles which the board of transport commissioners will be directed to put into effect. The hon. member for St. John's East is attempting to put on the record matters that are before another court of record. Being a lawyer, surely he will not insist on that.

Mr. Knowles: Being a lawyer, he will try anything.

Mr. Chevrier: I pointed this out as respectfully as I could to the hon. member for Annapolis-Kings, who immediately desisted. The

hon. member for Annapolis-Kings did not place on the record what the hon. member for St. John's East now proposes to place on the record, and I do not think that should be done.

Mr. Green: The hon. member for Annapolis-Kings had already put figures on the record before the minister made his protest.

Mr. Chevrier: He put one figure on the record out of a series of figures.

Mr. Browne (St. John's West): He put six figures on the record.

Mr. Green: This bill lays down a policy—

Mr. Browne (St. John's West): Mr. Speaker—

Mr. Chevrier: The hon. member should not be heard.

Mr. Browne (St. John's West): On a question of privilege, the minister has just said that the hon. member for Annapolis-Kings put only one figure on the record. I took down six figures that he put on the record, and when I interjected that he had placed six figures on the record the minister, in a manner different from his usual behaviour, made a remark which I consider he should not have made.

Mr. Chevrier: Perhaps in making the remark I did I was governed by the conduct of the hon. gentleman the other evening, but, in order that he may feel quite sure I have no intention of disparaging him or any other hon. member, let me tell him now that I did not mean to hurt his feelings or reflect on his integrity in any way by the statement I made a moment ago. I hope he will accept that explanation.

Mr. Green: If I may continue with the point of order—

Mr. Speaker: I just wonder how serious this matter is. Citation 246 (c) in Beauchesne, third edition, reads:

> 246. Besides the prohibitions contained in standing order 41, it has been sanctioned by usage both in England and in Canada, that a member, while speaking, must not: . . .
>
> (c) refer to any matter on which a judicial decision is pending.

I understand that these figures have been published in the press. I am wondering if their appearance in *Hansard* would be apt to have any effect upon a pending judicial decision. Most of them have already been put in this afternoon. Would there be much objection to allowing the figures to go in?

Some hon. Members: Agreed.

Mr. Speaker: I am not making a formal ruling on it, but the circumstances are that the figures have appeared in the press and have been widely publicized, and some of them are already on *Hansard*.

Mr. Chevrier: I am not going to object. The only thing is, I was hopeful that an interminable list would not be put on the record because the plan that was submitted is very lengthy. There are hundreds of thousands of freight rates, and my hon. friend might be tempted to put a substantial list on *Hansard*. It was for that reason I interrupted.

Mr. Higgins: I guarantee not to put on 100,000. I will put on five so we may be clear about the matter.

Mr. Langlois (Gaspe): Five thousand.

Mr. Higgins: Just five. I should like to refer to the conclusions and recommendations of the royal commission on pages 125 and 126 of their report. No. 8 is as follows:

> The board has requested the railways to submit to them the railways' proposals for equalization of freight rates throughout Canada subject to statutory prohibitions . . .

And so on. I think, Mr. Speaker, that has been done. That is why I think these figures are admissible, but we will not argue. I have only five examples, and I will put them on *Hansard*. As I said a short time ago, the present rate from Toronto to St. John's on class 1 freight, which is drygoods, motorcars, etc., is $3.12. The proposed rate is $6.32, an increase of $3.20 or 102·6 per cent. On class 3 freight the present rate is $2.39 and the proposed rate is $4.52, an increase of $2.13 or 89.1 per cent. Class 3 includes chiefly canned goods. On class 5 the present rate is $1.57 and the proposed rate is $2.84, an increase of $1.27 or 80.9 per cent. That class is chiefly carload lots of various types. On class 8 the present rate is $1.14 and the proposed rate is $1.89, an increase of 75 cents or 66 per cent. That class is special bulk movements of freight. On class 10 the present rate is $1.04 and the proposed rate is $1.70, an increase of 66 cents or 63.5 per cent. That class is also bulk shipments.

I think these figures speak more strongly than any argument any hon. member from the maritimes in all his wisdom could possibly adduce. It is going to mean a definite increase in the cost of living for the people of Newfoundland and the maritimes. It is against that most iniquitous system of equalization that I am protesting in the strongest way I can. We can say what we like about the railways, but my own idea is that they should be regarded in the same category as public works, wharves and so on. They should, if necessary, be subsidized so that people in certain parts of Canada may live on a fair basis with the people in the better off

provinces. As it is six o'clock, Mr. Speaker, I will let the matter stand at that point.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. H. R. Argue (Assiniboia): I believe, Mr. Speaker, the main feature of the bill we are now discussing is the fact that it does recognize the principle of equalization. It does suggest that at least a target of equalization is being set. The royal commission on transportation recommended that there should be a strengthening of the board of transport commissioners. I see that the bill makes certain changes in the possible term of office, pension and some other matters in reference to the board. However, there has been no change in one particular part of the Railway Act where I believe a change should have been made, and that is the provision that the chief commissioner must have been a judge of the superior court of Canada or of any province of Canada, or must have been a barrister or advocate of at least ten years standing at the bar of any province.

I have no quarrel at all with the legal profession. I suppose if I were, in some manner or other, to get into trouble I might have to seek the advice of a member of that profession. They have their place, but I cannot see why it is a necessary qualification for a chief commissioner that he be a lawyer. If one were to look across Canada in an effort to pick out a group of men who are best qualified to deal with the matter of freight rates, who have the greatest knowledge of railway problems and the effect of freight rates on the various parts of our economy, I believe one would be forced to pick the majority of that group from our universities, from men trained in the field of economics. I would think that the best freight rate specialist would be a man who had majored in economics, with special training in railway affairs and freight rates. I, for one, cannot see why the chief commissioner or the deputy chief commissioner must be a member of the legal profession. When it comes to selecting the personnel of the board of transport commissioners I feel the government should endeavour to get the best possible candidates for the job, whether they be lawyers, the members of some other profession or merely laymen with outstanding ability.

One of the members of the board of transport commissioners who has recently resigned, Mr. W. J. Patterson, who was premier of the province of Saskatchewan for nine years, was not a lawyer. As a matter of fact I believe he did not have a university degree of any kind. He was an able man, however, with sufficient ability to lead a political party in a province and to be premier of that province for a period of nine years. Yet when he became a member of the board of transport commissioners he knew there was no promotion within that board for him. Whether or not he was the best man on the board, there was no hope of advancement for him simply because he was not a lawyer. I say, therefore, that this particular section should be changed. I do not say that judges or lawyers should not be members of the board. If they are the best men the government can obtain, well and good. But other able people should not be barred from becoming chief commissioner or deputy chief commissioner merely because they do not happen to be members of the legal profession.

The main part of this bill is contained in section 332A which states:

> It is hereby declared to be the national freight rates policy that, subject to the exceptions specified in subsection four, every railway company shall, so far as is reasonably possible, in respect of all freight traffic of the same description, and carried on or upon the like kind of cars or conveyances, passing over all lines or routes of the company in Canada, charge tolls to all persons at the same rate, whether by weight, mileage or otherwise.

Then it goes on to say that the board of transport commissioners may, with a view to implementing the national freight rates policy, require any railway company to establish a uniform scale of mileage class rates applicable on its system in Canada; and,

> (b) to establish for each article or group of articles for which mileage commodity rates are specified, a uniform scale of mileage commodity rates applicable on its system in Canada . . .

In other words, that is the target. This bill provides that the railways shall, "so far as is reasonably possible", establish equalized freight rates. The board of transport commissioners may—apparently it is at their discretion—with a view to implementing this policy require the railway companies to establish uniform scales of mileage class rates and mileage commodity rates. In my opinion, Mr. Speaker, that is no more than a well spelled out target. It does not mean necessarily that within six months or twelve months there will in fact be an equalized freight rate structure throughout the country. In fact, for a long period of time it has been the government's stated policy that freight rates should be equalized in so far as possible. The order in council passed on April 7, 1948,

instructing the board of transport commissioners to conduct a general inquiry asked them to do that, and I quote from the order in council:

> . . . with a view to the establishment of a fair and reasonable rates structure which will, under substantially similar circumstances and conditions, be equal in its application to all persons and localities . . .

In other words, the well spelled out target of equalized freight rates, as provided in this bill, is very little if any more specific than the target of equalized freight rates spelled out in the order in council of April 7, 1948. Therefore if there is to be in fact an equalization of freight rates the board of transport commissioners must, on their own initiative, see that such a policy is undertaken and accomplished. I believe the minister should inform the house as to how long he expects it will take the board of transport commissioners to establish this government policy that is outlined in the bill. The people of Canada should know whether they can expect to wait another six months for equalized freight rates, or another twelve months, or if in fact there is going to be any target date, or any particular date by which they may expect that this legislation will be implemented.

The minister has said that this legislation implements the recommendations of the royal commission. I think that statement is only partially correct. This legislation may implement the recommendations of the royal commission on transportation if, as a result of this legislation, we in fact obtain an equalization of freight rates. The very fact that this legislation is being passed, based as it is on the recommendations in the report of the royal commission, does not in itself guarantee that we shall obtain equalized freight rates in Canada, as was the hope of the royal commission. I therefore stress again that time is of the essence. The people of western Canada have now waited for many years in the hope of getting equalized freight rates. This legislation may bring about an equalization of freight rates if, in fact, the government sees to it that such an equalization is brought about. It is one thing for the government to ask parliament to approve this legislation, and it will be another thing for the government to see that it is made effective.

We on the prairies feel that we have every right to ask and expect from the government whatever steps are necessary to establish the equalization of freight rates. The building of the transcontinental railroad across a wide barren waste, as it was at that time, was part of our national policy. As a result of that national policy our freight has travelled east and west whereas, from the standpoint of the prairies, it might well have travelled to a greater extent north and south. The national policy has, in fact, placed extra burdens on the people of Canada. When one considers what should be done in order to correct the disadvantages that have come about as a result of freight rate policies in the past, one must consider the results of other national policies in other fields. The tariff policy has siphoned off industries from the maritimes to central Canada, as the hon. member for Cape Breton South (Mr. Gillis) has often pointed out. The tariff system has made it almost impossible for any significant industry to be built up on the prairies. The tariff policy has aided the industrialization of central Canada.

The national policy now is for the construction of the St. Lawrence seaway. The St. Lawrence seaway will no doubt result in lower transportation charges in this area. It may force the railway companies further to lower existing competitive rates. I do not complain of the national policy in the past or of the national policy today in building the St. Lawrence seaway. But I say that if government policy results in so much greater advantage for the provinces of Ontario and Quebec in respect of tariffs, the St. Lawrence seaway and other matters, then I think it is all the more necessary that steps should be taken to lift the burden of freight rates from the people on the prairies, in the province of British Columbia and in the maritimes.

In this bill the government has announced that, in order to implement further the suggestions of the royal commission, a $7 million subsidy will be paid for the maintenance of the bridge between east and west. In my opinion that $7 million subsidy might result in great advantage to the people on the prairies; but I have yet to hear from the minister what formula will be used to pay out that $7 million. What assurance can the minister give to parliament that the $7 million will, in fact, result in a lowering of the freight rates for people living in western Canada, shipping out goods from the west and receiving goods from the east? The $7 million could well merely result in further income for the railway companies. Something will have to be done if the $7 million is in fact to be passed on to the people of western Canada in the way of lifting the burden of freight rates.

I for one am not opposed to subsidies. I am not afraid of the government spending too much on subsidies. I think there is a

definite place in national policy for subsidies in order to relieve, in this instance, the burden of freights. I hope this legislation will in fact result in an equalization of freight rates. However, even though we pass this legislation, and even though the government may overhaul and strengthen the board of transport commissioners, I am not at all sure that we still may not have an inequitable freight rate structure. It may well be that competitive rates in Ontario and Quebec are so important and so far-reaching that even though other rates may be equalized, in fact the freight rate burden will still be relatively heavy on people outside those provinces. For that reason I believe there is great merit in the suggestion advanced by the province of Saskatchewan in its brief to the royal commission, wherein it suggests that whatever subsidies may be necessary should be used in order to establish, for all practical purposes, an equal freight rate structure for the people on the prairies as compared with persons living in Ontario and Quebec.

The Saskatchewan brief went even further. It said that in order partially to compensate the people of Saskatchewan, Alberta and Manitoba for the results of tariff and other policies which meant the industrialization of Ontario and Quebec, there should be a further subsidy to roll back freight rates as applied to the prairie area. Saskatchewan asks for a prairie freight rates act similar to the Maritime Freight Rates Act. I believe the $7 million might better have been used as a partial payment toward the establishment of fair rates through a prairie freight rates act. If the $7 million itself were applied to the rates prevailing for western Canada we would be assured that this amount of money would in fact result in a lesser freight rate burden for the people on the prairies. But because the $7 million will be paid to the railways, and because the minister has not yet informed parliament what steps will be taken to guarantee that the subsidy does in fact result in lower freight rates on the prairies, we cannot be certain that when the people of Canada pay that $7 million we shall obtain a reduction in freight rates equivalent to that amount. Therefore I say there is great merit in the submission of the province of Saskatchewan, asking for subsidies on freight rates prevailing in western Canada in order partially to compensate us for other disadvantages resulting from other national policies.

I believe the minister should assure the house on one further thing, namely that there will not be another horizontal increase in freight rates before this legislation has been made effective. On June 12, during last session, we in this group endeavoured to ward off the last horizontal increase in freight rates. On that day I proposed the following motion, seconded by the hon. member for Melfort (Mr. Wright), as reported at page 3972 of *Hansard*:

". . . in the opinion of this house no further increases in freight rates should become effective prior to consideration by parliament of the government's proposed legislation arising out of the report of the royal commission on transportation."

The Speaker did not feel the resolution was in order at that time and consequently ruled it out of order; but it does make clear that the members of this group, before the last increase in freight rates had been made, indicated to the government that it was our wish that there be no further horizontal increase in freight rates until the new legislation had been introduced in parliament. So once again I ask the minister whether he can assure the house and the country that there will be no further horizontal increases in freight rates until the steps forecast in this legislation have been undertaken and fulfilled.

The very fact that a horizontal increase in freight rates was allowed on July 4 makes the problem of equalizing freight rates now even more difficult. The fact that following that increase in freight rates there was no similar increase in competitive rates in the eastern area makes the disparity between freight rates in central Canada and the prairies even worse. Instead of obtaining freight rates more nearly equal after the royal commission report had been tabled and we had learned its important recommendations, we found that the board of transport commissioners once again allowed a further increase in freight rates resulting in a further disparity between the rates existing in eastern and western Canada.

I might quote part of an editorial appearing in the Regina *Leader-Post* on July 6. That paper has always been a staunch supporter of this government. It reads in part as follows:

Although interim in effect, the transport board's award of a 12 per cent across-the-board increase will simply accentuate existing inequities and render any subsequent adjustment of the structure that much more difficult. The added burden as far as the west and the maritime provinces are concerned will be even greater in view of the railways stated intention of not applying the increase to competitive rates prevailing in the central provinces.

The article then goes on to suggest that the thing for the government to do was to set aside that 12 per cent increase. Well, if it were true that there should not have been a horizontal increase in July, it is even more true today. When this legislation has at last been introduced into parliament then there

should be no further horizontal increase in freight rates until it has been made effective.

To sum up, Mr. Speaker, I suggest that the qualification for members of the board of transport commissioners should not in any way be limited to membership in the legal profession. The government should endeavour to get the best men possible. If they are members of the legal profession, well and good. If they are not members of the legal profession they should not be barred for that reason. I further suggest that there should be a time limit, some assurance from the minister that within a specified time this legislation will in fact be made effective. Further I believe, as does the Saskatchewan government, that there should be a compensatory payment to the railways in order that freight rates may be lowered to western Canada, partially to compensate for the effects of other national policies on the people within that area. And finally the minister should assure the house that until this legislation does in fact become effective, until there is an equalization of freight rates, there will be no further horizontal increases in present rates.

Mr. W. J. Browne (St. John's West): Mr. Speaker, as a representative from Newfoundland I feel that I should have something to say on this important subject. I do so with a certain amount of diffidence because the matter is technical, and I think any hon. member who has studied it will find that it is complicated as well.

There is a certain amount of mystery about the origin of this legislation. On reading the report of the royal commission on transportation I find certain contradictory statements on page 124 that logically would justify the government in ignoring the recommendations of the royal commission and not proceeding with this equalization bill at the present time at all. In giving the history of the subject of equalization the report says:

> In 1925 by P.C. 886 the governor in council directed a general freight rate investigation and stated that "The policy of equalization of freight rates should be recognized to the fullest possible extent as being the only means of dealing equitably with all parts of Canada."

That was in 1925.

> The matter was discussed in a recent judgment of the board of transport commissioners in the 21 per cent case, and the board pointed out that there are instances where rates in the west are lower than in the east and in other cases the reverse is true, but they said: "The general rate level as a whole in Ontario-Quebec is below that in the prairies." The board, however, justified this on the grounds set out above.
>
> It has been demonstrated that over the years there has been a gradual improvement in the situation and the railways argue that now, taking into account the Crowsnest rates on grain there is little or no difference in the general over-all level of rates between the west and the east.
>
> Nevertheless the fact remains that the alleged inequalities in rates have been a subject of contention for many years and in April, 1948—

And that was before the judgment in the 21 per cent case.

> —the governor in council by P.C. 1487 directed the board to conduct a freight rate investigation "with a view to the establishment of a fair and reasonable rates structure, which will, under substantially similar circumstances and conditions, be equal in its application to all persons and localities . . ."

The report puts in P.C. 1487, after the judgment in the 21 per cent case. To my mind that judgment in the 21 per cent case should have disposed of the question and made it unnecessary for the government to proceed with this sort of legislation.

Then the report goes on to set out the arguments of the provinces, showing that the western provinces of British Columbia, Alberta, Saskatchewan and Manitoba wanted equalization but did not believe that it was feasible, and that the maritime provinces did not subscribe to or support the so-called equalization of freight rates. So the provinces, if one includes Newfoundland as having come in, were equally divided on the subject—four in the west and four in the east. As the hon. member for Annapolis-Kings (Mr. Nowlan) pointed out, where is the justification for the conclusion and recommendation in the first paragraph on page 125, which states:

> It would appear, from the foregoing and having regard particularly to the terms of order in council No. P.C. 1487, that the broad general principle of equalization throughout the country is now accepted.

Logically I cannot see how they can come to such a conclusion. It continues:

> It must be noted, however, that the order in council provides that this equalization shall be subject to such special statutory provisions as affect freight rates.

It seems to me there should be some clarification by the minister as to why the government is proceeding with this legislation, and what it is going to mean. It is strange that, although the provinces seem equally divided, it should be gone ahead with at this time. At page 126 the royal commission shows how far it intends to go, when in paragraph 9 it says:

> Consideration of the various complaints and suggestions referred to in the immediately preceding chapter and the recommendations made with respect thereto indicate that substantial progress towards the goal of equalization may be accomplished by the following means:
>
> (a) The abolition of the present standard maximum mileage tariffs;
>
> (b) The establishment of one uniform equalized class rate—

In my opinion this is revolutionary when taken in conjunction with the new section 332A which says:

(1) It is hereby declared to be the national freight rates policy that, subject to the exceptions specified in subsection four, every railway company shall, so far as is reasonably possible, in respect of all freight traffic of the same description, and carried on or upon the like kind of cars or conveyances, passing over all lines or routes of the company in Canada, charge tolls to all persons at the same rate, whether by weight, mileage or otherwise.

The royal commission recommended and the government is proceeding with the repeal of sections 328 to 332 which set out the manner in which freight rates could be charged. They propose to substitute a new scale of rates or a new method of rates. As the hon. member for Annapolis-Kings and my colleague from St. John's East (Mr. Higgins) pointed out, the railways have been asked to put forward to the board a scale of rates, and they have done so. It is this scale of rates that has caused consternation in the maritime provinces, especially in Newfoundland.

It seems to me reasonable to ask the minister what the effect of this legislation would be if it were enacted at the present time, if it did not have to go before the committee, and if there were no change in it. What would its effect be? Or supposing it should go before the committee and receive endorsation immediately; what effect would it have? I submit it would be possible for the new freight rate structure as put forward by the railways to be accepted by the board and put into effect, and that it would have the results that have caused such anxiety in the east, especially in Newfoundland.

I am sure the government must have given some consideration to these recommendations. The Secretary of State (Mr. Bradley) must have delved deeply into the effect this would have upon his native land. He must have pointed out to the government that it was going to be serious. We are informed that it would be serious and, as I propose to show in a moment, the Maritime Freight Rates Act gives little or no relief. In one instance it gives no relief at all.

Is the minister able to say whether this equalization policy, if adopted, will have the effect in the west of levelling rates up or bringing them down? Or will it bring the rates up or down in the maritimes? This legislation is not wanted in the maritime provinces. The remedies they suggested are found in the report of the royal commission at page 29. No mention is made there of the principle of equalization. They wanted instead—

(a) Restoration of the arbitrary over Montreal that existed on July 1, 1927;

(b) Limitations on horizontal increases;

(c) New Brunswick in particular requests that the reduction under the Maritime Freight Rates Act be made to apply to inbound as well as outbound freight and that the 20 per cent reduction accorded by the act be increased to 30 per cent;

(d) Prince Edward Island asks that the reduction apply to inbound freight on certain articles entering into costs of production in that province; and

(e) An extension of the reduction granted under the Maritime Freight Rates Act beyond Levis to points as far west as Toronto or Windsor, Ontario.

It is reasonable to agree that the managers of the railways want to make them as profitable as possible. Certainly the shareholders of the Canadian Pacific Railway, the privately owned concern, would feel much better pleased to see their company making a lot of money than to see it going into the red. And the duty of the management of the Canadian National Railways is to manage the railways efficiently and fairly for all the people in Canada.

Nevertheless it has been recognized by the royal commission and by previous royal commissions—by anyone who has studied the subject—that there are certain geographic, economic and historical considerations that cannot be ignored by anyone, certainly not by this government. The hon. member for Annapolis-Kings (Mr. Nowlan) pointed out that the Intercolonial railway had been built over the most expensive route for strategic reasons. Is it fair that those who buy in central Canada and have their goods transported over that line or who send goods from the east to the west over that line should be charged on a mileage basis when the route is 250 miles longer than it should be?

Economic conditions in Newfoundland are similar to those that exist in the maritimes and there was complete justification for the immediate application of the Maritime Freight Rates Act. We have the same primary industries of fishing, mining, lumbering and paper-making and the number of secondary industries is quite small. The same type of intelligent men that will be found in Toronto or Montreal have been struggling against great handicaps for many years to build up industry and make the country self-supporting. In Newfoundland we have a railroad 547 miles long which runs uphill, downhill, over steep grades and around sharp curves and takes 26 hours to go from St. John's to Port aux Basques along a narrow-gauge track. I do not think the house will think it unfair if the people of Newfoundland ask for some consideration, when the actual distance between St. John's and Port aux Basques is only 315 miles. They should not have to pay on a mileage basis because that road was constructed in a great semicircle around the island in order to touch at as many settlements as possible.

We feel that the economic and geographic considerations that warranted the Maritime Freight Rates Act are to be found in our province. However, following the pattern set out in the report of the royal commission the minister has told us that freight rates are to be treated on a national rather than a regional basis. I apologize if I have not expressed his thoughts in as fine language as the minister would use, but I found it hard to follow him as he read his statement this afternoon. As I understand it, the recommendation of the royal commission is that in future freight rates should be treated on a national basis and as far as possible the regional idea should be eliminated. That is impossible. I do not believe the government will be able to answer the complaints and objections that will be made to the committee in regard to the application of the principle of equalization to the maritime provinces and Newfoundland.

It is generally believed in Newfoundland that the new scale of freight rates put forward by the railroads to the board of transport commissioners is likely to come into effect. This has caused a great deal of anxiety among members of boards of trade and industry generally in Newfoundland. These people have organized themselves to fight and if possible have this principle dropped. The hon. member for St. John's East (Mr. Higgins) quoted from the *Daily News* of October 22, and I should like to quote an editorial which appeared in the *Daily News* of October 18. I hope the minister will not feel offended at the strong language that is used; I think it indicates the feeling that prevails in Newfoundland. The editorial is headed "Iniquitous Proposals" and reads:

> The so-called freight equalization measure, now before parliament, seems to have made all too little impression on the public mind. That is unfortunate because its provisions will affect the living of every citizen of Newfoundland. Its effect will be to double or nearly double all existing freight rates between St. John's and the main distributing centres of the mainland.

And again:

> Under the equalization system class 1 commodities would show a freight rise of from $2.60 to $4.86 per 100 pounds on the relatively short journey from Montreal to St. John's. Other commodities would show sensational rises of from 80 to 100 per cent above prevailing rates.

And further down:

> The long and the short of it is that the equalization bill is an iniquitous measure which might very easily spell the economic ruin of this province and make a mockery of the whole institution known as confederation. It would wipe out at a single blow every advantage gained by the maritime provinces as compensation for the weakness in the Canadian federal system of their economic geographical position. It would concentrate wealth in the centre and underwrite poverty in the maritimes.

And then it concludes:

> The government of this province has a big stake in the fight against equalization. It has the stake of its own industrial development policy. For if new industries have to pay exorbitant freight rates to get their goods to market or have to pay those same exorbitant rates not only to send their finished products to consuming centres but also to bring in some of their raw materials, they haven't a ghost of a chance to succeed unless the government sets up its own system of subsidized transportation between Newfoundland and the mainland. That is a prospect that nobody wants to contemplate but which may have to get serious consideration if equalization cannot be stopped.

It appeared to me this afternoon that the hon. member for Halifax (Mr. Dickey) did not appreciate the effect this legislation may have upon freight rates to the maritimes from central Canada and from the maritimes to central Canada. The hon. member referred to their being unanimity in the house, in favour of this bill, but I am sure the minister must realize that there is no evidence of such unanimity on the part of speakers on this side of the house representing the maritimes. Such unanimity does not exist. The hon. member for Halifax referred to subsection 4 of the bill which reads:

> (4) Subsections one, two and three are subject to the proviso to subsection five of section three hundred and twenty-five of this act and to the Maritime Freight Rates Act, and do not apply in respect of
>
> (a) joint international rates between points in Canada and points in the United States of America;
>
> (b) rates on export and import traffic through Canadian ports, where in practice such rates bear a fixed and long-standing relationship with rates on similar traffic through ports in the United States of America:
>
> (c) competitive rates;
>
> (d) agreed charges authorized by the board under part V of the Transport Act, 1938;
>
> (e) rates over the White pass and Yukon route; and
>
> (f) any other case where the board considers that an exception should be made from the operation of this section.

I have here the Maritime Freight Rates Act. It has been pointed out to us by the maritime transportation commission, to which Newfoundland adheres and which is the source of the figures quoted by the hon. member for Annapolis-Kings, that there will be an increase of from 63 per cent to over 100 per cent if the rates proposed by the railways are accepted. It is the contention of the hon. member for Halifax, and I believe it is the belief of the minister, that the Maritime Freight Rates Act will protect the maritimes and Newfoundland from the application of any such rates. The minister has not said so and I do not think he was sure of it himself, although he did say that there will be no 100 per cent increase.

The hon. member for Halifax said it was fantastic to think of a 100 per cent increase.

Certainly it is fantastic, but that does not mean to say that the government will not do something fantastic. One never knows what the government might do. If they do this they will certainly be doing something that is fantastic. Section 3 of the Maritime Freight Rates Act reads as follows:

All persons or companies controlling, or concerned in the preparation and issue of tariffs of tolls to be charged in respect of the movements of freight traffic, whether on behalf of His Majesty or otherwise, upon or over the eastern lines specified in section 4 of this act, and hereinafter called "preferred movements," are hereby authorized and directed upon and after the first day of July, one thousand nine hundred and twenty-seven, to

(a) cancel all existing freight tariffs in respect of such preferred movements;

(b) substitute other tariffs for the tariffs so cancelled showing a reduction in such tariffs of approximately 20 per cent.

That arises out of the famous Duncan report. The tariffs that were in existence in 1927 had to be abolished and new tariffs cutting them by 20 per cent had to be substituted. Those tariffs are not in effect today. They have been increased by several freight increases. What is to prevent their being increased again?

Mr. Dickey: Read the act.

Mr. Browne (St. John's West): I have been reading it for the last couple of days.

Mr. Dickey: Read it for another couple of days.

Mr. Browne (St. John's West): I do not think the hon. member for Halifax can have read it. You will notice that section 3 refers to preferred movements. Preferred movements are described in section 4 of the act, which reads:

The following are preferred movements as referred to in section 3 and other sections of this act:

(a) Local traffic, all rail—Between points on the eastern lines; for example, Sydney to Newcastle;

(b) Traffic moving outward—

That is traffic moving out of the maritimes, westward. That is what is meant by that. It continues:

—westbound, all rail—From points on the eastern lines westbound to points in Canada beyond the limit of the eastern lines at Diamond Junction or Levis; for example, Moncton to Montreal—the 20 per cent reduction shall be based upon the eastern lines proportion of the through rate or in this example upon the rate applicable from Moncton west as far as Diamond Junction or Levis;

(c) traffic moving outward, export traffic, rail and sea . . .

That is traffic that goes right through to Liverpool. The next section of the Maritime Freight Rates Act states that the 20 per cent reduction does not apply to traffic moving inward or outward from the United States, all rail, or to traffic moving inward eastbound from Canada, in other words from points in Canada not on the eastern lines eastbound to points on the eastern lines. For example, from Toronto to Moncton or from Toronto to Saint John, or from any place west of Diamond Junction or Levis going east the 20 per cent reduction does not apply at all. Therefore you will see that if there is any increase in freight rates it will apply to the traffic moving to the maritimes and Newfoundland, and the most the maritimes can expect by way of relief is 20 per cent of the newly increased rate on the traffic westward.

Therefore there is nothing in the legislation or in the Maritime Freight Rates Act to give any reassurance to the people of the maritimes and Newfoundland that they are not likely to have serious freight rate increases imposed upon them. It seems to me the minister should give some assurance on this matter. If the reasoning that has been put forward by the hon. member for St. John's East (Mr. Higgins), the hon. member for Annapolis-Kings (Mr. Nowlan) and myself is not sound, then I feel that the minister should say why it is not sound. The other evening I tried to get him to do so, but he did not. I have read his speech again and I can find nothing in it to show why the arguments and the fears of the people of the maritimes and Newfoundland are not justified. Therefore it seems to me that at this stage there is every reason for the minister when he replies, if he has evidence that we are wrong, to show where we are wrong and allay the anxiety which I believe is justifiably felt in the maritimes and in Newfoundland.

Mr. P. E. Wright (Melfort): Mr. Speaker, I make no apology for taking part in the debate on this bill. I think it is probably one of the most important measures we will have before us at this session, especially as it affects western Canada, the maritimes and British Columbia. I should expect that every member from western Canada would want to take part in the debate and express his views and opinions as to what should happen with regard to the Canadian freight rate structure. We can never have distribution of industry in Canada until we have a freight rate structure different from what we have at the present time. It is one of the main reasons industry is concentrated in central Canada, and why it is so difficult to disperse industry throughout the country. Therefore I should think every member from western Canada would feel it his duty to take part in this debate.

The first thing mentioned in the bill is the board of transport commissioners. It deals with the salaries of the members and certain conditions under which they serve. I agree with many members who have preceded me

and with the report of the Turgeon commission, that the personnel of the board of transport commissioners should be strengthened. Too often in Canada appointments to such boards have been on the basis of service rendered to a political party rather than a particular knowledge of the subject the board has to deal with. I think it is time that practice was stopped, especially on a board of the importance of this one. There is only one other board I can think of that is as important; that is the tariff board. Both boards deal with very complicated subjects which it takes not one or two months but probably one or two years to master. The personnel of these boards should be men of standing in the community, men with some knowledge of the subjects with which they are dealing.

I agree with the hon. member for Assiniboia (Mr. Argue) with respect to the chief commissioner and the assistant chief commissioner. I do not see why of necessity they should be members of the legal profession. As a matter of fact I know of no other group in the country who have less to do with freight rates than the members of the legal profession, unless they happen to be connected with one of the railway companies as legal advisers. There are businessmen in this country who have through their own business a fair knowledge of the freight rate structure and of some of the difficulties of operating thereunder. I would think such businessmen or economists could quite well fill these important positions. As a matter of fact in the fourth section of the bill it states that an appeal now lies from the board to the Supreme Court of Canada upon a question of law or jurisdiction. Therefore if the chief commissioner made a mistake with respect to a question of law it would not be as serious today as it might have been before when there was no appeal on questions of law to the supreme court. Therefore the necessity that the chief commissioner be a legal man would seem to me to be removed by this section of the act. I would suggest that in Canada there are men other than those in the legal profession who could serve on this board and do a very good job so far as equalizing freight rates is concerned, and the various other duties which come under the jurisdiction of the board. We have had members of the legal profession on the board as chairmen, and according to this report of the Turgeon royal commission on transportation in the past 23 years the board has not performed its functions in a satisfactory manner. As a matter of fact in a great many respects this report is a condemnation of the board. On page 271 of the report the commission states:

> That the board accepted the assumption that all rates could be justly and reasonably increased by the same large horizontal percentage increase . . . This is an unwarranted assumption;
>
> That the board did not itself obtain, or compel the railways to file with it, proper statistics concerning traffic movements so as to enable it to determine which articles could bear greater or lesser increases in rates;
>
> That the board has not paid sufficient attention to the classification to ascertain that articles are properly classified to meet changing conditions;
>
> That the board has not over the years kept close enough supervision over competitive rates;
>
> That the board has not in the past 23 years taken steps to bring about equalization between rates in the west and in the east.
>
> That the board has not paid proper attention to the effect of increases in rates on long haul traffic.

These were not all faults of the board. In another place the report states that the government has failed to see that the board had the proper technical help to do the job that it should do, and that the board did not get the assistance it should have obtained from the railways in that the railways did not file sufficient information with the board to enable them to make decisions. I do not know whether the board had the authority to demand that the railways do so, but at least up to the time this report was tabled apparently the board did not have the proper statistics or information to enable it to do otherwise than make large horizontal increases in freight rates.

There are some good features in this bill. It does provide that the board shall have more authority than it had before to demand that the railways file certain information. Up to date, however, the board has failed to do the job it was appointed to do in maintaining reasonably equalized freight rates across the Dominion of Canada. I know that in Canada it is impossible to have a completely equalized freight rate structure. It is just nonsense to talk of it in those terms. We have geographical conditions in Canada which make it impossible. We have certain commodities which must be exported, and to be in competition with the exports of the countries where the commodity is produced close to the seaboard it is necessary for us to take that into consideration in setting the freight rates.

But having said that, there still remains in Canada a great field in which equalization could be carried out. Provision should be made for that. Some provision is made in the bill. In the last part of the bill there is an indication that a grant of $7 million will be made to bridge the gap between eastern and western Canada, and that this subsidy will be

paid to the railways for the maintenance of the track in that area. But I want to point out that $7 million is just a drop in the bucket. Today we are paying far more than that on just one product, feed grain to eastern Canada. Since 1941 we have paid a total subsidy of approximately $160 million on that product. I ask the minister this. When the $7 million is paid is the government going to consider that they have bridged that gap, and so drop the subsidy on feed grain being shipped to eastern Canada? That would be the logical conclusion to draw, that having made a payment of $7 million they will drop the $16 million a year they are now paying as a subsidy on feed grains. There has been no indication from the government in any of this legislation as to their intentions in this regard.

In connection with this matter of feed grains I want to point out that the recommendation of the Canadian Federation of Agriculture is dealt with on page 161 of the commission report in these words:

> The Canadian Federation of Agriculture recommended that the feed grain assistance policy be incorporated in the freight rates structure as a permanent feature of Canada's agricultural program, and stated it should be brought about by "parliamentary statute similar to the Maritime Freight Rates Act."

We have three bills before us, and I ask the minister what the intention of the government is with regard to this subsidy. At the present time these payments are made from year to year, and the agricultural industry has no assurance that they will continue to be paid. That is not a fair position in which to leave the agricultural industry of this country. If the government expects increased production, if they expect a stabilized agriculture, they have to do something about the subsidy being paid on feed grains. Before this subsidy was paid the situation in Canada was that feed grain going to eastern Canada to be fed by the producers of agricultural products in eastern Canada paid a higher freight rate than similar grain going to the producers of similar products in Holland, Belgium and the Scandinavian countries. The producers in those countries could buy feed grain for less than the producers in Ontario, Quebec or British Columbia. This is a matter that has apparently escaped the attention of the government. They are continuing to deal with it from year to year as pressure is brought to bear at the time the freight rate on feed grain is reconsidered. I would ask the minister to state the policy of the government with respect to this matter when he speaks at the conclusion of this debate.

[Mr. Wright.]

Another matter which I believe should be dealt with in the equalization of freight rates concerns freight rates over the Hudson Bay railway. I have figures which indicate that a shipment of pulp, for instance, to the port of Churchill from Erwood in northeastern Saskatchewan via the Hudson Bay railway pays double the freight rate for the same product shipped the same number of miles to the United States market. This does not make sense. It simply means that the port of Churchill cannot be used for the export of these products because the freight rate is such that they cannot compete in the European market. If we had some equalization of these freight rates it would mean that we could use that port to export some of these products which can be produced in northeastern Saskatchewan and northwestern Manitoba.

Another matter with which I should like to deal is the classification of freight. This is a tremendously involved matter, and I am not going to try to argue the technical points. It is so involved that even the shippers are unable to find out exactly what classifications their products take. Not only that, but the railway agents themselves in many cases are unable to give proper classifications to shippers. I know of a man in western Canada who makes his living by going to merchants and asking them for their freight bills for the last month. He looks over those freight bills and then says to the merchant: "I believe I could save you a lot of money on these freight bills". The merchant inquires as to what it will cost. The man replies: "Just half of what I save you." By getting the proper classifications and making applications for refunds, he is making a good living and the merchant is getting half the take-home pay of this particular man.

As a result of classifications that are so involved that the shipper himself cannot determine what the proper classification is, and the agents of the railway companies themselves apparently do not know what the proper classification is—and being in doubt of course they naturally classify the particular article in the highest category—the shippers in this country find that freight charges are costing them much. This act claims to simplify these classifications. I know it is not an easy matter to accomplish this result. Under the old act the classifications were: (a) the standard freight tariff; (b) special freight tariffs; and (c) competitive tariffs. There were, of course, a great many other classifications under those three headings. But under the new act there are four classifications: (a) class rate tariffs; (b) commodity rate tariffs; (c) competitive rate tariffs; and (d)

special arrangements tariffs. Special arrangements tariffs are defined in section 7 of the bill which sets out the new section 328, subsection 5 of which reads as follows:

> Special arrangements are charges, allowances, absorptions, rules and regulations respecting demurrage, protection, storage, switching, elevation, cartage, loading, unloading, weighing, diversion and all other accessorial or special arrangements that in any way increase or decrease the charges to be paid on any shipment or that increase or decrease the value of the service provided by the company.

I do not know just what they can put under that definition, but it seems to me they can put nearly everything under it. Just how the ordinary shipper in this country is to be able to tell what classification his particular freight comes under will still be a mystery to him, to the agents of the company and to everyone who has not made a special study of the act. I would therefore suggest to the minister that as to these classifications some simplification be brought about so that shippers may at least have some knowledge of the proper classification under which their freight comes. Otherwise you will find that, as at present, some people will make a living simply by going around and correcting the mistakes made by either the shippers or the agents of the companies themselves.

These are matters which I think the minister and the committee should take into consideration in redrafting this act. Freight rates are important to our economy in Canada; in fact I know of nothing that is more important to our economy. Unless we get under this act some clarification with regard to the equalization of our freight rates and the classification of our freight, there will not be much advantage in drafting a new act.

There are many other matters which might be mentioned in dealing with this act, but I do not propose to deal with them tonight. When this bill goes to the committee I believe witnesses will be called before it, and the committee will have more evidence than we have here on which to base its judgment and recommendations with regard to improvements in the act. When the bill comes back to the house I hope it will be more specific than it is at the present time with respect to some of its clauses.

Mr. W. G. Dinsdale (Brandon): Mr. Speaker, it has not been my privilege to listen to the background of debate of this question of freight rates other than that to which we have been listening today. I think, however, that sufficient has been said to give me one or two points that I may use in my remarks tonight. Of course I have also made it my business to read carefully the bill and the report of the Turgeon commission, as well as the brief submitted by the Manitoba government. Tonight I want to deal with some of the main problems that the bill we are considering at the moment raises with respect to Manitoba and the prairie provinces generally.

It seems to me the question of utmost importance that emerges out of the discussion is the possibility of increasing freight rates. It would seem that is even more important than this matter of equalization which has been discussed by so many hon. members today. The whole problem was brought to the attention of the government in the first instance, I believe, by the submission of the prairie provinces with regard to the problem of rapidly increasing freight rates; and in the early stages the matter was discussed before the board of transport commissioners and the federal cabinet; then more recently, of course, it was discussed by the royal commission on transportation.

I think I am correct when I say that Manitoba was the first province to appear with its brief before the royal commission on transportation. I agree with the other hon. members who have taken part in the debate today that the railroads are extremely important to the whole of the Dominion of Canada; and obviously they are extremely important to the economic well-being of western Canada. We have had references to the history of the development of our railroad system, and at this time there is no necessity for me to repeat those facts. I should like, however, to give some suggestions that will indicate why Manitoba has a special interest in the bill that is under discussion here this evening.

In 1951 the two railroads will collect from the people of Canada more than $1 billion. While the average Canadian pays $5 out of $100 of income received, the statistics I have obtained indicate that the Manitoba resident will pay close to $1 out of every $15 of income received or almost $7 out of every $100 of income. Mr. Moffat, the economic adviser to the Manitoba government in regard to this matter, recently made this statement:

> I doubt whether there is any other place in the world which pays such a high proportion of its income for transportation services as do the people of the prairie provinces.

There is another way of expressing the thought I am endeavouring to convey to the members of the house. The payments that will be made to railroads in the present year are about equal to the normal average farm value of all the wheat, oats and barley produced in Canada.

Looking at the bill specifically—and I have endeavoured to read it as carefully as possible

—I say it seems to be a mixture of sections which merely clarify and spell out more carefully certain procedures. Second, there are other sections which make rather important changes in the rate structure of the Canadian railways. This of course has been pointed out very effectively by the speakers representing the maritime point of view. Let me quote from the famous section 332A, if I may be permitted to repeat. It reads:

It is hereby declared to be the national freight rates policy that, subject to the exceptions specified in subsection four, every railway company shall, so far as is reasonably possible . . . charge tolls to all persons at the same rate, whether by weight, mileage or otherwise.

The bill then goes on to say that with a view to implementing that policy the board of transport commissioners may require any railway company:

To establish a uniform scale of mileage class rates applicable on its system in Canada.

Second:

To establish for each article or group of articles for which mileage commodity rates are specified, a uniform scale of mileage commodity rates applicable on its system in Canada.

That deals with this matter of equalization which has been discussed so frequently today. If I may express it in another way, for the first time this parliament is proposing to pass a law requiring the board of transport commissioners and the railways to provide throughout Canada a uniform scale of railway freight rates. That is the matter on the surface. There is a joker, as we soon discover as we read the bill. This joker is in the form of the many exceptions to the equalization aspect. I am going to mention some of these exceptions at the risk of repetition; but in order to make my point this evening it will be necessary to do so. The first exception is that there can of course be differences in the rates if the description of the commodities is different. In other words, the rate for wheat can be different from the rate for automobiles. The second exception is the rate can be different if a different kind of equipment is used. The rate for tank cars and the rate for gravel cars can be different. Then there is a third exception, which is that joint international rates between Canada and the United States can continue to be dealt with on an international basis and need not be equalized. Then, fourth, rates introduced to meet competition do not need to be equalized. An elaborate new section is included with respect to the information to be provided to the board when any competitive rate is introduced. The thought in mind in regard to this clause apparently is that the board should take a more aggressive stand in regard to competitive rates to see that the railways do not continue the practice which has developed in the past, under which competitive rates in some areas were reduced to such an extent that the revenue loss had to be made up by extra high charges on long hauls of non-competitive traffic in other areas.

That is very important so far as the prairie point of view is concerned. There is a fifth exception which says that in addition to those specified exceptions the equalization section will not override the subsidy arrangement included in the Maritime Freight Rates Act and the special provision with respect to the Crowsnest pass rates in western Canada. And finally there is a provision that an exception to the principle of equalization can be made in any other case where the board considers that an exception should be made. From this long list of exceptions, and from the importance of the items covered in the exceptions, it seems clear to me that the new legislation with respect to equalization of freight rates in different parts of Canada is applicable only to a relatively small part of the total rail traffic.

We might look at it in this way. It provides that the rates shall be equal for the same distance in eastern Canada, western Canada or central Canada for all traffic which moves under similar conditions in all parts of Canada. But where conditions are different the rates also may be different. Obviously the situation with respect to the shipment of grain in very large volume from the small towns of western Canada to Fort William is quite different from the situation with respect to the shipment of grain from one point in eastern Canada to another point in eastern Canada. Consequently no one, so far as I can see in the report, has seriously proposed that the grain rates in western Canada and eastern Canada should be equalized. We might use another illustration. There are great differences in the shipping conditions applicable to the coal mines in Alberta and the small towns in the prairies as compared with the shipment of coal from import points in eastern Canada to the big cities of eastern Canada. And again no one has seriously suggested that the coal rates in the two areas should be equalized. It appears that what it will mean is that a person shipping hardware or groceries 100 miles from Brandon, Souris or any other Manitoba town will pay the same rate he would pay if he shipped the same commodity the same distance from a town in Ontario, Alberta or British Columbia. As far as I can see this is as far as the equalization aspect goes.

Turning from the problem of equalization —and that has been the issue most frequently discussed—as I indicated in my opening

remarks I feel that underlying the discussion today is the problem of the constant demand for increased freight rates. I want to spend a few moments dealing with that situation. This matter of equalization should never obscure the fact that an increase of 5 per cent in the general level of rates will cost the people of Manitoba about $8 million. The regional questions and the questions of equalizing rate levels, important as they are, particularly in the manner in which they call upon one region to meet deficits arising elsewhere, are very unlikely to amount in dollars and cents to a figure that is at all comparable to the cost of a general rate increase of 4 per cent or 5 per cent, and that is the crux of the matter. It was that situation, as I indicated, which brought the whole problem of freight rates out into discussion, and I think it still lurks very strongly in the background and will inevitably have to be dealt with by the board of transport commissioners, as well as possibly by hon. members.

If I might review just briefly the story of freight rate increases since 1946 as I have discovered it in the reports, it was in October of 1946 that we had the first general increase in Canadian freight rates since 1920. During the twenties, the thirties and for that matter all during the second world war, the railways operated on the same basic rate structure and were able to maintain their systems in such condition that they found it possible to meet the tremendous increase in wartime traffic without any serious disruption in the ordinary services provided.

At first glance it might seem strange that railways could carry on with no change in rates between 1920 and 1946, a period of some twenty-six years, and that in the next three years they should apply six times for rate increases and feel justified in asking for a further 20 per cent in June, I believe, of 1951. On the other hand of course it may seem strange that in a period when prices of commodities in Canada have risen rapidly, and when everyone is aware that living and operating costs are increasing, there should be strong opposition to increases in railway freight rates. Underlying the dilemma is the problem of inflation which has also been discussed in this chamber from time to time during this session.

There are two viewpoints in the matter. First there is the viewpoint of the railroads, and then there is the viewpoint of the various groups we have heard expressed today. I should like to refer particularly to the Manitoba viewpoint in regard to freight rate increases. The railway problem, in one sentence, is that of increased operating costs which mean increased wages paid to employees and increased costs of materials used by them. I have some statistics which have been compiled and which present the situation from the railway standpoint. In the present year the two railway systems will pay very close to $500 million in wages to their employees. This alone uses approximately one-half of their total revenue. The railways estimate that if the 1939 wage rates were still in effect they would have to pay only about $270 million in wages. In other words the increase in wages alone, according to the railways, has cost them about $230 million more than the pre-war period.

Then there are the costs of fuel, ties, rails and other materials used in railway operations, which have increased at an even more rapid rate, but which actually form a smaller part of the total railway costs. The Canadian National Railways have estimated their increase in these items at about $75 million; and while there are not any figures for the Canadian Pacific, they would correspond to those of the national system.

When the railways present their case, as they will be doing of course after the house has considered the legislation, these will be the arguments used. The provinces, on the other hand, point to the very large increases in revenue which have occurred, without regard to the rate increases. In 1939, according to my statistics, the Canadian railways hauled 85 million tons of freight, while in 1951 they will haul over 155 million tons of freight, an increase of over 80 per cent. Even at the old rate, the extra revenue from that amount of extra traffic would go far toward meeting the additional costs about which the railways talk. In addition there have been very large rate increases. Some of them were put into effect by the railways themselves, without need of approval by the board of transport commissioners. Some of them were based upon the international rate, where the practice has always been to allow Canadian roads to put in the same increases that are allowed by the interstate commerce commission of the United States, and some are increases granted from time to time by the board of transport commissioners.

On the average I am told these increases amount to about 40 per cent above the rates which were in effect up to April, 1948, and they represent revenue to the extent of $220 million in 1951 even at the present rate levels, without any increase on the basis of the new application. The result is that when everything has been said on both sides, inevitably we will have to face an issue—I suppose the board of transport commissioners

will have to face it—to decide whether the increase in the operating costs of railways, as the result of wage and material cost increases, has or has not been covered adequately by the rate increase and the revenue from the increased volume of traffic hauled by the railways.

There seems to be some fear among hon. members that perhaps decisions will be made in favour of increases in railway rates. Of course the job primarily will be to balance the estimate of extra wage costs arising out of the forty-hour week and the extra costs of materials at current prices against the extra revenue which will come from the higher traffic volume this year, and to decide what increase, if any, is necessary to cover these costs and still leave available sufficient cash for the general purposes of the railways in the payment of interest, taxes, depreciation, dividends and enough surplus to carry through in any difficult period, or to improve the standard of the service. And that, of course, is a real problem.

I must not dwell longer upon that theme. I have not been too specific, so far as it affects the prairie provinces. My interpretation of the brief submitted by the Manitoba government is that they were very disturbed over the possibility of freight rates increasing above the present level. The whole matter was initiated by those provinces—the maritime provinces as well as the western provinces—which have found themselves in an unfavourable position so far as freight rate structure is concerned.

I wish to conclude by making brief reference to the Crowsnest pass rates. It may be that we are beating old straw, but I have been doing some research to satisfy myself and I find that these rates have been in effect at their present level for many years. I believe they were introduced in 1899 as the result of an agreement under which the Canadian Pacific was given a subsidy by the federal government for the construction of a railway line through the Crowsnest pass in southern British Columbia.

After being in effect for about four years they were reduced by the company, on its own initiative, to a level well below the agreement level, and were kept at the lower figure until 1918. Then from 1918 until 1922 the rates were suspended by action of the federal government, and they were restored in 1922. I understand these rates are fixed specifically by act of the Canadian parliament, and therefore cannot be changed except by another act of the federal parliament. It seems that because of this they were not an issue in the presentations before the board of transport commissioners. However, according to the report the C.P.R. did submit figures to the Turgeon commission attempting to prove substantial losses at the present rates on grain, and asking the commission to make a complete inquiry into the whole subject. The governments of the three prairie provinces, the wheat pools, the united grain growers, the Canadian Federation of Agriculture as well as the provincial federations of agriculture in the western provinces took the position that this was much too large an issue to be dealt with by any body other than the highest policy-making body in the country, the federal parliament. If there is any change made in the Crowsnest pass rates it will come only after much discussion in this house. The future is unknown and no one can predict what may happen, but I feel that there are implications inherent in the bill now before us. I should like to read what the Turgeon commission had to say with reference to the Crowsnest pass rates problem:

> The commission does not believe that the time has come to deal with this great export industry without regard to considerations which the board cannot apply. If it is suggested that in this case parliament might give special directions to the board, the answer is that the result of such procedure would likely prove unsatisfactory. So long as planning of any sort is called for in regard to these rates it had better continue to be done by parliament itself . . .
>
> In expressing the opinion that these Crowsnest pass rates should remain in their present position what is meant is only that they should remain under the immediate control of parliament. It cannot be said, and nobody has asked that it should be said, that their present level must never be changed. None of those who oppose repeal have asked for any more than that parliament's control should continue and that parliament itself should make whatever changes in these rates, upward or downward, it may appear just and reasonable to make as time goes on.

From the point of view of western agriculture that conclusion by the Turgeon commission is in one sense quite encouraging, but in another sense it seems to point a warning finger at the future. The recommendation is that those rates should continue under the control of parliament, but it leaves absolutely open the possibility of future review. No doubt as we move into a discussion of other aspects of the report beyond the scope of the present bill this matter will come up for consideration. I merely wanted to introduce it tonight so that Manitoba's position might be on the record.

Mr. R. R. Knight (Saskatoon): Mr. Speaker, I sometimes think the ministers on the other side must think that when we of the opposition are confronted with a Swiss cheese we see nothing but the holes therein, but the fact is that at times some of the legislation presented by this government does contain holes.

Mr. Knowles: Too many maggots too.

Mr. Knight: I did not say that. However, I do want to refer to a couple of holes which I detect in this particular delicacy. It would not be expected that any member representing the federal constituency of Saskatoon would keep completely silent when the matter of freight rates or their equalization was being discussed in this house. That may be due to the fact that we are centrally located between two oceans a great number of miles apart and are therefore greatly dependent upon a reasonable freight rate. As the minister knows, our prosperity or lack of prosperity depends upon that.

Our geographical position is such that almost all the things we need must be brought in by freight. We bring our lumber, our apples and other fruits across the mountains from British Columbia; then across that unproductive bridge that has been referred to tonight we bring many of the manufactures of the east, farm machinery, canned goods, building material and so on. Saskatoon is a great wholesale and distributing point. There are many warehouses there to which goods are shipped and then from them reshipped to the smaller towns throughout the province. Those are the imports, but we also ship out all those products which are indigenous to the rich lands which surround our city.

Another matter which concerns us is the success of the Hudson Bay railway. The minister does not need to be told of the extent to which I have interested myself in that project. There again we have the inequality of freight rates working to the disadvantage of traffic moving over that route. That has a considerable bearing upon the future of our city.

I admit that most of the arguments have been covered by the western members from this C.C.F. group, and I hope some of my western Liberal friends will have a word or two to say upon these matters before this debate closes. One subject which I think has taken up too much time in this debate has been whether or not lawyers are the best men to be appointed as transport commissioners. I am inclined to agree with the hon. member for Assiniboia (Mr. Argue) that it does not matter what profession a man has, provided he is the best man for the job. He mentioned as a potential member of such a board a professor of economics. It is a matter of pride to me that we have in our city a man who has some reputation in connection with boards of this description. I am thinking of Dr. George Britnell, a professor of economics residing in my city. Some time ago he was briefed by Guatemala to make an economic survey of that country. I think he did that with great success. He presented a report which brought him considerable personal praise and which was of great assistance to the country which had employed him. Dr. Britnell also helped in the preparation of a brief which was presented to the royal commission on transportation. He is not a lawyer. Two other Saskatoon men also were of assistance in that matter, Dr. Fowke and Dean Cronkite. The latter gentleman is a lawyer, but I am sure he is none the worse on that account.

I should like to come back to the holes in the cheese to which I referred. Needless to say I welcome the principle contained in this bill and am prepared to support it because it contains the principle of equalization of freight rates. However, there are some other things in the bill from which I gain no comfort. The bill contains no assurance in connection with one thing with which we are concerned. Provision is made for the handing over of $7 million per annum to the railroad companies.

It is said to be the implementation of the recommendation of the royal commission on transportation that this money should be handed over to cover the maintenance of that barren portion of the railroads between the prairies and the industrial east. However, it was my understanding that the money was to be used for a reduction of freight charges across that unproductive bridge or other stretches of rail and therefore would have been an implementation of the principle of the bill, namely some degree of equalization. But I do not find that laid down in the bill. I find the principle laid down but little else in that particular clause. I do not find any provision stating that the railroads will have to give any return for that money, no *quid pro quo*, no guarantee that there will be in fact any equalization or reduction in freight rates in consequence of such payment.

I cannot see the value of the bill if it leaves so much to the discretion of the board of transport commissioners. There is another vital section of the act, and I say "vital" because it is the crux of the whole matter which is unsatisfactory to me. This is what I might call the equalization section. It sets out in two or three clauses labelled a, b, and c, the manner by which the board shall compel the railways to establish in some degree a uniform scale of freight rates such as is desired. That is fine as far as it goes. It permits the board to interfere with any freight rate scale which, in the opinion of the board, is unjust and unfair. But having done that it then proceeds, to my mind, to negative the whole matter so that these subsections do not apply. In the bill it is implied

that the board cannot be expected to tamper with international rates or with import and export rates. With that I suppose I can have no quarrel because another nation is concerned; but clause (c) gives me some concern. It simply consists of two words, "competitive rates". I do not know exactly what that term means, but I take it that we now have such rates; and if the term refers, as I think it does, to competitive water or motor transport rates then I ask hon. members if that loophole does not nullify the whole thing. Is it not in this particular section that the government should, by some method or other, prove its sincerity in its desire for equalization?

Then there is another clause which in my opinion leaves too much to the discretion of the board, in that it states that the board has jurisdiction over any other case in which the board considers that an exception should be made from the operation of this section. To my mind this clause nullifies the whole purpose of the bill because it simply leaves the board the discretion to allow any freight rates considered unfair by the people of Canada to remain unaltered.

Time is short, and I am quite sure the minister, who has been the victim, one might say, of all the inquiries, questions and doubts expressed, among which are mine, will want to speak at some length upon these matters. I think he cannot be expected to do so in the period of a minute and a half that is left. Therefore I think we should postpone his reply until another day when the minister can, in his own clear and concise way, answer our questions, put an end to our doubts, and give us in this case the complete cheese without any holes in it. I ask him when he replies to these questions to pay attention to the points I have put before him and try to satisfy me on these two particular matters.

On motion of Mr. Knight the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Chevrier: On Monday we will revert to the debate on the address in reply to the speech from the throne.

At ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on October 12, 1951.

HOUSE OF COMMONS

Monday, October 29, 1951

The house met at 2.30 p.m.

LABOUR-PROGRESSIVE PARTY

PRIVILEGE, MR. DREW—REFERENCE TO ALLEGATIONS CONTAINED IN PAMPHLET

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I rise on a question of privilege affecting every hon. member of this house. I have just received a copy of a pamphlet that is printed and issued by the Labour-Progressive party of Canada, correctly described as the communist party of Canada, and I propose to submit this pamphlet to you to consider what steps should be taken. It is the most villainous attack that I have yet seen on this government and upon the Prime Minister of Canada (Mr. St. Laurent). In addition to that, the attack includes every member of this house as a result of the allegations that are made. I would point out that, no matter what differences of opinion those of us who serve the democratic processes of our constitutional system may have, I am sure that there is no member of this house, no matter what party he supports, who will at any time overlook a challenge to the government of Canada as an institution and to the integrity of the Prime Minister as the head of that government.

In this pamphlet under the heading "Who Wants War?" There is on the third and fourth pages, on the one side an arm with a nazi symbol and on the other a similar arm with a dollar sign, and in both cases blood dripping from the hand. Then we read these words:

> They are putting guns in the hands of nazis again! They are arming the Japanese militarists! Who are doing this? The U.S. bankers, industrialists, profiteers! St. Laurent and Pearson agree to send Canadian troops to march with nazis in Europe.

I would remind you, Mr. Speaker, that the members of this house of all parties have approved of the course that has been followed by the government. One only needs to read that pamphlet in order to see the whole nature of this challenge not only to the Prime Minister and to the government but to the members of this house. I quote again:

> Korea was the "testing" place for this new army of reaction, fascism, imperialism. How Goebbels, Hitler, Goering and Tojo must chortle from their graves! We must not desecrate the memory of our Canadian soldier dead!

Then on the left-hand page is a picture of Eisenhower and our Minister of National Defence (Mr. Claxton), under the hand dripping with blood and with the dollar sign, and on the other side, with a corresponding arm and the nazi sign are pictures of Hitler, Goering and Goebbels. Then as we read on in this pamphlet we find a statement like this:

> Sure, Prime Minister St. Laurent pats kiddies' heads and strikes a fatherly pose for photographers. But, many of our children have less food, less clothes, less of everything because he helps the Yankee eagle dig his greedy claws into our resources.
>
> St. Laurent sent our boys to Korea, he is going to send more thousands of our boys to Europe, at the behest of his bosses in the United States.

That is all I intend to read of this villainous slander on every member of this house who has joined in approving the course of action that the government has followed in this case. This pamphlet closes with the words "Who can you spare?" and on the other side are the names of the members of a family of an ordinary, well known name, and on the other side are pictures of Truman, St. Laurent and MacArthur.

Mr. Speaker, I need not remind you of the tradition in regard to offences of that kind in relation to the members of this house.

For more than a century and a half now it has been the accepted practice and procedure that challenges of this kind should not pass unnoticed. There is I submit a particular reason why you should take this into consideration. It has just recently been announced that we have already received into Canada the largest number of new Canadians who have come into Canada in any year since the close of the last world war. A large percentage of those are people who will make excellent citizens, but there are people who come from countries which have not the traditions of freedom which we accept as a matter of course. These pamphlets are being circulated amongst these people. What must be the thoughts in the minds of these people coming here and not understanding the extent to which we permit communists in this country to challenge the authority and the motive of government itself as an institution, and to challenge the action of members of parliament? Therefore, Mr. Speaker, I am placing this in your hands with the request that consideration be given to the impact of this document not only on those who are able

from their experience and their understanding of our democratic system to balance these statements and form an objective judgment, but also to have regard to what the effect of a pamphlet of this kind would be upon the minds of those new Canadians who are being welcomed here, and who should become citizens of a democracy in which they have confidence.

I need hardly point out to hon. members that publications of this kind are not inexpensive, and that it may well arouse the interest of hon. members to see the communist part of Canada circularizing the people of this country with an extremely expensive publication of that kind. Therefore I forward this to you with the respectful suggestion that you give consideration to the course which should be followed in regard to this circular.

Mr. Speaker: I am sure the house is indebted to the leader of the opposition for bringing this matter to its attention. I can assure him that it will receive my careful attention.

QUESTIONS

MELFORT, SASK., CUSTOM PORT

Mr. Wright:

1. On what date was the custom port in Melfort, Saskatchewan (a) opened; (b) discontinued?
2. What were the receipts in this port during this period?
3. What were the costs of administration during the same period?

Mr. McCann:

1. (a) Established as outport 1st May, 1913; (b) closed 1st February, 1936. Established as preventive station and postal collecting station 15th March, 1936; closed 1st April, 1949.

2. $337,259.89.

3. $36,811.70.

INCOME TAX—REMITTANCE TO COMPANIES

Mr. Diefenbaker:

How many companies, if any, have been remitted any part of income tax, since the 1st of January, 1950?

Mr. McCann: Ten.

SALES OF FEEDER CATTLE FROM KAPUSKASING, ONT., EXPERIMENTAL FARM

Mr. Diefenbaker:

1. Have any feeder cattle been sold off the experimental farm at Kapuskasing, Ontario, within the last six months?
2. If so, how many, and what are the names and addresses of the purchasers?
3. What was the total weight of said cattle at the time of sale, and the price paid per pound by the purchasers?

[Mr. Drew.]

Mr. McCubbin:

1. Yes.

2. (a) 80. (b) Mr. Leslie Walker, Porquis, Ontario.

3. 70,602 pounds at 31·5 cents per pound.

NATIONAL EMPLOYMENT SERVICE—OFFICES IN SYDNEY, N.S.

Mr. Gillis:

1. How many offices does the national employment service occupy in Sydney, Nova Scotia?
2. Are these offices owned by the government, rented or leased?
3. If rented or leased, from whom are they rented or leased?
4. What rental is paid per year?

Mr. Fournier (Hull):

1. The national employment service occupies the whole of the ground floor, second floor and basement of the Azar building, at 319 George Street, Sydney, N.S.

2. Rented by the government.

3. Premises rented from Joseph G. Azar.

4. $10,113.48 per annum.

DEPARTMENT OF DEFENCE PRODUCTION—EMPLOYEES

Mr. LaCroix:

1. How many civil servants are in the employ of the Department of Defence Production?
2. How many are English-speaking Canadians?
3. How many are French-Canadians?

Mr. McIlraith: In answer to part 1 of this question, as of September 30, 1951, there were 1,298 employees of the department appointed under the provisions of the Civil Service Act, and in addition 194 employees appointed on the authority of the treasury board.

With respect to parts 2 and 3 of the question, I am not quite clear as to what information the hon. member is seeking. All employees can speak some English, but of the total number of employees, some 1,224 have the English language as their mother tongue.

With respect to part 3, which reads: "How many are French-Canadians?", I am not clear if this question refers to racial origin, or to language qualifications. If it refers to racial origin of employees, the records do not indicate the racial origin of the employees, and it would be necessary to check with each individual employee to get the information. If the question has reference to language qualifications, there are 265 employees of the department whose mother tongue is French.

ALLOWANCES AND ASSISTANCE PAID TO WAR VETERANS

Mr. Goode:

1. What is the total of recipients under war veterans allowance?

Questions

2. What is the total amount paid under war veterans allowance for the years 1949, 1950 and 1951, to date?

3. By provinces, what is the number of recipients of war veterans allowance?

4. By provinces, what total amount was paid in 1949, 1950 and 1951, to date?

5. What is the total amount paid under war veterans allowance assistance fund, 1950 and 1951, to date?

6. By provinces, how many recipients are under the assistance fund at this time?

Mr. Mutch: Return at September 30, 1951:

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1. 40,020.

2. Fiscal year ending March 31,

1949	$19,741,229.19
1950	20,018,195.64
1951	22,923,331.95
From April 1, 1951 to September 30, 1951	12,136,144.55

	3. At Sept. 30, 1951	4. Fiscal year ending March 31, 1949	1950	1951	April 1, 1951 to Sept. 30, 1951
Newfoundland	559	$ Nil	$ 180,163.76	$ 298,003.32	$ 169,906.03
Prince Edward Island	481	236,894.75	240,218.00	275,079.98	145,633.74
Nova Scotia	2,345	1,085,767.59	1,161,055.37	1,329,553.26	716,032.55
New Brunswick	1,691	789,649.16	840,764.23	962,779.94	509,718.09
Quebec	4,115	2,072,829.05	2,081,892.38	2,338,179.86	1,250,022.94
Ontario	13,558	6,712,016.86	6,766,150.25	7,862,702.88	4,114,153.15
Manitoba	3,422	1,737,228.15	1,741,583.05	1,971,406.55	1,043,708.47
Saskatchewan	1,940	1,026,543.91	980,891.60	1,031,549.94	582,534.96
Alberta	2,737	1,421,368.49	1,421,291.92	1,581,709.91	825,257.86
British Columbia	9,172	4,658,931.23	4,604,185.08	5,272,366.31	2,779,176.76

5. Fiscal year ending March 31 1950 ..... $562,826.95
Fiscal year ending March 31, 1951 ..... 731,822.75
From April 1, 1951 to September 30, 1951 ..... 338,614.24

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6. Figures include individuals who received assistance from the assistance fund (W.V.A.) during the period from April 1, 1951 to September 30, 1951, by means of either a monthly payment or a single lump sum payment:

Newfoundland	41
Prince Edward Island	57
Nova Scotia	353
New Brunswick	343
Quebec	1,108
Ontario	1,953
Manitoba	769
Saskatchewan	300
Alberta	469
British Columbia	2,198

KOREA—WELFARE AND ENTERTAINMENT SERVICES FOR TROOPS

Mr. Dinsdale:

1. What welfare and entertainment services have been provided for the Canadian troops serving in Korea?

2. Has the Department of National Defence received any complaints as to the adequacy of such services? If so, what has been the nature thereof?

3. Are any additional welfare services to be set up? If so, what are the particulars thereof?

Mr. Claxton: Since a number of other hon. members have asked questions on this same point, in answering it I might do so orally, and deal with some of the other questions that have been put, including particularly one by the hon. member for Lake Centre (Mr. Diefenbaker), of which he just gave me notice.

In Korea the poverty stricken character of the country, worsened by the ravages of war, makes invalid any comparison with the conditions that existed in western Europe during the first or second world wars. It is very seldom that troops are located where any type of accommodation is available. They move from one place to another very frequently. To set up recreational centres as we had them in Europe is quite impossible. I am informed that the American, British, Canadian and other forces have not got in Korea any outside agencies to perform welfare services and provide recreational facilities as was done by such agencies as the Salvation Army in Europe. In Korea these services are taken care

of for each country by service personnel. In the case of Canada, in addition to regimental officers and personnel responsible for these activities, there are 13 chaplains and 6 welfare officers with substaffs of N.C.O.'s and men—in proportion to the men engaged, as many as were in the agencies in western Europe. When conditions permit, recreational centres under canvas are set up. The officer responsible for welfare in each unit operates a canteen wagon which carries supplies such as cigarettes, chocolate bars, cakes, books, etc. He also has a radio which broadcasts news and recorded Canadian programs.

Everyone knows that conditions are far from desirable. That is why we plan if the military situation permits to carry out the policy of having men return home after they have served a year abroad, whereas they were sometimes away in western Europe for four or five years. We hope that all our commitments there will be ended as soon as possible.

Coming to the specific question asked by the hon. member on the order paper, may I say that the answers are as follows:

1. Included in the welfare and entertainment which have been provided are the following:

(a) sports equipment for field games and organized sports, such as baseball, volleyball, basketball, etc.;

(b) current motion pictures of Canadian, United States and British origin are shown six days a week to the troops, when not committed in action. In addition, films of special interest, such as the Grey Cup football final and the Canadian open golf tournament have been sent to Korea;

(c) tape recordings of Canadian Broadcasting Corporation programs of special interest are re-broadcast over the armed forces radio service;

(d) reading material provided by the Canadian Legion is distributed monthly on the basis of 30 books, 15 digests, 40 different current popular magazines for each 100 men. Large numbers of *Maclean's* magazines and Montreal *Standard* are supplied free by publishers;

(e) twenty free cigarettes per man is included in the daily ration and this is supplemented by gifts of cigarettes from organizations and private individuals. In addition, friends, relatives and civilian organizations are sending gifts of cigarettes, tax and duty free, to individual soldiers;

(f) Army welfare officers distribute regularly gifts from Canadian organizations and private individuals;

[Mr. Claxton.]

(g) a thousand words of spot news are provided by the Canadian Press and cabled daily for the forces' edition of *Japan News,* one copy of which is provided for each five men. This is provided as a national service at a nominal compilation charge. The Canadian Press also sends feature copy three times a week by Canadian Pacific Air Lines. The Canadian brigade publishes a tri-weekly mimeographed troop sheet giving local news. The first commonwealth division publishes a daily mimeographed newspaper, *Crown News,* which includes Canadian news, provided by the Canadian Press. The Canadian Press news is broadcast daily over stations of the armed services radio service;

(h) the Canadian forces also have the use of recreational facilities provided for the United States and for other commonwealth forces, including the commonwealth leave centre at Tokyo.

2. When the brigade first arrived in Korea, there were complaints regarding a lack of reading and writing material as this had not yet arrived. Remedial action was taken immediately and there have been no further complaints of any kind.

3. While it is not anticipated that it will be possible to make specific developments in the near future or indeed until the situation on the front and the type of warfare change, matters of welfare are subject to continuous consideration and additional services and facilities will be provided when this is possible.

I might add a further word.

As evidence that the soldiers understand the situation I mention the exceptionally high morale of the Canadian brigade.

The reports furnished to me by numerous Canadian officers whose official business and experience is to know about these things is that they have never seen a force with better morale.

Bill Boss, Canadian Press correspondent who has been in Korea over almost a year, said: "The troops' morale was outstanding". "The Patricia's had an esprit de corps so real you could touch it." "The Patricia's are the finest thing the Canadian army has ever created".

A Canadian Press dispatch Saturday reports Archbishop Roy as saying:

> The archbishop pronounced the troops fit in all departments—training, equipment and morale—and termed Brigadier John Rockingham's 25th brigade equal to anything the Canadian army had produced anytime, anywhere.

The Presidential citation is not won by a unit with poor morale. Actions speak louder than words and the best comment is the record of the brigade itself.

The chief of general staff received just this morning a letter from the officer commanding the first commonwealth division, Major General A. J. H. Cassels, C.B., C.B.E., D.S.O., in which he said:

I have nothing but praise for all units of your brigade group and I am not just saying this to please you. They are magnificent and are always ready for anything.

Mr. Speaker: Answered.

RECONSTRUCTION OF DAM AT SOURIS, MAN.

Mr. Dinsdale:

When will work begin on the reconstruction of the dam at Souris, Manitoba?

Mr. McCubbin: As soon as conditions permit in 1952.

Questions

PRINCE EDWARD ISLAND—ADMINISTRATION CONCERNING VETERANS—OFFICES AND EMPLOYEES

Mr. Kickham:

1. What are the locations of the offices of (a) the Department of Veterans Affairs; (b) those administering the Veterans Disability Pensions Act, the War Veterans Allowance Act and the Veterans Land Act, in the province of Prince Edward Island?

2. What are the names of those employed in each of the above offices, their positions and respective salaries?

Mr. Mutch: Return at October 24, 1951:

1. (a) 184 Richmond St., Charlottetown, P.E.I.

(b) Veterans Disability Pensions Act (Canadian pension commission) and War Veterans Allowance Act: 184 Richmond St., Charlottetown, P. E. I.

Veterans Land Act: Riley Building, 103 Queen St., Charlottetown, P. E. I.

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2. Name	Classification	Annual Salary
Veterans Affairs		
*Conrad, F. B.	Administrative Officer, Gr. 4	$ 4,956
*Johnston, K. M.	Veterans Welfare Officer, Gr. 2 DVA	4,272
Stewart, Miss M. B.	Stenographer, Gr. 3	2,496
Murray, K. E.	Telephone Operator, Gr. 2	1,884
Mahar, R. J.	Clerk, Gr. 4	2,772
McCarville, J. F.	Clerk, Gr. 3	2,568
MacDonald, P. J. A.	Messenger	1,884
Donovan, C. T.	Clerk, Gr. 2A	1,884
MacMahon, Miss N. E. P.	Stenographer, Gr. 1	1,668
Grant, Miss J. E.	Typist, Gr. 2B	2,292
Wonnacott, B. S.	Clerk, Gr. 4	2,904
*Rogers, A. W.	Veterans Welfare Officer, Gr. 1 DVA	4,080
*Bell, D. N.	Asst. Veterans Welfare Officer, DVA	3,576
Jenkins, W. L.	Head Clerk	4,080
Robison, J. T.	Principal Clerk	3,444
Moore, Miss A. L. B.	Stenographer, Gr. 2A	2,088
Strang, Miss C. A.	Stenographer, Gr. 1	1,668
Shanahan, F. J.	Investigator, DVA, Gr. 2	2,568
Machin, S.	Investigator, DVA, Gr. 2	2,568
Herrell, Miss K. G.	Stenographer, Gr. 1	1,668
Kennedy, Dr. R. H.	Medical Officer, Gr. 5	5,208
Kitson, W. W.	Cleaner and Helper	2,160
Morris, J. R.	Clerk, Gr. 4	2,904
Harper, I. J.	Clerk, Gr. 3	2,568
Lowther, N. W.	Pensions Advocate, VA, Gr. 3 part time	2,700
Coady, Miss J. E.	Stenographer, part time	594
Canadian Pension Commission		
MacNeill, Dr. R. D.	Medical Officer, Gr. 5	5,820
Walker, C. E.	Clerk, Gr. 4	2,772
Kays, Miss F. H.	Stenographer, Gr. 2B	2,292

War Veterans Allowance Act

Other than the chairman and members of the war veterans allowance board, the staff is provided by the department. Functions under the War Veterans Allowance Act, 1946, are decentralized to district offices of the department. The persons whose names are preceded by an asterisk in the list under "veterans affairs" are, among their other duties, specifically detailed to deal with the processing and adjudication of cases under the said act.

Name	Classification	Annual Salary
Veterans Land Act		
Campbell, E. W.	Settlement Officer, Gr. 4	$ 4,524
Kennedy, F. G.	Settlement Officer, Gr. 2	3,888
Henry, W. A.	Clerk, Gr. 4	2,904
Lacey, J. G.	Clerk, Gr. 3	2,568
MacKinnon, Mrs. S. A.	Stenographer, Gr. 2B	2,292
Campbell, Miss A. B.	Stenographer, Gr. 1	1,500
Shaw, Miss L. M.	Typist, Gr. 1	1,500
MacDonald, V. L.	Supervisor, Construction, Gr. 2	2,904
Campbell, N. D.	Settlement Officer, Gr. 2	3,504
Haywood, W. E.	Settlement Officer, Gr. 2	3,504
Martin, R. M.	Settlement Officer, Gr. 2	3,372
Dixon, W. H.	Settlement Officer, Gr. 2	3,372
Martin, A. W.	Settlement Officer, Gr. 2	3,372

ARCTIC SHIP "C. D. HOWE"—QUESTION AS TO LOAN TO AUSTRALIAN GOVERNMENT

Mr. Coldwell:

1. Has the government lent the Canadian arctic ship, the *C. D. Howe*, to the Australian government for antarctic exploration?

2. If so (a) what is the date of her departure; (b) what is the date of her return; (c) is she manned by her Canadian officers and crew; (d) what are the terms of any agreement regarding the use of the ship and payment of the crew?

Mr. Chevrier:

1. No.

2. See answer to No. 1.

WAGES PAID TO CHARWOMEN IN MONTREAL GOVERNMENT OFFICES

Mr. Dupuis:

1. What hourly rate of wages was paid to the charwomen employed in the government offices at Montreal (a) as at January 1, 1950; (b) as at October 1, 1951?

2. What were the daily working hours of these employees on the above-mentioned dates?

Mr. Fournier (Hull):

1. (a) 56 cents per hour. (b) 70 cents per hour.

2. (a) As of January 1, 1950, the rate of pay was based on 125 hours per month. (b) As of October 1, 1951, the rate of pay was based on 4¾ hours per day.

FOOD AND AGRICULTURE ORGANIZATION—FISHERIES MEETING AT LIMA, PERU—INVITATION TO GOVERNMENT

Mr. Stuart (Charlotte):

1. Did the Canadian government or any official of the Department of Fisheries receive an invitation to attend the Latin-American fisheries meeting of the food and agriculture organization at Lima, Peru, September 17 last?

2. If so, what official delegate on behalf of Canada attended the meeting?

Mr. MacNaught:

1. No. The Canadian government was notified of the meeting but did not receive an invitation to attend.

2. Answered by 1.

QUESTIONS PASSED AS ORDERS FOR RETURNS

BUTTER IMPORTS AND CONTRACTS—IMPORT PERMITS TO PRIVATE FIRMS OR INDIVIDUALS

Mr. Fraser:

1. What quantity of butter was imported by the government during the first eight months of 1951?

2. What additional quantities have been (a) contracted for; (b) optioned, by the government, and when will delivery be made?

3. What private individuals or firms have been given permits since May 1, 1951, to import butter?

4. On what date was each permit issued?

5. What quantities are allowed under these permits in each case?

Mr. Bradley: Return tabled.

GOVERNMENT-RENTED PROPERTIES IN WINNIPEG, MAN.

Mr. Diefenbaker:

1. How many buildings, properties or offices are held under lease or rented by the dominion government in the city of Winnipeg, Manitoba?

2. What has been the total expenditure for such rentals in each of the fiscal years 1949, 1950, and monthly since the 1st of January, 1951?

3. What are the particulars of each office or building rented in each of said years, from whom and at what monthly or yearly rental in each case?

Mr. Bradley: Return tabled.

SUBSIDIES, SUBVENTIONS AND REBATES PAID TO DOMINION STEEL AND COAL CORPORATION, 1950

Mr. Gillis:

1. Was any money paid by the federal government to the Dominion Steel and Coal Corporation for the calendar year 1950?
2. If so, what amount by way of (a) subsidy; (b) subvention; (c) rebate under the Maritime Freight Rates Act in the operation of the Sydney and Louisburg Railway?

BUTTER OWNED AND IMPORTED BY GOVERNMENT—IMPORTED BY INDIVIDUALS OR CORPORATIONS

Mr. Fraser:

1. How much Canadian-made butter (a) was owned in Canada by the government on October 1, 1951, and (b) is owned by the government today?
2. How much imported butter (a) was owned in Canada by the government on October 1, 1951, and (b) is owned by the government today?
3. How much butter was imported into Canada from July 1, 1951, to date by (a) the government of Canada; (b) private individuals or corporations?
4. What private individuals or corporations imported this butter and in what volume in each case?

PREFABRICATED ARMY HUTS

Mr. Fraser:

1. Did the government or any agency thereof buy pre-fabricated army huts, during the first nine months of 1951?
2. If so, how many huts did they buy?
3. From what firms or individuals were these purchased and at what price per hut?
4. Are these huts now being used or will they be put to use at once?
5. If not, are they being stored?
6. If stored, when is it the intention to use them?
7. Where are they stored?

NATIONAL DEFENCE

AUXILIARY SERVICES—Y.M.C.A. AND SALVATION ARMY

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, I should like to ask one or two supplementary questions arising out of the answer given by the Minister of National Defence with respect to welfare services.

Is it not so that the national council of Y.M.C.A.'s last November offered to send the necessary auxiliary services to Korea? Is it not also a fact that William R. Dalziel, commissioner of the Salvation Army, has been offering to send over the necessary Salvation Army staff, to the end that the morale and spiritual as well as the canteen requirements of Canadians in Korea would be met? If these offers were made, why were they not accepted?

Hon. Brooke Claxton (Minister of National Defence): I would have to verify so as to find out what offers were made. I recall that the Salvation Army did make an offer. I do not recall that the Y.M.C.A. did, but I am not doubting that it did, in view of what the hon. member has said.

I believe the answer I gave is a complete one to the second part of the question. None of the forces, including the American, British, French or others, uses such agencies in Korea. They have found that the geographic and other conditions are such that, under existing circumstances, it is out of the question. That is my information. Consequently we have not seen fit to accept these very generous offers, up to the present time.

[*Later:*]

Mr. Gordon Churchill (Winnipeg South Centre): Are the welfare officers which the minister has mentioned engaged in carrying out full regimental duties, or is this welfare work a special job?

Mr. Claxton: It is a special job.

FEED GRAIN

REQUEST FOR LEGISLATION COVERING SHIPMENTS FROM WESTERN CANADA

On the orders of the day:

Mr. P. E. Wright (Melfort): Mr. Speaker, before the orders of the day are called I should like to ask a question of the Minister of Transport. As requested by the Canadian Federation of Agriculture will the government give consideration at this session to introducing permanent legislation on freight rates on feed grain from western to eastern Canada and the Pacific coast, so as to give to the industry a sense of permanency in the matter?

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, I received the hon. member's notice only after I had come into the house. Upon reading it carefully, however, I find that this matter was discussed and studied by the royal commission on transportation. That commission decided not to make any recommendations to the governor in council, in so far as amendments to railway legislation are concerned. The railway bills now before the house do not contain legislation covering the point my hon. friend has raised. However, the royal commission did think that this was a matter of government policy. As the hon. gentleman knows, it is discussed and considered from year to year and when it is decided upon I am sure that the Minister of Agriculture (Mr. Gardiner) will announce the policy in the house.

Inquiries of the Ministry

PENSIONS

BURNT-OUT VETERANS—REQUEST FOR JOINT STATEMENT REGARDING RIGHT TO APPLY FOR OLD AGE SECURITY

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): I wonder if the Minister of National Health and Welfare would discuss with the Minister of Veterans Affairs (Mr. Lapointe) the possibility of making a joint statement, and perhaps publishing or even advertising it in the press, so that it will be crystal clear to burnt-out veterans over 70 years of age just what their status and their rights are under the new old age security legislation. I realize that this matter was discussed the other day, but I am sure that all hon. members are still getting letters which show that there is confusion in the minds of many veterans. It would help a great deal if publicity was given to a clear-cut statement along the lines I have suggested.

Hon. Paul Martin (Minister of National Health and Welfare): Steps have been taken to make it clear that there is no excluded group among those who will receive the benefits under the old age security legislation. I have taken careful note of the other portion of my hon. friend's remarks.

FREIGHT RATES

INQUIRY AS TO REASON FOR NON-ACCEPTANCE OF PRINCE EDWARD ISLAND RATE STRUCTURE BY CANADIAN NATIONAL RAILWAYS

On the orders of the day:

Mr. W. Chester S. McLure (Queens): Mr. Speaker, on October 18 I asked an important question of the Minister of Transport. No doubt he has the answer and has simply forgotten to advise me thereof.

Hon. Lionel Chevrier (Minister of Transport): The hon. gentleman is quite correct, as I was just about to rise to give the answer. I apologize to him for having delayed answering this question. The hon. member asked:

> For what reason or reasons was the September 15 decision of the board of transport commissioners to change the Prince Edward Island freight rate structure not acceptable to the Canadian National Railways?

I do not know why it was not acceptable, but I do know that the officers of the Canadian National Railways have informed me that they have decided to ask the board of transport commissioners to review and rehear the case. Any party who feels himself aggrieved under the Railway Act may ask the board to review or rehear a case. That is why the Canadian National Railways have asked the board to do this and I understand the case will be heard anew on November 5 next.

[Mr. Chevrier.]

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed, from Wednesday, October 24, consideration of the motion of Mr. Robert Cauchon for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto of Mr. Drew, and the amendment to the amendment of Mr. Coldwell.

Mr. R. R. Knight (Saskatoon): Mr. Speaker, most hon. members of this group who have spoken up to the present have engaged in a discussion of price controls and subsidies in their relation to the Canadian standard of living. Needless to say any improvement in our standard of living will have my hearty support, but I am also interested in a desirable standard of life. I suggest that there is some difference in the significance of the two terms. While a desirable standard of life implies a desirable standard of living, there is still more involved. In addition to food for the body, there is the question of food for the mind. There is implied an opportunity to take advantage of those arts which can add so much to the richness of Canadian life. When future historians look back upon these times they are likely to regard the compiling and publishing of the report of the royal commission on national development in the arts, letters and sciences as being something of an achievement in its contribution to that opportunity.

Implementation of the recommendations contained in that report will not all come at once, because we are first of all a practical people. But the report sets a pattern, and I have no doubt it will have some influence on the moulding of popular opinion in the direction of an adoption of an improved sense of values.

The members of the commission to which I have referred recommended federal aid to Canadian universities, and the government acted quickly upon that recommendation, largely, I expect, because they had already decided to do so before the report was even brought down, thinking, as indeed we all do, that such aid was in the national interest. Improvements in education are always in the national interest. The quality of the citizens of a country depends largely upon the equality of the education which they enjoy. This grant to the universities, if it is nothing more, is at least an acknowledgment by this government that while education is rightly administered under provincial jurisdiction, the quality of education in the provinces is a matter of national concern.

Canadian culture as envisaged in the report will have to be built, not so much upon the

work of the few in the universities but upon the broad base of a better education in the schools attended by the great masses of our youth. Improved facilities in the universities will play a great part in that building, since they will supply for it more and better artisans. The federal aid to the universities now being granted will serve many other purposes, but it could be defended upon the one ground that it will assist in providing more and better teachers for the junior schools.

It is my opinion that it would be in the national interest for the federal government to proceed now to devise the best method to subsidize general and high school education to the end that the quality of education might be improved generally, and that there should be some degree of equalization of educational opportunity for all Canadian children. This implies in no way any desire for uniformity, either of curriculum or of method, nor any interference with the jurisdiction over the education of its youth which each province enjoys by constitutional right. The idea that federal aid as we envisage it implies any degree of federal control is merely a myth. Does any university in Canada operated on a public, private or religious basis refuse to accept this new federal aid on the ground that there is interference by a central authority? Do technical or vocational schools refuse to accept federal grants for the same reason? Does the general public refuse to accept family allowances? I think not.

Canada is very far behind many other countries in its support of education by the national treasury. There are, of course, historical reasons for that fact and for certain prejudices which still exist. To the degree that we attain national unity and understanding that prejudice will disappear and I have been pleased to note that the idea of federal aid to education has become and is becoming more and more acceptable to more and more Canadians. In my province, for example, a committee of educators was set up to study the whole matter. Their report, which I would commend to members of this house, has been adopted in its entirety by the Canadian school trustees association, and that larger organization is considering raising funds by means of which to make a further investigation.

I might be asked what I mean by the education which I am advocating. It is a fair question, and one to which there are almost as many answers as there are people to ask the question. Unfortunately many—and I say "unfortunately" deliberately—look upon education as a thing which one must obtain in order that one can make a living. It is that of course, but it is much more. In these days of science there is too much emphasis on the vocational and the technical with a neglect of the humanities. With this report in mind, I am thinking today of the cultural side, so for our purposes I will define it as something which develops the personality to the point where its possessor individually enjoys a fuller and more abundant life, irrespective of his vocation, and this in part through an appreciation of what are called, tritely I suppose, the finer things of life. One collective result then should be refinement of taste of the masses of the population and the adoption by them of a higher sense of values. Turning to the report itself, I find as a sort of frontispiece a quotation from the "De Civitate Dei" of St. Augustine reading as follows:

> A nation is an association of reasonable beings united in sharing of the things they cherish; therefore, to determine the quality of a nation, you must consider what those things are.

Dr. Wallace, lately of Queen's, and a man whose name is known to everyone in educational circles in Canada, in a superb essay on the humanities which he submitted to the commissioners when they were making their investigation, defines in part an educated man as one who knows that he can never be truly educated in any final sense, and who has an unquenchable thirst to continue his education. He says that the greatest ally of such a person in this project of self-education is the critical reading of good books.

That brings me to the matter of books in Canada, and to what I think is a practical suggestion with which this house might concern itself. We are not, comparatively speaking, a nation of great readers. There are several reasons for that, but the one which I shall mention today is that the price of books is too high. The government contributes to that condition in so far as federal taxes and duties are applied to such books. University students certainly find the increasingly high price of even the prescribed texts a very great burden. On several occasions I have pleaded with the government to admit duty free books which are ordered and imported from foreign countries by bona fide professors and teachers for reference reading. Only the texts prescribed on regular curricula are so admitted at present. I ask the government to consider these matters, for I do not think that any government anxious as this one has shown itself to be by the investigation that has been conducted, any government anxious to promote culture, should desire to profit at the expense of those in pursuit of it through the purchase of suitable books.

I find that books for Canadian requirements which are available in Great Britain—and there are not too many of them so available—can under present regulations be imported into this country by the individual purchaser at less cost than he can get them from Canadian publishers. Canadian branches of some, not all, United States publishing houses charge 10 per cent more to their Canadian customers than those same customers would have to pay if they imported the books directly from the United States branch of the same firm. One justification which they advance for that is that the firm looks after the business of paying the duty, and that it is worth something to the Canadian purchaser to have these books available in Canada, advancing the argument that the public should be prepared to subsidize them to the extent of 10 per cent to build up publishing houses in Canada. It is an argument which should be exposed to some scrutiny. Some of the university book stores pay this added price without too much reluctance, but the end result is that the added price is handed on to the student, and university students as a class are ill able to afford such extra cost. I think any subsidization necessary to build up the publishing houses in Canada should certainly not come from that particular source. We must hope that too much time will not elapse before the Canadian demand for better books will increase. That will depend to some degree on increase of population, but it also depends upon the cultivation of the public taste, to which I have already referred, and with it the hope there will be a corresponding increase in the number of notable Canadian authors.

The public taste in reading and for reading is a matter of public concern. One of the first things that I noticed on a recent visit to Great Britain was the great number of book shops, and the great number of books which were on display in the news agents' windows. There one could obtain great numbers of the classics in very cheap editions, and the wealth of literature—and I mean literature—for children was very noticeable indeed, something in which I think we are particularly deficient. I said "literature" and I did not say "trash", although I have no doubt some of that is available too. The point is that the percentage of good literature seemed to me much greater. I wish I could say the same thing of Canada, my own country. The prices of good books, or the new books, are greater than the average man can afford to pay. He does not buy them in any great quantity for that reason. He is not a frequent purchaser. Unfortunately, however, a substitute for these things is readily at hand and at a lesser cost, the slick American magazines, the movie and sex stories, and the comic books with which our news agencies and drugstore counters are inundated.

Well, you say, after all, for the earnest reader there are always the libraries. Yes, there are in places. Let me tell you that there are only two public libraries in one eastern province. In a neighbouring maritime province, on a visit to that part of the country last month, I found myself in a town said to be one of the wealthiest per capita in the Dominion of Canada. It certainly has beautiful residences. It has a fine high school. I had some time on my hands while I was waiting to catch a train. I left the place where I had slept and I met an old gentleman on the street. I said, "Can you direct me to your public library?" He looked at me in amazement and said there was no such thing. When I questioned him more closely my informant told me that the only books he knew of in town that were available for public use were a few that the I.O.D.E. ladies kept on their shelves and lent to their members. That was all.

In the last parliament I constantly urged upon the government the need to set up some sort of commission for UNESCO which might keep in touch with the international organization and at the same time might be of some encouragement to the arts and letters in the national field. I persisted in that until I realized that the government was quite adamant in its refusal. The categorical statement of the Prime Minister (Mr. St. Laurent) is on the record that the government—at least at the time he made the statement—had no such intention.

I quote from the *Hansard* report of February 4, 1948, in which the following is found at page 850:

> Mr. Knight: Has the Canadian government made any progress since last session in the matter of setting up a national commission of UNESCO?
>
> Mr. St. Laurent: No. It has been decided not to proceed at the present time with the establishment of a national commission for UNESCO.

In their report the commissioners—when I say commissioners I am referring to those distinguished people who drew up the report of the royal commission on arts, letters and sciences—recommended the creation of a body to be known as the Canada council for the encouragement of arts, letters, humanities and social sciences. They recommend also that that body perform the functions of a national commission for UNESCO. I have no objection to the change of emphasis, and I hope the government, which ignored my own

pleadings, will pay heed to and implement the recommendations of its own commission.

Article I of the UNESCO constitution, a charter to which Canada submitted, includes the following:

> To develop and maintain mutual understanding and appreciation of the life and culture, the arts, humanities and the sciences of the peoples of the world.

Surely that is in harmony with the objectives which the commission would have us foster. Sir, this speech does not profess to be a survey of the comprehensive report and its recommendations. The preparation of any speech upon that question would be a stupendous task. What I have said is an appeal to the government to bring about the improvement in Canadian culture foreseen by the commission if its recommendations are adopted, and to the degree to which its recommendations are adopted. I appeal to the government specifically to give some attention to the matter of federal aid to education, to give some consideration as to how it may encourage or at least cease to discourage, if you like, serious reading in Canada. Perhaps this could be done by the removal of taxation and duties on books, or by encouragement of the establishment and use of libraries. In so far as the last method is concerned, I would urge that the government begin by creating a national library for Canada.

I have one final comment to make upon the report. May I congratulate the authors upon a fine piece of work from a literary standpoint, and express the hope that the report may take its place on the book shelves of Canadian homes. It is a document which is sure to play an important part in encouraging better standards in Canadian life.

Mr. F. D. Shaw (Red Deer): Before proceeding to the main subject, Mr. Speaker, I should like to concur in the observations of the hon. member for Saskatoon (Mr. Knight) and particularly in his repeated demand for federal aid to education in order that we may bring about the equalization of educational opportunity in Canada. We have spoken on this subject before, and our position today is the same. We certainly urge the government to give favourable consideration to this request.

The debate on the address in reply to the speech from the throne has been relegated to a secondary position in relation to the legislation before this parliament. I am convinced, however, that it has not diminished in importance. It is apparent to all of us that the government does not contemplate early action, if any at all, towards meeting the problem of the cost of living, which has become of such importance to a large segment of our population. We feel that this debate does provide the opportunity of airing our views upon that important subject. May I join with the others in extending my congratulations to the mover (Mr. Cauchon) and seconder (Mr. Simmons). I believe that each acquitted himself in a commendable fashion. May I also join in congratulating the new members, not only upon their election to this house but also upon the excellence of their contributions thus far in the various debates.

It is highly significant to me that every speaker who has taken part in this throne speech debate has either referred to or devoted a considerable portion of his time to the subject, living costs in Canada. It is also significant that both the amendment and subamendment deal with that subject. Undoubtedly this results from the fact that members, both on the government side and the opposition side of the house, fully realize that the government measures designed to reduce the cost of living, or at the very least to hold the line, have not only failed to achieve their objective but have actually combined to force living costs higher. The results of these higher living costs have been plain. The defenceless within our community, namely our old age pensioners, those who are employed but upon fixed incomes, the so-called unorganized white-collar workers, the unorganized manual labourers and others, have suffered a seriously depressed standard of living and have been forced to live even further below a decent standard of living.

Only recently, Mr. Speaker, I saw the policy of the government with respect to price controls categorized by at least one cabinet minister as a policy of moderation and sanity. After all, he is entitled to his interpretation of it. I wish the rules of the house would permit me to put on *Hansard* what thousands of people across this country call it. I think that would bring us much closer to the heart of the subject than any mere assertion that it represents moderation and sanity, which of course is the opposite of the truth. Some cabinet minister has indicated that controls open the door to dictatorship. I would not deny that, but let us not be unmindful of the fact that we have more controls imposed upon us in this peacetime period than we have ever had imposed upon us in any previous peacetime period.

As far as the government is concerned, it just seems to be a matter of controls which they are opposed to as being dangerous controls, but the many others which they find it possible to bring in by way of the back door are quite all right and in no sense pave

the way for the establishment of dictatorship within the country. The consequence of the condition which has developed among so many of our people as a result of the high cost of living is, in my opinion, that the economic health of the community has certainly worsened. Opposition members seem to realize that this is a fact and they have been saying so during the course of this session. Not only have they been saying so, but they have been urging the government to take appropriate action to salvage that which remains to be salvaged. On the other hand, it seems to have been the designed purpose of government members, when they have said anything—and a good many of them have not said anything—to take a position strongly in support of government policy. Many of them during the course of this debate have been striving valiantly to paint a picture which, in my opinion, is the complete opposite of the picture which actually exists.

Speaking earlier in this debate the Prime Minister (Mr. St. Laurent) made certain rather interesting observations. In the one case he undertook to convince the members of this house and the people of the country that the average wage in the manufacturing industries will buy more today than ever before. In the second place, he said that the farmers' share of the national income is now higher than ever before. It is true that the Prime Minister presented a rather grand array of statistics; but it is also true that most of those statistics collapsed under careful scrutiny. It is also significant that the industrial workers and the farmers across Canada did not stand up and cheer the Prime Minister's assertion. Obviously they were in no position to agree that it was true. From the evidence placed upon the record or from the statistical information put there by those who have spoken previously, I thought that quite the opposite of the condition described by the Prime Minister is in fact the condition in the country today.

I may say that the Prime Minister made other references. He referred to certain abnormally high inventories and expressed the hope that prices may fall as a consequence of those high inventories. He expressed the belief that possibly the manufacturers might care to take less profits in order to get rid of these accumulated stocks. I wonder if it would be possible for the Prime Minister to concede that possibly certain of these concerns, being fully convinced that prices are going to go higher, are deliberately building up inventories in order to make a killing when prices do go higher.

I cannot forget, Mr. Speaker, that only this fall, when certain strikes took place in the tobacco industry, the supply of certain brands of cigarettes began to disappear from the shelves of the stores in western Canada. On a certain day—in fact, upon the day that it was announced that the stike had ended—one of the merchants in my town showed me half a dozen packages of cigarettes of a certain brand, and he said: That is all I have. It will not last until tonight but the strange thing was that the two-cent increase in price was announced and on the following morning there came into that town an adequate supply of cigarettes of that brand. They certainly could not have come from the manufacturing concern in that period of time. They moved in from the wholesale stocks that were available not far away. To my way of thinking that type of action is completely inexcusable. As I say, I wonder whether in some instances those inventories referred to by the Prime Minister are not being built up by certain concerns for exactly the same purpose.

All hon. members, whether they sit on the government side or on the opposition side of this house, know or should know that just before the commencement of this session of parliament a national survey of Canada indicated that Canadians were fairly definite in their assertion that the cost of living was one subject it was hoped that parliament would deal with during this present session. According to this survey, the people of Canada placed this problem ahead of national defence, ahead of the farm problem, ahead of the housing problem, ahead of the whole freight rates question, ahead of old age pensions, ahead of communism and ahead of the St. Lawrence project. In fact, they put it ahead of everything as a subject which this parliament should deal with effectively at this session.

The survey indicated that inflation is of paramount and increasing concern to all populations across the country, regardless of where the people live, of the activities in which they are engaged or of their political affiliations. Even in the rural areas the high cost of living was placed ahead of farm problems as a matter of urgency requiring immediate attention by this house. It is utterly impossible for thousands of our Canadian people to get by on current incomes. While the minister, speaking for the government, has placed some emphasis upon the importance of savings, the records actually reveal that the savings of the majority of the Canadian people are diminishing rapidly at this time. In fact, another survey indicated these rather interesting facts. Of those who expressed their views during this survey, 46 per cent indicated that their savings were lower

today than they were last year; 16 per cent claimed higher savings; 26 per cent claimed the same savings and 12 per cent had no savings whatsoever. Among the upper income groups, lower savings affected 41 per cent; among the middle income groups they affected 50 per cent; among the lower income groups, 44 per cent. Higher savings in the upper income groups were recorded in 26 per cent of the cases; in the middle income groups, in 17 per cent of the cases; and in the lower income groups, in 11 per cent of the cases. In the upper income group, 32 per cent had the same savings; in the middle income group, 28 per cent had the same savings; and in the lower income group, 20 per cent had the same savings. According to this survey, the lower savings resulted in 29 per cent of the cases through general conditions; in 10 per cent from personal circumstances; in 6 per cent from a combination of both, and 1 per cent did not know what had caused the lowering of the savings. The total with lower savings represented 46 per cent of the Canadian population.

To me that represents a rather serious situation, especially when you give consideration to the high percentage among the lower income groups who have no savings.

In the speech from the throne it was asserted that—and I was astonished at this assertion—

> The anti-inflationary measures already in force have checked the upward trend of prices of goods and services affected by their operation.

There was no evidence to prove that fact. And having regard to what we all know to be a fact, it is no wonder to me that my leader, the hon. member for Peace River (Mr. Low), was obliged to say this in reference to the assertion, as reported at page 52 of *Hansard*:

> The last part of the paragraph I quoted from His Excellency's address is, I think, a complete misstatement of the fact. The fiscal measures to combat inflation which were adopted by the government have been a dismal failure in so far as controlling prices is concerned. Since the Minister of Finance (Mr. Abbott) announced the first of these fiscal measures, the cost of living index has zoomed up no less than 18-1/10 points. That, it seems to me, ought to be evidence enough that the government's fiscal measures have failed utterly to check the steady rise in consumer prices, much less to bring prices under control.
>
> It is a fact that certain aspects of the anti-inflation program have contributed directly to higher selling prices, as well as to the highest cost of living index in our history. A case in point is Mr. Abbott's commodity taxes. He gives them that genteel name "commodity tax," but the fact is that they are hidden taxes. They are known by such names as the sales tax, the excise tax, and perhaps customs duties. By applying these taxes at the manufacturers' level the government pushed prices up. And that is not all; in many cases they pyramided prices beyond all reason.

I say, Mr. Speaker, that that sentence contained in the speech from the throne compelled my leader to make that assertion. I once again repeat, I am very much surprised that such a statement ever did appear in the speech from the throne.

Having said that, the hon. member for Peace River then went on to analyse the effect of certain tax increases imposed in the 1951 budget. Speaking of the sales tax he said on October 15, as reported at page 52 of *Hansard*:

> A look at the progressive rise in the cost of living index shows that immediately after the introduction of the 1951 budget, that is during the months of May, June and July when the budget provisions were being applied to the Canadian economy, the cost of living index rose by 7 points. The excise tax increases and the 25 per cent increase in the sales tax provided the main pressure for the price rise during those months; I think there is no question about it.

Whenever one reads today of any change in prices, is that change reflected in a downward or an upward revision? I would say that in 85 per cent of the cases it is a move upward rather than downward. Certainly I think the next cost of living report will indicate a continued trend in that direction, which will be further confirmation of the fact that the government's policy has not only failed to arrest prices, but has caused them to move further upward.

Speaking in the house on October 18, the parliamentary assistant to the Minister of Finance placed very strong emphasis upon the place that indirect taxes played, as he said, in combating inflation. He underlined what he characterized as the courage of the government in utilizing that tax to halt inflation. I was surprised. When the Minister of Finance advised this house last spring that he was going to increase the sales tax by 25 per cent to procure approximately $100 million he at no time referred to inflation. He did not at any time refer to the fact that they might be taking this action in order to arrest the upward movement of prices. He came to this house and said that in order to procure the additional $100 million to enable him to balance his budget he had to look around for another source of revenue. He went on and gave several reasons why he included the 25 per cent increase of sales tax to provide $100 million. When the parliamentary assistant refers to the courage of the government or of the minister in increasing the sales tax because of the fact that it might stop the upward movement of prices he is making an assertion that is certainly not founded on fact at all. It was just a cold, hard method of extracting $100 million which the government has never required. Right

now they are operating on a $513 million surplus. We told them at that time that they did not require this additional 25 per cent increase in the sales tax in order to secure the revenues they needed. I repeat, we argued that the additional revenue would not be required. Let me say at this point that I am not one of those who are going to castigate any minister for having operated with a surplus at the end of his fiscal year. Certainly I think that would be a desirable objective; but in times like these it is extremely difficult, if not impossible, for me to agree that the government was justified in any sense of the word in increasing the sales tax as they did, and certain other indirect taxes, which pyramided prices, in order to build up the $513 million surplus in the first six months of the fiscal year.

Some governments give me the impression that they like inflation. Why? Well, in this case it could be to enable them to pay off a colossal national debt which they built up during the war as a result of a completely stupid method of financing. The public are beginning to feel right now that they are being taken for a tax ride. I say that, Mr. Speaker, not because of my own thinking, although if I were to take a moment to think about it I would probably agree. Many newspapers across the country are reflecting this view today. I am going to quote only a very short reference to it from the Vancouver *Province*. This was reprinted in the *Albertan*, a Calgary paper, on October 16:

> Canadians are beginning seriously to doubt the necessity of heavy taxes piled on them by Ottawa. We pay our taxes as well as the next man as long as we feel money is really needed. But the tax figures coming out of Ottawa make us feel that we are being taken for a ride.

That sentiment is being expressed in a great many parts of this country. I am going to repeat what I said a few moments ago. We are absolutely convinced that the government's policy of trying to curb inflation through its policies pursued up to the present time has failed and failed dismally. It has resulted in much consternation and confusion among our Canadian people. The London *Free Press* referred to this matter editorially. This was reprinted in the Prince Albert paper on October 16. They refer to it in this way:

> So tremendous is the expenditure on defence projects and so antiquated is the parliamentary system of checking such expenses that it is difficult indeed for the citizen to form any fair picture of the adequacy or even extent of these expenditures, let alone whether the money is well spent. We cannot say what would have happened had other policies been pursued but we can see stains in our own structure. We can see spots of unemployment in what should be a tight manpower picture . . . plants closed down when their products are needed, without their being converted to defence projects —housing falling off at a time when the need for accommodation is still great as a result of the policy to curb inflation. But we see no signs that the price level is diminishing.

I might say, with reference to this question of unemployed, that I was startled to observe within the last day or so that we have 134,000 registered unemployed in the country; and I dare say I would not be far from the fact if I were to say there is an equal number who are not registered. These 134,000 are employable unemployed. It is also significant to observe that unemployment has occurred most noticeably in those industries producing the commodities hit hardest by the minister when he applied those iniquitous hidden taxes. Yet the tragic part of the whole matter is that certain of these manufacturing concerns have either closed or cut down to half-time production. Apparently the government has been giving them no encouragement and no direction, so far as reverting to the production of so-called essentials is concerned.

The speech from the throne indicates that every measure—

> —will be taken which my ministers believe will be effective in counteracting inflation without impairing our free institutions.

I do not want to see our legitimate free institutions impaired. But I would say this, that while failing to combat inflation the government should indicate at the present time exactly what it proposes to do in this respect. Not only that, but government policy today and the effects of that policy are doing as much to impair many of our smaller free institutions in this country as any other single factor of which I am aware. All one has to do is to associate with a small businessman in a small community to see what is happening to so many of them, as the result of government policy.

My leader has emphasized in clear and unmistakable language that we do feel certain that very specific things could and should be undertaken, without delay. He recommended the overhaul of our taxation structure, and he recommended the reduction of some and the elimination of other taxes, where it can be proven that those taxes cause the pyramiding of prices. He referred to those inducements it is still possible for us to hold out to producers within the country to produce a greater quantity of desired commodities. He stressed the importance of consumer discounts—subsidies if you like in meeting this problem. He also urged that, if and when the government finds it desirable or necessary to borrow, it should not add to the national debt by borrowing from the chartered banks. He advocated a wise policy

designed to control monopolies and cartels, and advocated also a wise investment policy.

But we went one step further—and I am going to quote the hon. member for Peace River, so that there will be no mistaking our position. This is what he said:

> It is our conviction too that as long as we continue to operate under the present financial and economic system this country cannot maintain a condition of full employment, even in peacetime, without some price control arrangements. Until proper financial and economic reforms are established in Canada to take care of the situation on a long-term basis, it may be necessary to adopt certain price controls, as has been advocated by both opposition speakers who have preceded me this afternoon. We would support such a temporary measure, and note that I say "temporary."

It was indicated by an hon. member who spoke earlier in the debate that our position had changed in this respect since 1948. In that connection I would refer to what was said by the hon. member for Kootenay West (Mr. Herridge). In his speech the hon. member quoted from page 1606 of *Hansard* for March 21, 1947, and read where my leader had indicated that we were opposed to controls designed to restrict production. We are still opposed to those controls that restrict production. The hon. member said that we were opposed to planned controls which enhance the power of the state at the expense of the liberties of individuals in Canada. That is true; we still take that position.

I could refer to the entire passage quoted by the hon. member for Kootenay West and in so doing indicate to him that our position today, when we advocate certain temporary controls to meet the present emergency, is not in conflict with the position we took at that time.

The amendment to the amendment now before us does indicate a change in the position of the hon. member for Kootenay West, because on February 7 of this year his party moved the following amendment:

> That the following words be added to the amendment immediately after the words "rising cost of living" in the last line thereof:
> "such as the immediate reimposition of price controls,—

Comma; the punctuation is very important—

> —and the payment of subsidies where necessary,

Comma—

> —so as to protect the health and living standards of the Canadian people.

The amendment to the amendment they have moved on this occasion is in these words;

> That the amendment be amended by adding thereto, immediately after the words "high cost of living," the following words:
> such as the making of provision for price controls and the payment of subsidies,—

Comma—

> —where necessary,—

Comma—

> —so as to equalize the sacrifices our people are called upon to make at this time.

They are not now asking for a reimposition of price controls, which would have embraced all those wartime controls. They are now advocating price controls and the payment of subsidies, both where necessary—and that is the meaning I take from the punctuation. However in the previous instance it is clear from the punctuation that they asked for the payment of subsidies only where necessary—not controls only where necessary. I mention that in passing. If one wishes to point out any specific changes in position, then one sees it in this instance within the course of a year.

The amendment now moved by the official opposition represents nothing more than a reaffirmation of what is actually contained in the speech from the throne. I was disappointed that it was so insipid, so weak. After all, I can appreciate the reason for their taking that position. They are hoping that some members opposite will find it possible to support the amendment. I do not know by what method of thinking they guided themselves into that position. I can tell the official opposition that members supporting the government will not support them, no matter what amendment is offered. The official opposition might as well have come out and said what it thought. That is the purpose of an amendment. In any case the amendment is insipid. It does not mean much and it will not achieve for the official opposition the objective they had hoped to attain.

Then, one or two other matters to which I should like to make reference. For the moment I shall leave the speech from the throne. I would refer first to the announcement made by the Minister of Veterans Affairs (Mr. Lapointe) that consideration is soon to be given to war veterans pensions. I certainly appreciate the position he has taken in that respect. I had intended to say a good deal about it. However, at the moment I shall not do more than express the hope that the government's recommendation will be in keeping with the request of the Canadian Legion. I trust, consequently, that even Liberal members will be on guard to see that the government does not introduce in the Pension Act the principle of the means test. From what took place last spring I am fearful that this may happen. I shall not take time to quote the minister in that connection, but it is my fear that there may be a move designed to introduce

that principle. My colleagues and I shall fight to the bitter end if that is attempted.

I am happy that consideration is being given to the plight of the recipients of war veterans allowances, but I regret action is being deferred so long. Of the two groups, namely the pensioners and the recipients of war veterans allowances, the latter group is in a more desperate position today. In other words those who receive war veterans allowances, or who should receive them, are in a more difficult position than actual pensioners under the Pension Act. I regret that action to assist these old vets who are under war veterans allowance is being deferred until some time next year. I had hoped that some action would be taken immediately.

As has been indicated many times before, a considerable number of Canadian boys are now in Korea. Whether or not from a wholly technical point of view Canada is at war, let us not forget that these boys are fighting over there under conditions which at times are more ghastly than those encountered in world war II. Many of the boys in Korea are veterans of world war II. They have served their country twice within a very short period of time.

The fact is that in many respects we are doing less for these boys than we did for those who served in world war II. In many cases these men have left behind wives and children. I know personally many married men who served in world war II and then went to Korea not knowing that inflation was going to cut so deeply into the allowances their wives would receive, not realizing that we would not do for them what we had done for the men who served in world war II, namely, set up a dependents allowance board to grant financial aid to wives faced with special emergencies in the way of illness and so on.

Many of these wives are in a desperate position today. They can hardly meet the ordinary day to day cost of living, and they cannot meet hospital or doctor bills. The welfare officer in Red Deer has passed along cases to me where hospital or doctor bills simply could not be paid. Somebody may say that the city of Red Deer should pay these, but after all this is not the war of the city of Red Deer any more than it is the war of any other city in Canada. The city should not have to meet these costs. The government should see to it that a dependents allowance board is set up immediately, to make special assistance available to the dependents of these men now serving in Korea and of those who will be with our forces on the continent of Europe. I feel sure every hon. member of this house would support such a move. Surely it is the least we could do for these men who have enough to contend with without having to worry themselves almost frantic over whether or not their wives and children are going to be put out of the dwellings in which they happen to be living, or who may have action taken against them because of inability to meet accounts.

I think the first Canadian casualty in the Korean war was a man from my constituency. Not so long ago the mother and father of this man came to see me, and the mother complained that she had been insulted. I was most anxious to find out why. This lad had served in world war II and had been killed in Korea. The mother said that apparently they could not send her his personal possessions for reasons which they did not give, but they did send her one Korean bank note which I presume had been found in his pocket. She said, "To me that constituted an absolute insult. Surely the men in the department know better than to do that sort of thing?" There is another small coin fixed in here with scotch tape.

We did not know why she did not get the other personal possessions. I rather fancy that if they had been taken from the body they would have seen to it that this money was removed also. This thing never should have happened, and I should like to have an explanation from some government official as to why they sent that note to the mother. The only thing that would have made it worse was for the note to be blood-flecked. I assume Mr. Speaker you have allowed me to exceed my time, for which I am most grateful.

(Translation):

Mr. Leon Balcer (Three Rivers): Mr. Speaker, I want first to congratulate the mover and seconder of the address in reply to the speech from the throne. The mover, the hon. member for Beauharnois (Mr. Cauchon), made a splendid speech although, unfortunately, I cannot endorse what he said. That, however, does not prevent me from admiring his high-class delivery. As for the hon. member for Yukon-Mackenzie River (Mr. Simmons), I may say that he also made a wonderful contribution to this debate. One is always much interested in listening to the hon. member not only because of his eloquence but also because he happens to represent a new district which we hardly know, very few of us ever having been there. Let us hope that this deserving new part of our country will soon be developed without undue delay.

In taking part in this debate on the address in reply to the speech from the throne, I wish

to call the attention of all hon. members to a few matters which, at the present time, are of concern to the people of this country and more particularly to those in my own constituency of Three Rivers.

The most important matter is undoubtedly the high cost of living. This inflation which affects all classes of society and especially people in the lower income brackets becomes more and more alarming month after month. Everything or nearly everything costs more than the previous months, food, clothing, furniture, fuel, medical care, newspapers, etc. And yet, none of the items I mentioned may be considered as luxuries. On the contrary, they are essential to every member of the family without exception.

Today, housewives have to do miracles to feed their children properly. In many cases, they have to forgo quite a number of food items which are essential to their health.

Meat has become so great a luxury that, in a large number of butcher shops, counters and refrigerators are practically empty, not because butchers cannot obtain meat, but simply because it is useless for them to do so, since the people do not buy any.

Again I urge the government to prohibit immediately all meat exports to the United States, so that the price of beef, for instance,—which is a basic food,—may return to a level that would be commensurate with the income of the average Canadian, while still enabling western cattle breeders to make a reasonable profit. As long as we export our meat to the United States where salaries are much higher than in Canada, our fellow citizens will have to go without meat or pay excessive prices.

Our choicest meat is sent across the border and horse meat is the only kind available at reasonable prices in Canada.

The situation is such today that it costs less to buy beef from cattle slaughtered in Argentina, exported to Britain and tinned there, then re-exported to Canada, than to buy beef from our own Canadian west. This is a ridiculous situation. The government is duty-bound to act and to leave no stone unturned in order to put an end to it.

The government seems shocked whenever anybody calls for price controls. We are immediately told that these controls are anti-democratic and contrary to all those principles of free enterprise which are the very foundation of our economy.

Nevertheless our neighbours to the south have managed to halt the march of inflation in their country whereas, here, prices continue to rise. Yet, if ever a country was dedicated to free enterprise, it is the United States! It is the country whose economy exerts the greatest influence on our own. I will not claim they have found a magic formula that has rolled back prices to their 1939 level, but their government, realizing the menace of inflation, has, at any rate, tried something. Their problem is doubtless not entirely solved, but we must admit that they have had more success than we have.

Of course, the price of some goods is higher than in this country, but any of our workers who have worked in American factories know to what extent wages there are higher than those received by Canadian workers.

In the speech from the throne, mention was made of the government's concern about this problem. Unfortunately, since the beginning of the present session, neither the legislation the government have submitted to this house nor any legislation they have placed on the order paper indicates that our leaders intend doing a great deal to provide a solution.

As long as the value of our dollar continues to drop, our people will suffer and will have to tighten their belts. Today our dollar is worth about one half of its 1939 value. I believe the situation to be serious enough to cause the government to sit up and take notice.

As a solution to the rising cost of living, the government have decided to overtax the people at the rate of $2 million a day. And yet, no one could say that the Canadian taxpayer has been spared by the present government during these last few years.

The other means taken by our leaders were hardly fairer; they went after two or three industries, at the most, and soon had them on the spot.

First the automobile industry, and then the refrigerator and electric stove industries were hit hard. Due to the unduly harsh credit restrictions laid down by the government, these industries were forced to lay off part of their employees. All over the country, garages are glutted with new cars which cannot be sold on account of the government's credit restrictions. And in all our towns and villages electrical appliance dealers are on the verge of bankruptcy.

Finally, another means the government has found to meet the rising cost of living is the setting up of an additional cigarette tax—truly an unduly high tax. I submit that the government is now inducing the Canadian people to become the greatest smugglers in the world.

In fact, the foolish tax that this government has imposed and is still collecting on cigarettes made in Canada is an unparalleled inducement to smuggling.

Today, over seven Canadians out of ten smoke illegally imported American-made cigarettes.

This figure may seem exaggerated but I have it from an R.C.M.P. officer who is well acquainted with the matter; in fact, should an inventory be made of the cigarettes in the pockets of the members of this house at this very moment, I would not be surprised if the proportion were about the same. It is a foolish and illogical situation.

As long as a 25 cent tax is levied on a package of 20 cigarettes, that is, more than the total cost of a package of American cigarettes, it is useless to hope that smuggling will diminish.

This illogical tax hits very hard not only our tobacco growers and processors but also all the small tobacco stores in the country. So much so, I have been told, that storekeepers in the small towns situated near the American border do not even bother to keep Canadian cigarettes in stock.

I sincerely believe that if the government were to reduce substantially the tax on cigarettes, its revenue would increase through the larger sales of Canadian cigarettes. While American cigarette companies enjoy a new market in Canada, our own government is losing revenue, and a Canadian industry, which deserves as well as any the right to exist, is severely hit.

Now, Mr. Speaker, in connection with an altogether different matter, I wish to raise again a question which is very important to the youth of my province.

I wish to repeat the requests I made during the last session to the effect that the Department of National Defence should establish without further delay a French-Canadian military academy, so that the young people who speak the same tongue as I do may enjoy the same opportunity as their English-speaking fellow citizens.

What I request from the Department of National Defence is not preferential treatment for the young French-speaking Canadians but, strictly and simply, the right to be treated, in serving their country, on the very same level as their English-speaking fellow citizens.

Everyone knows that the number of French-speaking superior officers in the general staffs of the army, navy and air force is very limited. Their influence there is practically nil.

The government continues to spend huge amounts on press and radio recruiting campaigns but the best method available to the Department of National Defence is to be logical, to adopt towards French-Canadians a policy that will make them feel they are really wanted in the three armed services of the country.

One third of our people are French-speaking. Can the Minister of National Defence (Mr. Claxton) believe in the success of his recruiting campaigns when the proportion of French-Canadian officers above the rank of major, lieutenant-commander, or squadron leader, is but 5 or 6 per cent?

All I ask on behalf of young French-speaking Canadians is an opportunity to develop and show their ability to become good officers so that if the minister is asked why there is not a single French-Canadian on the navy staff he will not say that they are not qualified.

Newspapers tell us that the Department of National Defence has just opened a school for naval recruits at Quebec. They will spend six months there to learn English before they are sent to *Cornwallis*, where they will begin their training as ordinary seamen at the same time as other new recruits of the country.

Under present circumstances, such a period of training in English is undoubtedly necessary, but the fact remains that those new recruits have to spend six months of their time there, without being able to count that time towards future promotion. At the end of their training, why could not those young men be assigned to French-Canadian naval units, just as army recruits are posted to such regiments as the 22nd or the Fusiliers Mont-Royal?

Does the minister believe that it would be impossible to set up French-Canadian naval units? Yet, there were French-Canadian units in the army and in the air force during the war. All agree that even if certain problems arose from time to time, those units on the whole were a great cause of satisfaction.

I remember personally having seen often during the last war Belgian, Norwegian, Free French corvettes, Polish and Dutch destroyers, etc., escorting numerous Canadian or British convoys, and very efficiently, contributing to the success of our allies' war effort.

Mr. Speaker, I hope the minister will soon carry out the necessary changes because this matter is of paramount importance especially in these troubled times when all young Canadians, regardless of race, are being asked to serve in the armed forces of this country for the survival of our institutions and our democracy and for the greater benefit of our beloved Canada.

(Text):

Mr. Maurice Boisvert (Nicolet-Yamaska): At the outset of my remarks, Mr. Speaker, I am glad to join with the others who have taken part in this debate in congratulating both the mover (Mr. Cauchon) and seconder (Mr. Simmons) of the address in reply to the speech from the throne. I am doing so even if my words do not add much to the weight of the compliments they were paid, and which they so well deserved. They performed their tasks in such high spirits and with such ability that it is superfluous to try to increase the admiration which they have received both in this house and outside. What I have said applies with equal sincerity to the hon. members for Brandon (Mr. Dinsdale) and Winnipeg South Centre (Mr. Churchill) on their maiden speeches in this house. These speeches were so fine that no comment of mine could amplify their success.

For a long time I have entertained a sincere desire to take part in a debate using the language of the majority of my colleagues. Today I am taking that risk, fully realizing that I shall benefit from the indulgence and patience of all hon. members. I should ask also for the consent of this house to use my notes. I intend to approach, with great diffidence, some of the matters mentioned in the speech from the throne. First I intend to comment upon our rearmament.

Since the opening of this session the international situation, and our policy with regard to it, have been weighing heavily upon us. His Excellency the Governor General, in his prorogation address, touched upon nine topics of international scope and consequence for us. Five sections of the speech from the throne are dedicated to our international relations. This indicates that as a member of the family of nations Canada is faced with problems which grow more complex and more difficult every day. In our time it has become true that the fate of a country is never decided at home. Dragged into the swirl of politics and policies of other countries, nations are no longer the masters of their fate. They must be prepared to meet, and meet quickly, events which they have neither desired nor prepared, but which they must face with courage because on their reaction depends peace or war, prosperity or disaster. This state of affairs in the world calls for constant attention on the part of those who serve the country, and who have the burden of maintaining peace and security. We must keep an open mind in order to understand the problem, and attack it according to the will of our people. Our deeds will be looked upon by those who will come after us in the light of the love we have borne our country.

To prevent war, if need be at the cost of the greatest sacrifices, must be foremost in our conscience. Conscious of our responsibility before mankind threatened with destruction, we must employ all our faculties in the cause of peace. One of the means of assuring peace is to rearm the nations in whom we may have confidence, and who would be able to fight aggression far from our shores.

Let no one repeat the mistakes which preceded and followed the famous Munich pact. A reading of the memoirs of all those who played a part in the last war teaches us that the democratic countries completely failed in the task of rearming their allies. War materials sent too late to Poland had to be diverted to Beyrouth. Greece, Turkey and Yugoslavia complained that the promises of war material never materialized. The spectre of war appeared and the democracies ran from it. What was true of the small nations was true also of the great ones. In 1939 England was not ready to send its armies to the continent, nor was France ready to attack Germany from the west in order to help Poland. Had that been done, it might have deterred Russia from its alliance with Germany. The United States had promised war material to France, but was so late in sending it that part was sent back, part was taken by the enemy, and part was lost through sabotage. I am urging the government, if I may be permitted to do so, to take all means at its disposal to accelerate Canada's defence

objectives, that is, the implementation of any undertaking made by Canada under the charter of the United Nations, under the North Atlantic treaty or any other agreement for collective security. Those words were used in the white paper on Canada's defence program. There are good reasons for being on the alert.

Today the Chinese people rise against the democracies; religious fanaticism flares in the Middle East; war continues in Korea; there is trouble in Iran and Indo-China; Egypt rises against Great Britain. All this is part of the strategy to limit the possible action of the democracies in the event that Russia decides to throw the world into a general war. It would be a mistake to underestimate Russia. May I quote the statements of some of the leaders of the U.S.S.R. concerning Russia's minerals and resources. Referring to the mines of the Urals, Stalin said:

> The Ural mountains contain such an accumulation of riches that it is impossible to find a similar one in any other country.

On another occasion he is reported to have said:

> So far as natural and mineral resources are concerned we are absolutely safe.

In his report to a soviet of the workers' deputies of Moscow in 1944 Stalin wrote:

> The economical basis of the soviet states has proven to be infinitely more likely to survive than that of enemy states.

About agriculture, G. Kirov has said:

> There is no land that, if in the clever hands of the Soviets, could not contribute to the happiness of humanity.

A Russian writer who knows his country quite well wrote as follows in 1946:

> The greatness of a country, its capacity to live and develop freely, its ability to protect that freedom from its enemies are based primarily on its industrial might. A country where industry is weak and lagging behind cannot conveniently equip its soldiers, feed its arsenals and offer a long resistance to invasion by a strong enemy.

From the trend of thought shown by those quotations it is clear that outside Russia and her satellites, the rest of the world is the enemy of the people's government of the U.S.S.R. Let us also bear in mind that the mills, the manufactures, the lands and the underground are the property of the state in Russia; the economic life is the state's responsibility. If we take into account the fact that the U.S.S.R. ranks first in iron ore, manganese, chromium, apatite, potassium and peat resources and second in coal and nickel, we have every reason to fear her attitude. In control of her capital and natural resources, served by a population greatly elated by the transformation of their country within so short a period of time, we may rest assured that the morale of the soldiers and workers in the Soviet is far above what we may think. Let us not delude ourselves in this respect. Russia's propagandists have the capacity to raise to a paroxysm the enthusiasm of the Russian people.

But the powerful armaments needed and their cost to the nations who manufacture them are one cause of inflation, among many others. Inflation is the ransom of our armaments built up for the protection of our country and the freedom of the whole world. When the locomotive was invented, it contributed to the development of countries, the exploitation of the land and the transportation of goods. When guns are manufactured at a cost of hundreds of thousands of dollars apiece, we are not producing consumer goods but goods for destruction. The money they cost was placed on the market, but without any corresponding increase of consumer goods. The United States intends to spend ten billion dollars on atomic energy and atomic weapons. These do not increase the amount of consumer goods on the market, yet those ten billions of dollars will be paid for raw materials and the wages of the employees of such developments. It is easy to see then that our armaments production places in circulation formidable amounts of money. This money is used to satisfy the essential needs of life, and also to buy non-essential products. If there are not goods and products in quantities to correspond to the buying power of the people, it becomes inflation. If there are and they are kept scarce voluntarily by some people to bring the prices higher and higher, it becomes exploitation of the people.

This account justifies a definition of inflation which I read in a recent published pamphlet on this vital question:

> Inflation is an increase in the total supply of money which people have and want to spend that is greater than the supply of goods available for them to purchase.

Considering the scope of the problem, we were pleased to read in the speech from the throne:

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

What is true for our country goes for all other countries of the world. There is no doubt that Russia and its satellites suffer from inflation just as do the United States and Canada. That does not cure our ailment; and our ailment is very serious. The problem of the democracies on the international level

is threefold: (1) the rearmament of our allies; (2) financing the agricultural, industrial and commercial development of countries with large populations whose economy is not as up to date as ours; (3) ensuring our military and civil defence.

We are bound by the United Nations charter to tackle those tremendous problems even if they are closely related to this cancer of prosperity which is called inflation. Inflation has always existed in all climates and at all times, yet not on a world scale. Today all political and economic phenomena are on a world scale. It is no longer possible to live in isolation from the rest of the world. What I have just said has been said before. In 1870, Lord Carnarvon, a great friend of our country, said before the House of Commons of Great Britain:

> If the object of our whole national life is to become the mere workshop of the world, to give no hostages to fortune, to run no risk, to incur no liabilities, but merely to accumulate money, well; but no nation, any more than an individual, can afford to live a selfish life, wrapping itself up in its own miserable interest. If it does it will inevitably come to disaster abroad and discredit at home—it will lose alike the respect of others and its own.

In 1921 Tagore, the great Indian poet and mystic, an exponent of union between the east and the west, wrote:

> Today's problem is world wide. No country can survive in getting free from the others. Let's be saved together or perish together.

The world governs our relations, whereas until the beginning of our century it was left to certain great powers dominating certain continents to regulate the course of events in the world. By liberating continents, by freeing peoples, by calling upon the masses to play their part, we have to associate with them for good or evil in a new economy. This new economy has created innumerable needs and new obligations on the part of young peoples and nations, with consequences we were unable to foretell on the life and development of each nation in particular. Our contemporary world has evolved so fast that it has been impossible to keep pace with the progress and action. Considering inflation in the palish light in which it appears in our country, we might say that inflation is a form of cancer of wealth just as economic depression is a tuberculosis of wealth. Inflation which is marked by a rise in wages and prices is better known by its effects than by its causes and forms.

Let me mention a few facts:

1. From January 1, 1950, to March 1, 1951, the cost of living went up about 18 points, the index being 161 on January 1, 1950, and nearly 190 on September 1, 1951.

2. The agricultural labour force has declined 10 per cent during the last five years.

3. The average number of working hours has fallen below 43 hours per week.

4. In 1950 personal expenses for essential products and services have increased by 7 per cent by comparison with 1949.

5. A curtailment of savings indicated that personal spending had increased, and personal savings have a tendency to decrease. Savings in 1950 were 30 per cent lower than in 1949. In dollars, Canadians saved $270 million less than in 1949. I could continue this series of facts that imprint the marks of inflation on the face of world economy.

We could ask ourselves where we are going; let us find instead where we come from. In 1950 our gross national production reached $17,800 million; it was only $12,008 million in 1946. This percentage of increase runs as follows: in 1947, by comparison with 1946, 13·7 per cent; in 1948, by comparison with 1947, 13·5 per cent; in 1949, by comparison with 1948, 3·7 per cent; in 1950, by comparison with 1949, 7·9 per cent. If we now examine our gross national production in relation to the dollar value in 1939 we find that in 1950 our gross national production amounted to $9,809 million and the percentage of its increase in 1950 over 1949 was only 4 per cent. This difference in round figures would be $7,600 million.

This $7,600 million represents inflation and corresponds to the decrease in value of the Canadian dollar. This shows that if the value of our dollar had remained stable our gross national production since 1946 would have increased by only 10·9 per cent. During the same period the population of Canada rose from 12,307,000 to 13,838,000 in round figures, showing an increase of 1,538,000. As the industrial labour force has increased by 12 per cent during the same period, we must conclude that our gross national production has not increased in keeping with the increase in population. This is where inflation becomes a grave menace if it is allowed to continue too long.

We can realize at this stage that inflation is not the result of government policy, but that the psychology of the masses must be responsible for it. Individuals in the state create inflation, although it is the duty of a government facing that evil to fight it as soon as possible. It will be unable to act unless individuals do their part and realize at once that they themselves hold the cure for this ailment they have created. The hon. member for Greenwood (Mr. Macdonnell) came

quite close to the source of that ailment when he said at page 2044 of *Hansard* of the first session of 1951:

> There were great problems in wartime but there was also an awareness in men's minds of the tremendous events that they were living through and an acceptance of the challenge in terms of effort, of sacrifice, of courage and forbearance. Today, we have almost the same danger but not the same spirit.

To ensure the adequate defence of our boundaries and our territory we must prepare for offensive as well as defensive warfare, which demands costly modern equipment since each division of a modern army must have a minimum firing power of 80 per cent. It is not surprising that under such conditions our money, which prepares the defence of the democratic world, at the same time creates inflation. Inflation is the inevitable result of our defence work and the defence of our allies. In other words it is the price of the peace and security of the free nations.

Among the remedies advanced, the leader of the opposition (Mr. Drew) has implicitly suggested the control of our economy. After repeating what he had suggested on April 9, 1951, that he favoured the introduction of emergency controls immediately to the extent that they are required to deal effectively with the cost of living and inflation, he proposed an amendment which reads as follows:

> We respectfully represent to Your Excellency that in the opinion of this house adequate steps should be taken to combat inflation and deal effectively with the high cost of living.

This proposal of the hon. leader of the opposition is an about-turn in the policy of the party he represents. The policy of his party after the war years was constantly to demand the withdrawal of controls. Who has forgotten those declarations to the effect that the Liberal party by maintaining controls was playing in a socialist game? The amendment moved by the hon. leader of the opposition may surprise us, but the one moved by the hon. member for Rosetown-Biggar (Mr. Coldwell) does not. Since that time the leader of the opposition seems to have changed his mind and is less insistent about controls. If that is so, well and good.

Would controls be a remedy? Let us say first that our constitution rests on the freedom of our institutions, on the freedom of the individual who seeks under the protection of those institutions the right to live in harmony with the principles of human dignity. The controls which are suggested would interfere with the freedom of both the individual and our democratic institutions. Let the members of the opposition parties unite and come right out to tell us what controls they wish and in what way those controls would loosen the grip of inflation. The door would then be open for discussion. Would controls cause the money spent on defence to produce more consumer goods? Personally I do not believe so.

The remedy is to bring our economy to produce consumer goods in sufficient quantity to meet the demand which springs from the circulation of money spent on armaments. We must increase the production of consumer goods by employing more people on it, and by increasing their productivity. When there are enough consumer goods on the market to meet the demand created by our armaments production program, then inflation will cease to exist, provided that we create a state of public mind capable of overcoming the tide of inflation. The Minister of Finance (Mr. Abbott) clearly indicated the way, as reported at page 1800 of *Hansard* of the first session of 1951:

> As I have said on previous occasions, this is not a matter in which government policies alone can provide a complete solution. It is a matter which requires the fullest co-operation of all sections and groups, in which every person has a part to play.

In 1948 the Federal Bank of Atlanta, Georgia, already sounded the alarm:

> Through the United States (in 1947) most consumers seemed intent on proving that if they had the purchasing power they would spend it all on goods and services. They saved less of their current incomes, they dipped into their past savings and they ran into debt. They even paid higher and higher prices, though reluctantly, rather than forgo the pleasure of satisfying their wants as much as they possibly could.

Who in Canada and the United States listened to those warnings? Who would have listened to this advice after what Mr. William H. Davis had said in September, 1945? Mr. Davis was then director of economic stabilization in the United States, and he said that as a result of the post-war economic policy of the government the standard of living would rise by 50 per cent in the course of the next five years without any increase in the cost of living. This statement was reported at the time by the British United Press. The least that can be said about it is that Mr. Davis was shortsighted. It is not his fault. Public men wish well for the people for whom they make laws, but it is the individuals themselves who determine the economic climate under which they wish to live. Any means taken by the government to halt inflation will be effective only to the extent that on the one hand we understand our imperative and urgent duty to limit our needs, and on the other hand increase with a real determination the production of consumer goods to match our armament production and that of our allies.

The first aim of the government should be to increase agricultural production by all means. Agriculture will always be the basis of the well-being of peoples. The good earth will always remain, and will give to those who will work it with affection. However hard the toil, she will give her various fruits, our daily subsistence. Keeping on the farms those who already are there, bringing back to agriculture those who have abandoned it, replacing on the land those who have left it forever; that is the first task of the state. One way of doing it is by maintaining subsidies; another is to free the farmer as much as possible from the burden of taxation which might discourage him; a third way would be to lend the farmers as much money as possible on a long-term basis and at a low rate of interest.

Since the war loans to farmers, under our laws for the helping of agriculture, have always been made at a rate higher than that paid by governments and municipal corporations on their numerous loans. Under the Farm Improvement Loans Act in 1950, some 58,969 loans to a value at $63,421,363.06 were made to Canadian farmers at a rate of 5 per cent. In the same year provincial governments and municipal corporations borrowed hundreds of millions at a rate of between 2½ and 3 per cent. The government was able to sell in the United States during the 1949-50 fiscal year a $100 million issue at a rate of 2¾ per cent.

Another proposal would be to amend the Farm Improvement Loans Act so the commissioners could acquire all abandoned good land. There is a great amount of it in the many counties of Quebec, and there must be more in certain counties of other provinces. That land could be sold again on long-term contracts to those who would sincerely wish to make it produce. If, for reasons of autonomy, my idea cannot be accepted by the government of Canada, I would wish this idea to be taken up by the provincial authorities so that all the land could be put into full production.

I was happy to hear the Prime Minister (Mr. St. Laurent) declare on October 12, 1951, as reported at page 38 of *Hansard*:

> I know farmers in various parts of Canada and I know for a fact that at the present time they are getting a larger share of the national income than they ever got before. I am not saying that they should not. I am not saying that they are getting too much. I know that they work hard for what they get and I feel that the prices they are getting under present price levels are not too high and that it would not be fair to try to roll them back.

I am certain farmers throughout Canada will be grateful to the Prime Minister for making that declaration.

Mr. Fair: It is 9·95 per cent of the national income. My authority is the bureau of statistics.

Mr. Boisvert: We have there a situation which needs to be straightened out in the near future, if we wish to restore the equilibrium between agricultural and industrial labour. A nation as young as ours and with so small a population would run to its destruction if it had to seek in other countries the food for its people. The agricultural problem is not political as much as it is moral. The younger generation do not wish to remain on the land any more. Work is too hard; farm help is too difficult to get; the uncertainty of seasons, crops and prices is always present. If we do not concern ourselves actually with the desertion of cultivated lands in Canada, a time will come too soon indeed when some people will see in the nationalization of farming the salvation of this primary industry of the nations. On that day, although by a different road, we will have reached the same state as Soviet Russia. Do we not already see in the United States large tracts of farm land held by a small number of persons? The farms are in the hands of a few individuals. All the modern revolutions have sought to bring about a condition wherein tillable soil would be divided among as many owners as possible. The revolution in 1917 in Russia was started against the large farm owners. In Poland, after the war, the communists promised to parcel out farm land; and that explains why the Poles have accepted a regime they cannot love because of its atheistic ideology. I could multiply these examples. They are too well known for me to insist.

Yet Liberal governments have done a lot to help agriculture. Witness those ten acts which help check the desertion from the land. When I talk of desertion from the land I am not far from the truth. In 1901, a third of our population lived in the city and two-thirds in the country. In 1951 less than a third live in the country and two-thirds in towns and cities. We witness such a decrease in the production of butter that we have to import this essential product from other countries. We witness margarine and other substitutes invading the market and taking the place of butter. How many examples could we draw from the evolution of agriculture to demonstrate that it is no longer the first industry in Canada. In the booklet "Canada 1951" it is stated that Canada is no longer as predominantly agricultural as it was two decades ago. By putting an end to inflation in agriculture we will have taken a long step

toward ending the general problem of inflation which holds such a prominent place in our debates.

Political parties have an important place in the working of the democratic nations. What political party could claim the power to alter the course of events if it were called upon to form the government of the country? What party in this house would do better than the present government, when faced with the unsteadiness of the present time? We in Canada must rejoice that we have a government supported by a determined public opinion solidly behind the policies adopted by parliament to protect us against internal as well as external trouble.

Heading one of the principal democratic governments, the Prime Minister of Canada enjoys the satisfaction of knowing that he has the support of a House of Commons truly representative of our people who, in the face of a troubled future, stand ready and willing to make the greatest sacrifices to safeguard the most cherished of their possessions—freedom, faith in God and in our institutions, the most stable institutions in the world today.

(Translation):

Mr. Speaker, there is no need for me to apologize for concluding my remarks in French. You understand the French language and there was nobody happier than myself to see you spend a month in Quebec, along with the hon. member for Greenwood (Mr. Macdonnell), who also spent some time there, in order to perfect your already extensive knowledge of a language which is that of the great majority of Quebeckers, and more particularly, of all my constituents. I know, moreover, that a large number of our English-speaking colleagues know French far better than they will ever admit to us.

As a member for an entirely agricultural constituency, I see in the problems of agriculture the very problems of peace. It seems to me that if there were only farmers in this world, war would be unnecessary. Great prosperity, born of extensive industrialization, has led a great many people to believe that war is very profitable. There is no doubt that ever since the very dawn of history war has, unfortunately, made for progress at the price of countless horrors and crimes. War is undescribably loathsome to the farmers as a class. Modern science, so admirable and materialistic, is making it ever more barbarous and inhuman. There is not, in all the world, a more peaceful occupation than that of agriculture.

At a congress recently held in Mexico, delegates from the four corners of the earth have warned that agriculture, in every country, was threatened with decrepitude. No efforts must be spared to rehabilitate Canadian agriculture. Our first concern must be its continued prosperity.

(Text):

Mr. Howard Meeker (Waterloo South): Mr. Speaker, to be able to rise in this House of Commons in Ottawa and participate in the debate on the speech from the throne is a great honour which a few months ago was beyond my wildest dreams. As I begin I should like to express my appreciation to all hon. members of this house for the many kindnesses and courtesies they have shown to us, the four new members. I should like to join with those who have spoken before me in congratulating the mover (Mr. Cauchon) and seconder (Mr. Simmons) of the address in reply to the speech from the throne. It gives me great pleasure to do this because I understand such honours usually go to comparatively new members of the house.

I was elected to fill the vacancy occasioned by the death of Karl Homuth, who was loved and respected by the members of all parties in this house. In the course of my campaign I talked to many people and many people talked to me, and on no occasion did I hear anything but praise of Karl Homuth as a member and as a man.

I am told that young members sometimes have difficulty in deciding how much they shall say, but happily no such difficulty presents itself to me today. There are certain definite matters that the people of my constituency expect me to touch upon. However, these are problems common to all constituencies throughout Canada. First of all, I want to deal with the veterans. Last year the government took action with respect to disabled veterans which was most disagreeable to the returned men of both world wars. We had all understood that whatever pension a veteran received was awarded to him as a matter of right, not as a matter of grace or charity. If a man lost an arm in the war, his arm was considered to be as precious as another man's arm, and a veteran's right to pension was not based on any question of need. It was based solely on the veteran's right to compensation. I warn the government that until it does something clearly and definitely to place the pensioner back in the position he was in before the last session of parliament it is going to find growing resentment among all the veterans of Canada. In spite of some general references we cannot tell yet what the government is going to do, but if this session ends without some increase in the basic rate of pensions and allowances

for veterans we as members will be charged with turning our backs on the veterans of our country.

We have here the Canadian Legion, and I think every Canadian is proud that we have such an organization to look after our veterans. The Canadian Legion is not asking that the basic rate of pension be raised; it is asking that the pension the veteran receives be made to correspond with the rise in the cost of living since 1939. Any person or any government interested in Canadian veterans cannot claim they are asking for something which they do not deserve.

I am not going into the question of increases in civil service pay. Like all others subject to fixed incomes these people have had to grapple with rapidly rising living costs. Only last December an increase was granted to the civil servants, and prior to that increases had been granted in 1947 and 1948. I have no quarrel with this at all, but why are the veterans, of all people, singled out? Does the government think they are not affected by the rising costs of living? The last increase in veterans pensions was made effective in May, 1948, and since then the cost of living has increased by more than 30 per cent.

For five years I have thought the national hockey league had the best pension system I had heard of, but my understanding of what has been happening in parliament proves that I have been all wrong. In 1946 a judge of the superior court of a province received a salary of $9,000 and also a pension from the government, to which he contributed nothing, of $6,000. His salary has been increased twice since that time, with the result that he is now eligible for a pension of $9,600 to which he contributes nothing. So a judge who had a salary of $9,000 in 1946 can now retire with a pension of $9,600. The chief justice of Canada a few years ago received a salary of $15,000; his salary is now $25,000. If he retires now his pension will be $16,666.66, to which he contributes nothing. This is all out of the taxpayers' money, and so it goes all along the line when we are dealing with judges. I put it to this house that it is pretty hard for a veteran who has lost an arm or a leg and whose wife and family suffer with him in his disability to observe such generous treatment for a small section of our public service while they are treated as poor relations or the underprivileged of the community.

I want next to speak about the rising cost of living, particularly as it affects young people who are trying to build homes. As a professional hockey player I am in receipt of a pretty good income. It is good while it lasts, at any rate, but of course it does not last long enough. As a married man I wanted to build a home, one that would be large enough to accommodate a family. I settled on a house that I am quite sure in the 1920's would not have been beyond the capacity of a skilled worker to buy and pay for over the years, but I could not do it. I went to an architect and explained to him the requirements of my family in the way of a house, three bedrooms, recreation room and so on. I told him that I would like this house to cost in the neighbourhood of $10,000. He drew up a set of plans and we O.K.'ed them. I took them to a contractor and asked him how much it would cost to build that house for me in New Hamburg, a small community where costs are known to be much lower than in the average city. He said, "Howard, that house will cost you $17,000." I said, "Have you made a mistake?" He said, "No, that is the actual cost of that house." I was a little on the doubtful side and I took the plans to another contractor, a friend of mine. He looked over the plans and brought them back in a few minutes. When I asked what it would cost he said, "That house will cost you $17,000 without the garage."

Mr. Knowles: Some friend.

Mr. Meeker: I ask the government: how can average workingmen save any money today? I do not think it is possible for them to get the down payment on a house. We thought we could build a small home and instal some luxuries such as a washing machine, refrigerator and electric stove. That house would cost us over $20,000, and by no stretch of the imagination could we afford $20,000.

I read recently in one of our metropolitan papers that there are today more than 500,000 families in Canada without homes, about twice as many as in 1939. Industries are expanding, population is increasing and immigrants are arriving on our shores. If something is not done the situation will grow progressively worse. How can we put forward our best effort in defending peace and democracy if our workers are huddled together as they were in the darkest days of the great depression? People are asking me why in Canada, of all countries, we should have a seemingly incurable housing shortage when we are not dependent on outside sources for building materials. We have them all here. We have all the resources to meet our housing needs.

We know the government's housing program is a failure. As a man who has tried to build his own home, I want to say that I think a government building program will

always be a failure as long as we are in this spiral of mounting costs and prices. We are told today that we have to pay for our part in Korea and our contribution to the Atlantic powers. We all know that without being told, but people are asking me why the Minister of Finance (Mr. Abbott) estimated that he could only save $30 million out of the new taxes imposed last year and now at the end of five months has a surplus of more than half a billion dollars. Income taxes are so high that personal savings are difficult even for people with reasonably good incomes. Worse still, the consumption taxes, the indirect taxes such as the sales tax and the special taxes on essential household goods, make savings out of the question. Those taxes make it difficult for hard-working people to secure the essentials of life. It is hard for them to buy the proper nutritious foods for their children, and it is hard for people engaged in heavy manual work to buy the food essential to maintain them in vigour and health.

The cost of living is still rising. We are getting close to the point where the Canadian dollar is worth 50 cents. Clothing is up, and in this country people have to be suitably clothed. Footwear is up, and what is more essential than shoes? Woollen wear is up; floor coverings, dishes, fuel and light, coal and coke are up. May I conclude by asking when and where is all this going to stop?

Mr. T. J. Kickham (Kings): Mr. Speaker, I wish to join with hon. members who have preceded me in this debate in extending congratulations to the mover (Mr. Cauchon) and seconder (Mr. Simmons) of the address in reply to the speech from the throne. They have discharged their responsibilities splendidly, bringing distinction to themselves and also to the ridings they represent in the house. I also wish to join hon. members in their expressions of pleasure that Canadian citizens are enjoying the special privilege of acting as host to our future queen and her husband, the Duke of Edinburgh. I only hope and trust they may enjoy their visit to our country to the fullest measure.

I am sure it gives all Canadian citizens great comfort to know that at this present session the government is introducing legislation to bring into effect the recommendations of the old age security committee, thus bringing the fulfilment of a moral obligation to our elderly Canadian citizens. We have another distinct group of people in Canada whom I feel should come next as deserving of serious consideration by the government; that is our returned veterans. I am pleased to know that legislation will be introduced at the present session with respect to veterans. I feel that those of us who for various reasons were not placed in the hazardous front line of battle should bend over backward to meet the appeals of the men and women who were in the front line of the battle for freedom and who, through their self-sacrificing efforts and love for us, successfully defended those safe harbours, our homes.

Personally I feel that even though in meeting the appeals of veteran citizens we taxpayers may feel the pinch of increased taxation, our moral obligation to those brave men and women is such that we should meet this tax pinch with intense personal pride and satisfaction. It should bring comfort to us to know that in tangible gratitude to them we give until it hurts, as they so unstintingly gave to us. I would urge the government not only to grant to veterans already receiving pensions an increase in the basic rate thereof but also to broaden our veterans legislation to establish veterans on pensions who are not eligible at the present time because of restrictions in the act.

I refer particularly to veterans with neurotic conditions before and after service, those veterans whom our present legislation does not cover, veterans with what our pension examiners call pre-enlistment physical conditions. Granting that a man suffered from a pre-enlistment physical disability, I think it should be recognized that the rigours of active service would most certainly worsen his condition. How many veterans find that although at the time of their discharge no claim for disability was filed, with advancing years their conditions are aggravated because of their service. I hope that at the present session legislation will be introduced putting into effect a broadening of our present legislation so as to embrace a greater number of veterans, and also to grant an increase to all veterans receiving pensions at the present time.

I now wish to refer to another group of Canadian citizens who are carrying on a great service to the people of Canada; that is our rural mail couriers, who I am convinced are rendering an important service for which they are not being fairly paid. No blame can be attached to the Post Office Department or the government for the existing circumstances inasmuch as all rural mail couriers entered into competitive tender contracts with the department. The hardship exists for the rural mail contractor in that when he tendered two or three years ago to carry out the contract terms to their expiry, he could not foresee the added costs which have come about. It can be fairly said, of course, that he has the privilege of terminating the contract upon giving three months notice, but it is not just as easy as it would

appear because he has already invested in equipment to carry on the service for a four year period, and if his contract goes to tender it is quite possible he may lose it. He may then have to dispose of his equipment at a loss.

After exploring ways and means of giving assistance to rural mail couriers, I have come to the conclusion that the re-establishment of supplementary increases such as were granted between the years 1946 and 1949 would provide at least a temporary measure of relief. At present mail couriers engaged for less than $1,000 may apply for supplementary increases, and this group represents approximately seventy per cent of the couriers.

Another matter which demands the attention of this government, and I trust one that will be corrected without delay, is that of a minimum scale of rates of pay. I refer particularly to contracts let by the Department of Public Works in our province, and to contracts let to the official or registered repair dock at Charlottetown. I submit, Mr. Speaker, that the minimum rates of pay on government contract work should be made uniform in all provinces. I can see no grounds for the present discrimination in our province. Our costs for household furnishings, building supplies and clothing are, in fact, higher than in the central provinces.

May I say, Mr. Speaker, that I noted with concern the observations made by the hon. member for Essex West (Mr. Brown), in urging that the defence production department divide Canada into zones so as to eliminate the competitive tender system now in operation. The position taken by the hon. member is directly contrary to the declared policies of the Liberal party, which is to afford equal opportunities to each and every Canadian citizen.

Referring to the application of the Canadian National Railways to the board of transport commissioners requesting a reversal of their former ruling that the province of Prince Edward Island become one zone rather than two, as it has been in freight rate applications, I trust that the chief commissioner's ruling will be sustained.

On the question of price controls, I am in favour of the government's stand, and glad it is not being deterred by strong pressure groups. We do not want our free enterprise system destroyed by hundreds of bureaucrats directing the daily lives of the people. From past experience I think it is not too unfair to say they generally misdirect our affairs, and bring heavy administration costs to the taxpayers. Speaking from a farmer's viewpoint, it is not the farmer's products that have contributed the greater portion of the rise in the cost of living index. Our prices are always the first to drop and the last to advance. For example, for a period of two weeks the highest price the packers paid for grade A dressed weight hogs was $40.50 per hundredweight. On October 1 the price had dropped to $28 per hundredweight, a drop of 12½ cents per pound. In comparison to the sharp drop in the price of dressed pork, can anyone point to a manufactured article we must buy that is so sensitive to market conditions? No; the prices of those articles are fixed at high levels for long periods of time, and it is a take it or leave it attitude as far as the farmer purchaser is concerned.

I have letters from our provincial federation of agriculture and the maritime federation of agriculture, strongly endorsing the majority report of the Massey commission to the government.

The recommendations set out in the MacQuarrie commission report to the government on retail price-fixing also meets with my approval, and I am pleased to know that at this session the government proposes to bring in remedial legislation.

Mr. G. F. Higgins (St. John's East): First of all, Mr. Speaker, I wish to avail myself of the privilege of extending my congratulations to the mover (Mr. Cauchon) and seconder (Mr. Simmons) of the address in reply to the speech from the throne. I did not have the pleasure of hearing those speeches, but I did read them carefully and I thought the material was excellent.

May I say that at this particular time I do not intend to devote my remarks to the formal address in reply so much as, if you will, to indulge in a little pump politics, as I believe it has been described. I wish to deal chiefly with matters concerning the province of which I am one of the representatives. I do that, Mr. Speaker, for a definite reason; that is, because there will be no other opportunity during this session of parliament to deal with many of the matters I want to discuss. Moreover I think it is fair enough to say that until my province becomes properly integrated into the dominion, a little more leeway should be given to its members in putting forward the various matters which they feel should be attended to by the federal government. With that excuse, if you can call it that, I shall go ahead with my complaints.

Before doing so, I should like to say a word to the Minister of Resources and Development (Mr. Winters), who is in his seat at the moment. The citizens of the province are so grateful to him for a decision made last year with respect to the birds known as turrs and

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now known as murres, that I feel the minister could be quite certain of having a seat in a Newfoundland constituency if he should so decide.

High on the list of complaints is the question of long distance telephone charges. In the minds of many people I suppose that is not a great factor, but there is a certain amount of business to be done by long distance telephone, even in that faraway province. Just to illustrate what the people of the province have to put up with in that connection, may I say that tolls are not charged on the same basis as on the mainland. The province of Newfoundland is still regarded as an overseas country. For instance one might call from Ottawa to Vancouver at night or on Sunday for $4.65, whereas a call to Newfoundland during the same time, which is a very much shorter distance, costs $7.50. The daytime minimum charge for a call from Ottawa to Vancouver is $4.60, and the minimum to Newfoundland is $7.50. To go a step further, a Sunday call of three minutes from Ottawa to the Bahamas costs $5.25, yet a similar call from Ottawa to Newfoundland costs $7.50. We are on exactly the same rates for a Sunday call as Bermuda or Costa Rica, for a period of three minutes. Mr. Speaker, for that same time one can call Halifax from Ottawa for $2.10. The same rates apply whether the call is made to or from Newfoundland.

I feel that is a just cause for complaint and I believe the Minister of Transport (Mr. Chevrier) has already given an undertaking to the premier of Newfoundland that this situation is to be remedied. I would ask him, if he has the opportunity of perusing these remarks, to take action in this matter without too great delay.

Another complaint of the same type is with regard to telegraph rates. The request we make is that telegraph rates be brought into effect in Newfoundland similar to those applying to local traffic on the maritime mainland and elsewhere in Canada, and that day letter and night letter service be extended to Newfoundland telegraph traffic. At the present time there is no day letter or night letter service. Also in line with that request we ask that the basic telegraph rates from Newfoundland to other provinces and other parts of the world be broadened in line with those already in effect in Canada. From a Canadian Press dispatch of October 27 I note the following:

> Canada's two telegraph companies have been granted permission to boost telegram rates effective November 1, an official of the board of transport commissioners said yesterday.
>
> A board order, issued to the companies, authorizes increases of ten and fifteen cents on standard-wordage telegrams, plus varying increases on charges for extra words.
>
> The increases are allowed for telegrams within Canada, but not including Newfoundland. Newfoundland tolls now are higher than those of the rest of the country.

I may say that in regard to all these matters I have raised so far, resolutions were passed by the maritime transportation commission at Moncton on October 12 last and by the Newfoundland board of trade on October 19. I do not intend to read the resolutions, but I have them in case they are needed.

Speaking in this house on October 15, as reported at page 84 of *Hansard,* in a fine address indeed the hon. member for Bonaventure (Mr. Arsenault) devoted his entire time to the question of the conservation of the Atlantic salmon fisheries. I read the address with great care. To any hon. member who did not have the pleasure of hearing the hon. member for Bonaventure I offer the suggestion that he should read that address, because it is well worth careful attention. The recommendations made by the hon. member are chiefly concerned with the suspension of Port aux Basques and Miramichi drift net fisheries under federal control until the breeding stock is restored, and the setting up of a commission with wide executive powers, representative of the provinces concerned and of the federal government, to take immediate action in order to restore the Atlantic salmon fisheries. On October 23, the Montreal *Gazette* commented editorially on the hon. member's speech as follows:

> Mr. Arsenault offered his own opinion, which substantiates those of authorities of the highest competency, in charging drift-netting with the main responsibility in the decline and threatened destruction of the fisheries. At the mouth of the Miramichi alone he cited the fact of 150 drift-netters' boats being based during the fishing season. They fish at night with nets three-quarters of a mile long and twelve feet deep. In his opinion the complete suspension of drift-netting would result in no immediate crisis.
>
> As a remedy for this state of affairs Mr. Arsenault suggested the suspension of Port aux Basques and Miramichi drift-net fisheries until the breeding stock is restored. He also suggested the setting up of a commission with wide executive powers, representative of the provinces concerned and of the federal government to take immediate action to restore the Atlantic salmon fisheries.
>
> These suggestions appear timely, reasonable and urgent. It is in the country's best interests that they be acted upon without further delay.

I endorse the hon. member's remarks most heartily, as I am sure do most hon. members of the house who are conversant with that particular fishery. The importance of the salmon fishery to Newfoundland has been stressed often in the house, and in asking the Minister of Fisheries (Mr. Mayhew) once

again to take into consideration a suggestion I made to him on two previous occasions, I feel that I will not be doing too much in the way of repetition because in my opinion it is a necessary idea. I suggested that he take a river, and for purposes of experiment I suggest the Gander river adjoining the huge Gander airport. That river has a rather narrow estuary, and there are some twenty fishermen engaged in netting around the mouth of the river, in the estuary. I suggest to the minister that for a matter of $400 per man he could have all those fishermen cease catching salmon in that particular area. They could be game wardens of a type, if necessary; at all events, they would not fish. For an expenditure of $8,000 a year I think that suggestion would be well worth trying. Certainly it would be much cheaper than trying to have a fish hatchery in order to take care of what otherwise might be necessary in the years to come.

So much for salmon. The next complaint I wish to mention is with regard to Trans-Canada air service to Newfoundland. I have no kick as to the personnel or as to the planes being used. We find the service courteous and the personnel competent. The real complaint, however, is the question of a direct service from Montreal to St. John's. At the present time, if one is in luck in making the best possible connections, it will still take some eleven hours to fly from Montreal to St. John's. That is an unfortunate situation. It has been going on now for such a great length of time that we feel that unless Trans-Canada Air Lines is awakened, it may keep on for good. In other words, it is the "milk run". In going from Ottawa to Montreal it is all right. Then we get on the plane from Montreal and go to Moncton. From Moncton it is an alternative trip either to Saint John, N.B., or to Halifax; then from Halifax to Sydney, from Sydney across to Harmon field, from Harmon field to Gander and from Gander into Torbay. With a direct run that time could be cut by seven hours. We could have a four-hour flight from Montreal to St. John's, without any trouble whatsoever. It seems to me that with the present volume of traffic, and with the need existing for it, there could well be a daily direct plane from Montreal to Torbay. That particular request was also the subject of a resolution passed by the maritime transportation commission at Moncton on the date I previously mentioned, namely, October 12, and also by the Newfoundland board of trade on October 19.

Going down my list of complaints, Mr. Speaker, I find that another one is the question of new railway cars being provided for the Canadian National Railways service in Newfoundland. As the house is aware, when we became part of the great Dominion of Canada we gave over free our entire railway service then existing. At that time it was valued at no less than $70 million by the railway officials. On various occasions requests have been made that the gauge be broadened to the standard gauge in Canada. The Minister of Transport has told us that is impossible, because it would cost too much. With that we are prepared to agree. We have to make the best of a bad bargain in that respect, but what we do feel strange about is that with respect to the new railway cars being built no consideration has been given to air conditioning. We are not back in the stage-coach days. It does seem to me that the new railway cars being supplied to the Newfoundland railway should be air conditioned. I ask the minister to take that into consideration. I do not think the cost should be too great.

Another matter that has been raised by hon. members previously is an increase in pensions to war veterans. Along with all the other Newfoundland members, as well as other hon. members, I received requests from the branch of the Canadian Legion in St. John's, and I intend fully to support that request. I believe the other hon. members will also support it.

Another request had to do with the correction of the existing situation with respect to express facilities on the railways. The express traffic is handled at the present time by freight, but at the express rates. That also, Mr. Speaker, has been the subject of a resolution of the transport commission and the board of trade of Newfoundland.

As I said at the beginning, I offer no excuses for introducing these somewhat parochial matters in this debate. I do so because there will be no other opportunity of mentioning them at this particular session, and I am taking advantage of this debate to bring them to the attention of the house.

Before passing on from what one may say has been a more or less purely local speech, may I touch on the cost of living, particularly one aspect of it that affects us in Newfoundland and also generally all over the dominion. I am now referring to the cost of tobacco. In my constituency of St. John's East we have a branch factory of the Imperial Tobacco Company, and have had for many years past. Shortly before I left to come to Ottawa for this session the president and some members of his union called on me to make a protest with respect to the increased taxation on tobacco and tobacco products.

During the conversation I learned that they were worried lest the increased cost of tobacco would cause the Imperial Tobacco Company to close down that branch factory. Lay-offs have already taken place and there has been a 50 per cent drop in sales since the last federal budget. Bearing in mind the wonderful advantages that had been detailed to us on entering this confederation—and there have been advantages, Mr. Speaker, there is no question about that, although some of them have not been as good as they appeared at the outset—may I say that a lot of our people use what we call plug tobacco, that is pressed tobacco. It runs in weight to one-quarter of a pound. That was the usual plug of tobacco prior to our entering confederation. That plug of tobacco sold for 27 cents. With the benefit of confederation, it now costs 65 cents. It is quite a change from 27 cents to 65 cents, but I suppose we have to consider the many blessings of confederation. I have been told that the only other factory making this particular type of tobacco is at Granby, Quebec. My informant tells me that in Newfoundland they make as much in a day as Granby does in a year, as far as this particular type of tobacco is concerned.

I am not going to go too far into the cost of living. I realize that this particular parliament is going to be known as the cost of living parliament, but frankly I do not see any particular reason why the opposition has to suggest definite policies on how to counteract the effects of the high cost of living. That is the job, the very definite job, of the government. I most heartily agree with my leader in the motion he has moved stating that the government is not taking adequate steps to combat inflation and deal effectively with the high cost of living. I support the amendment he moved in that connection.

We all know the famous headache tablets known as Frosst's 222. Last week we had a proposition put forward to try to cure the headache of old age pensions. I believe that tablet will be known as Abbott's 2.2.2. But, Mr. Speaker, we will have to go a little further into this particular headache we have ahead of us, the headache of rising prices and the way that it has been tackled by the government. The proposition they have put forward, the tablet to cure the headache is "do, do, do"; do it by excessive taxes; do it with credit restriction, and do it by cutting out non-essential spending. This "do, do, do" is all very well. The other day I listened to the hon. member for Coast-Capilano (Mr. Sinclair) for whom I have great respect, and who usually enunciates his principles very clearly. All he had to suggest were measures to cut the excess purchasing power in the hands of the people. It struck me, Mr. Speaker, that it would require consumate gall to make a statement like that, when we realize that in this country today a very great number of people have not enough money to buy the ordinary things to keep themselves alive, and quite a number of people are without work. Therefore, "do, do, do" is not going to accomplish very much for us.

It is not the job of the opposition to cure this headache. It is the job of the government, and I am going to leave it with them until they cure it. In reading a recent issue of the Ottawa *Journal* I came across an editorial dealing with the income tax. It stated that one thing about income tax was that people were paying the same amount everywhere; that the man in Nanaimo, the man in Ottawa, and the man in St. John's, Newfoundland, were paying exactly the same amount, depending on similar conditions of earnings and of course of deductions. That is so, but should it be so, Mr. Speaker? Possibly my reasoning is not very sound in this matter, but it does not seem to be fair that a person living in Ottawa and earning $3,000 a year, should pay exactly the same tax as a man in Newfoundland who earns $3,000 a year and who has the same deductions. Why do I say that? I say that because there can be no question about the fact that the cost of living in Ottawa is much lower than it is in St. John's, Newfoundland, and that is only to be expected. You cannot carry the goods that are used for eating and for wearing without costing money; and then there is the cost of handling these goods. Obviously it is impossible to have the same goods costing the same amount of money in both places. Is it fair that the man in St. John's, Newfoundland, who earns identically the same amount of money but is faced with a higher cost of living, should pay the same amount of taxation? I do not know; there may be some weakness in my reasoning—perhaps there is—but that does not seem quite right to me. If we are to be just in this matter there should be a regional factor in connection with the levying of income tax. It should be based on the cost of living in various parts of Canada. I realize that might be a headache from the standpoint of enforcement, but I do feel it would be just.

Then I would make one final reference to provincial matters. The legislature in Newfoundland began its sittings last Wednesday, and a report of its proceedings appears in the *Evening Telegram* of October 27. There would appear to be a very definite cause for worry. The premier practically declared war

on the federal government and the rest of Canada, so far as I could see. The heading of this particular article is, "Premier attacks Canadian government, armed forces; reveals poor treatment of west German government mission at Goose Bay". The article goes on to say:

> Premier Smallwood Wednesday afternoon held the spotlight in the opening proceedings of the 29th assembly. Annoyed with the temporary failure of the Seigheim Labrador pulpwood deal and the unhappy events that have occurred in connection with it, he pounded his desk, waved his arms and shouted defiance against the Canadian army, navy, air force and federal government.
>
> A story he unfolded revealed shoddy treatment at Goose Bay airport for a mission from the West German government (they were confined) and the circulation of reports which put Labrador in a bad light as far as economic development is concerned.

And, later, the article goes on to say:

> Then the premier revealed that government officials had been confined after landing at Goose Bay, where they were held for a day. The premier termed this action outrageous and said Labrador belonged to Newfoundland, not Canada. He said he was "boiling mad" and was taking no back talk from the Canadian army, navy, air force or Canadian government.

Then the article proceeds:

> Making his greatest outburst, the premier, apparently alluding to Canadian officials in Labrador and the instigators of reports decrying the development possibilities there, said "I'll start a war."

In view of the present world situation it seems to me the government should take heed of what is going on. It comes as a great surprise to me that the premier is going to make war on the federal government, because I always understood that he and the government at Ottawa were on the closest of terms. Why he is going to make war on them, as well as on the Canadian army, navy and air force, is beyond me. I think we should have an explanation from the government in the matter.

In the same newspaper, and I presume referring to the article I have just read, appears the following:

> Speaking in the legislature yesterday on the slowup of the Seigheim deal to start cutting timber in Labrador this winter, Premier J. R. Smallwood elaborated slightly on a charge he had hinted at Wednesday when the house reopened.
>
> Mr. Smallwood had said that some organization was trying to discredit Labrador as a logging centre. He did not say who.
>
> Yesterday, while independent member E. J. Russell was speaking on the timber deal, Mr. Smallwood said: "I'll give you the name right now. The Canadian Pulp and Paper Association is carrying on an active campaign to discredit Labrador as a logging centre."

There is a definite charge that the Minister of Trade and Commerce (Mr. Howe) should investigate. After all, the organization charged by Premier Smallwood is a reliable one. I understand Mr. Fowler, who heads that organization, is at present occupying an important position on the special council set up by the federal government in connection with manpower. I have felt it proper to bring this matter to the attention of the government.

I believe that concludes my complaints from home. I am sure all hon. members were more than happy to hear the news of the return to power in England of that grand old battler, Winston Churchill. I am certain members of this House of Commons will wish him well in the job he has to face. I notice another election is about to take place. However, I was somewhat surprised by some remarks I read at page 230 of *Hansard*. The hon. member for Cariboo (Mr. Murray), I suggest, should explain what he said on that occasion, and this would seem to be the appropriate time for him to do so. This is what the hon. member said:

> Perhaps this would be the appropriate occasion to refer to the fact that one of our number has gone forth to meet the forces of unrighteousnes in Ontario.

I suppose the hon. member on that occasion was referring to Mr. Thomson, who was formerly the member for the constituency of Ontario. The hon. member should explain what he means by this statement.

I have only one further brief comment to make, and this arises out of my reading an address by General Eisenhower who, at the time, was president of Columbia university. This address was delivered on June 8, 1950, at the one hundred and ninety-sixth commencement exercises of the university. He posed eight questions for those graduates, and those questions struck me as going right to the heart of the international difficulties of these times. They were these:

1. How can we faithfully pursue the ideal of world peace and friendship when, with discouraging frequency, we see rejected and scorned proposals that seem to us logical, just and fair?

2. How shall we, in international affairs, assume a firm and unmistakable position in support of freedom without giving to any person a fair basis for the charge that we are truculent or provocative?

3. How shall we maintain the costly military establishments necessary to international stability and yet avoid such stupendous expenditures that they may dangerously bleed the economy?

4. How can we carry out necessary programs of rearming potential allies and still avoid fostering the false and dangerous belief that armed might alone can guarantee peaceful security?

5. How shall we protect the nation against insidious and even traitorous corruption in responsible places without endangering or reducing individual freedom or the civil rights of any individual?

6. How shall we escape the unbalanced national budget with its inflationary effects and consequent damage to the wages, savings and security of the average man, and do this without neglecting any of the national functions that are essential to the country's safety and the health of our economy?

7. How shall we preserve as the constitutional purpose of government the welfare of all our citizens but without making those citizens, or any significant part of them, unnecessarily dependent on governmental subsidy or subject to regimentation?

8. Confronted by an ever-increasing economic interdependence among all parts of our society, how are we to chart a sane middle course in the conduct of our affairs that will preserve to the individual the fullest measure of freedom and opportunity—to the nation, prosperity and strength and unity?

As General Eisenhower stated, for none of these questions is there a pat and simple answer, and by their nature most of them will never be wholly and perfectly solved. However, unless there is constant progress towards solution that is in keeping with the essentials of our democratic system, the whole order of things as we know them will pass and those who come after us will live in a world which we of today would never recognize. Those coming after us will lose the free choice of religion, of occupation and of dwelling place. As General Eisenhower said:

> They would not venerate the same values, respect the same historical figures or even live under the same spiritual and political concepts as prevail today. Educational institutions could, here, as they have in some other places, become mere propaganda machines; libraries would provide priceless treasures for bonfires.
>
> But tragic as these developments would be, there is no reason to grow hysterical or to despair, if we are alert and determined. In the international arena, where complete isolation would be eventual suicide, we have loyal allies; even the least among them is not to be written off. Indeed, if, with them all, we can reach stronger and stronger unity of effort and dedication, based upon common standards of decency and deep-seated aspirations, confidence in peace can be gradually revitalized, and the greatest fear of mankind steadily reduced.

In spite of not being able to supply answers to all these questions, I suggest that the ancient truth spoken some two thousand years ago by Pericles still is as true today as when he used it, namely, the secret of freedom is courage. I presume that is another way of saying, as the late President Roosevelt said, "We have nothing to fear but fear itself".

I feel that we can take pride in the debate that took place last week when the motion of the Prime Minister (Mr. St. Laurent) was adopted, which read:

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

That showed quite clearly the difference between a democratic and totalitarian state. It showed that democracy can reach a unanimous decision after free discussion by the people. In a totalitarian state such a decision could be attained only by compulsion without free discussion. It was quite obvious that no partisan considerations entered into the debate, which was maintained on a very high plane. To me it was a demonstration of democracy at its best.

(Translation):

Mr. P. L. Dube (Restigouche-Madawaska): Mr. Speaker, I am pleased, at the outset of my remarks, to offer my heartiest congratulations to the mover (Mr. Cauchon) and seconder (Mr. Simmons) of the address in reply to the speech from the throne.

I was very happy to hear the words spoken last Friday by the Minister of Veterans Affairs (Mr. Lapointe), who stated in this house that the government was examining the possibility of raising the pensions of our soldiers who fought so valiantly during the two last wars and who returned to this country crippled, mutilated and unable to earn their livelihood and that of their families.

I am happy to note that the government has decided to yield to the requests that have been made and to grant those who served their country so well, by giving their very best, incomes sufficient to meet the cost of living.

It must not be forgotten that Canada is indebted to those soldiers who during both wars fought for our country and to preserve our liberties.

I urge the government to grant their request without further delay.

While requesting the government to see that an adjustment is made in the amount of pensions paid to our veterans, I must also remind the house that a considerable number of C.N.R. employees have been compelled to retire under the requirements of the law. Let me give some particulars about this matter:

The number of retired employees put under the "Provident Fund" from April 1, 1907 to the end of January 1951 is 7,196.

Number of employees who died during same period	3,858	
Number of those who returned to work after retirement	16	
Number of those on the Provident Fund during January 1951	3,322	
Total amount required in January 1951 to pay the retired employees		$302,198.74
Included in this total, amount for previous months	$ 3,344.89	
Included in this total, amount for deceased members	1,034.89	
		4,379.27
		$297,819.47
Average for each retired employee		$89.65
Number of contributors to the fund, as of December 31, 1951	4,848	

I am pleased to point out that 450 employees are drawing a pension of $30 to $50 a month; 650 employees are drawing a pension of $50 to $90 a month, and a third group of 1,350 employees are drawing a pension of $90 to $130 a month.

Finally, there is a group of 872 employees drawing a pension exceeding $130 per month. The number of retired employees therefore adds up to 3,322.

To my knowledge, only three retired employees are drawing pensions of $500 or more.

I do feel that those first groups of former C.N.R. employees deserve the consideration of the authorities concerned.

In conclusion, it gives me great pleasure to thank the Minister of Public Works (Mr. Fournier) for including in the estimates voted by parliament at the last session a sizeable amount earmarked for the erection of two customs buildings, one at St. Leonard and the other at Clair, both in Madawaska county. I take the liberty of asking the minister to speed up work on those two buildings because accommodation at those two points is disgraceful and inadequate for such important ports.

No doubt the Department of National Revenue will approve the steps I have taken in this connection. This will allow us to complete an undertaking which has long been awaited by the residents of those two localities.

Last year, in this house, I asked for a bridge over the Restigouche river, between Campbellton and Cross Point, Quebec. Since both provincial governments seemed to believe that responsibility for this undertaking was a federal one, and since I had been so requested by the Campbellton council, board of trade and the bridge committee, I wrote the Minister of Justice (Mr. Garson) in order to find out whose responsibilities were whose in a project of this kind. Here is the answer I received on the subject:

(Text):

Ottawa, July 4, 1951

Dear Mr. Dube:

In reply to your letter of June 25 with reference to the building of a bridge over the Restigouche river, I beg to advise you that the view taken in my department is that a bridge over a river which is an interprovincial boundary is a work connecting the provinces and, therefore, is exclusively within federal jurisdiction. Whether or not a bridge should be erected depends, therefore, upon the will of parliament.

Yours truly,

Stuart Garson

(Translation):

Inasmuch as the federal government is alone responsible for the construction of that type of bridge, I will make so bold as to ask the Minister of Public Works to earmark the necessary amount, in his departmental estimates, for the construction of this bridge in the near future.

If my memory serves me well, Mr. Speaker, the Department of Agriculture had approved an appropriation of $300,000 last year, to help the potato producers of New Brunswick and Prince Edward Island. Before I left for Ottawa, I was informed that the producers of my province had not as yet received any assistance. I will therefore take this opportunity of reminding the authorities concerned that these people deserve our every attention because we would most certainly find ourselves in a very unfortunate position if the farmers were not there to provide us with what we need.

(Text):

Mr. Studer: Owing to the lateness of the hour, may I move the adjournment of the debate?

Some hon. Members: Agreed.

On motion of Mr. Studer the debate was adjourned.

Business of the House

Mr. Fournier (Hull): Tomorrow we will conclude the debate on second reading of Bill No. 12, to amend the Railway Act. Then it will be referred to the special committee on railway legislation, as will the two following bills: Bill No. 6, to amend the Canadian National-Canadian Pacific Act, 1933, and Bill No. 7, to amend the Maritime Freight Rates Act. Then there are two small bills, No. 8, an act to amend the North Fraser Harbour Commissioners Act, and Bill No. 9, an act respecting the Toronto harbour commissioners. If we have time we will take up the resolution in the name of the Secretary of State concerning the Public Printing and Stationery Act.

At 6.30 p.m. the house adjourned, without question put, pursuant to the order of the house passed on October 26, 1951.

HOUSE OF COMMONS

Tuesday, October 30, 1951

The house met at 2.30 p.m.

LABOUR-PROGRESSIVE PARTY

PRIVILEGE, MR. DREW—REFERENCE TO ALLEGATIONS CONTAINED IN PAMPHLET—STATEMENT OF MR. SPEAKER

Mr. Speaker: Yesterday, after prayers, the leader of the opposition raised a question of privilege and handed me a copy of the pamphlet to which he had made reference. He asked me to "give consideration to the course which should be followed in the circumstances". After examining the authorities, I find it is clear that it is not the function of the Speaker, nor is he empowered, to decide what should be done in matters of this kind.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, in following the procedure I did yesterday I was aware that proceedings are not initiated by the Speaker himself; but I followed that course so that I might bring to your attention as the Speaker of the house, and through you to the government, the nature of a pamphlet which reflected very seriously upon the Prime Minister of Canada (Mr. St. Laurent) and upon all members of the government. I recognize that for a procedure of this kind to be effective it must be initiated by the leader of the house or by a member of the government. I would hope that, with this information now before the house, the government would consider what steps should be taken. I would point out that, in addition to any other proceedings, there is the question of criminal libel. I leave the matter with the Prime Minister and the government. With the information that is before the house I would further suggest that while I certainly did not at the time approve, nor have I since approved, of the procedure of putting anyone in concentration camp without due process of law, nevertheless there were placed in concentration camps people who had said less to reflect on the institutions of government and of government itself in this country than in this particular case. I most earnestly hope that steps will be taken, and that on this particular occasion the effort to find Mr. Tim Buck will be more successful than was the case the last time.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, fortunately this country is not at war at the present time and the Defence of Canada Regulations, which made it the duty of the Minister of Justice to place in internment camps anyone who might be a danger to Canadian institutions, are not in force at this moment.

This country is still functioning as a free country, and it is very difficult to use the powers of government or the processes of the courts against any political party and be sure that the line will be drawn and maintained at the proper place.

I have had some inquiries made about this pamphlet, which is a vicious thing—there is no doubt about that—but it is at the same time a colourful thing, something which I think for most Canadians carries with it its own antidote. I find that it does not appear to have been distributed through the mails nor to have been distributed in factories or plants. My information is that it made its first appearance on September 22 at a meeting called by the promoters of those so-called petitions for peace. It is unfortunate that they have placed themselves in the position where they can pretend to be advocating peace and in opposition to those they choose to describe as people who want war. I think that everyone in this country knows that there is no one in Canada who wants war, and when they try to create the contrary impression they are themselves providing an antidote for the attacks that they level against those who have the responsibility of public office at this time.

I am told that at this meeting in the city of Toronto there were about 1,700 people. A meeting of 1,700 people in the city of Toronto called by a group that is pretty generally recognized as having communist leanings is apt to comprise a pretty substantial portion of communists themselves, and 1,700 people in Toronto is not a very large meeting, as those of us who have attended meetings in Toronto very well know. Now, this was not handed out; it was offered for sale at five cents a copy, and there were a certain number of copies sold. We have not been able to ascertain that it has made its appearance anywhere else.

I have looked at it carefully. There might be grounds for prosecution for criminal libel; but I have practised law for thirty-six years and I have had something to do with quite a number of libel cases. Where I was acting for the plaintiff it was very seldom we

reached a judgment without having come to feel that perhaps we had made a mistake by ever starting the thing.

I have been ten years in politics, myself, at this time and, fortunately, I have never had to start any libel proceedings. I do not know what the reaction would be of most of those who bought this at five cents a copy at this meeting in Toronto on September 22; but I feel almost conceited enough to hope that possibly all there in that place, and almost anyone else who gets it, would feel as the leader of the opposition (Mr. Drew) has felt—whatever his disagreement may be with Mr. Pearson, with Mr. Claxton or with me on domestic policy—that this is an unfair attack.

Mr. Drew: Mr. Speaker, to what has already been said I wish to add only this, that I was suggesting only that procedure be taken in a correct and legal manner. I was not suggesting for one moment—and I thought I had made that clear—that any emergency or other special powers be invoked beyond those which have been so well established in peacetime for many years. But I do wish to assure the Prime Minister that I have good reason to believe that this pamphlet has been distributed on a much wider basis than he has been informed. I shall be happy to communicate the information I have in that respect to the Minister of Justice (Mr. Garson), because I think I can say with fairly definite certainty that this has been distributed at certain plants, as well as among other people remote from that meeting.

WHEAT AND COARSE GRAINS

REQUEST FOR ASSISTANCE IN CONNECTION WITH DELIVERIES—FINAL PAYMENT

On the orders of the day:

Mr. John Decore (Vegreville): Mr. Speaker, I should like to ask a question of the Minister of Trade and Commerce. In view of the serious harvesting conditions and the difficulty in delivery of this year's crop, is the minister prepared to make a statement as to what steps, if any, the government proposes to take toward providing some measure of assistance to those farmers who have been unable to deliver their grain?

My second question is this: Is the minister now in a position to advise the house concerning final payment on the 1950-51 wheat deliveries?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, the hon. member for Vegreville gave me notice of his question—

Some hon. Members: Hear, hear.

[Mr. St. Laurent.]

Mr. Drew: You mean he received a notice of your desire to speak.

Mr. Howe: —and I am therefore taking this opportunity of making a short statement on the delivery position of western grains.

To judge from some of the statements made in this house and elsewhere, one might be led to the conclusion that there is a serious shortage of elevator space in all parts of the prairie provinces. In fact, this is by no means the case. According to the information available to me, there are still a large number of stations where producers' deliveries have not been sufficient to utilize the available space. I think it is likely that at least ninety per cent of the farmers who have been able to thresh their grain will be delivering more grain this autumn than they did in the same period a year ago. Just how much grain will be threshed and deliverable is, of course, another matter, which is beyond our control.

It is unfortunate that this condition of congestion should exist in any part of the west but it is important to realize that the condition is not general.

What is the explanation of the present situation? Let me give a brief review. It has not been possible to operate during the past three months on the basis of an equitable distribution of cars to all elevator points. Had available cars been supplied to country points when the elevators had only low-grade wheat to ship, this would have meant increasing the stocks of low-grade wheat at terminal points, particularly at the lakehead. Because there had already been a heavy movement of low-grade wheat to the lakehead, space in the terminals had become very restricted for moving through the heavy volume of the higher grades of wheat which have been sold for export during the autumn and winter months.

One need only look at the grades of wheat in store at the lakehead to appreciate the significance of the situation. On October 25 there were 51·1 million bushels of all grains in store, which is very little below the point of congestion, having regard to the wide range in grades of all grains being carried there. Of the 51·1 millions, there were 35 million bushels of wheat. Of this quantity there were 5·7 million bushels of grade No. 4 northern or better, and 29·3 million of other grades, including Nos. 5, 6 and feed. This is evidence of the very small stocks of milling grades of wheat that are being turned over at the lakehead in keeping up a heavy lake movement against our export commitments, and is the reason why we are giving preference to the shipment of milling grades from the country.

Let me give you the actual position on space in the country elevators. Total rated capacity of the country elevators is 286 million bushels. Usually 10 per cent of this figure is deducted to arrive at the net working space in the elevators. Thus there are 257 million bushels of net space. At July 31, 1951, there were 100 million bushels of grain in store, leaving 157 million bushels of space available for the delivery of grain. From August 1 to October 25, total grain deliveries to elevators amounted to 195 million bushels, and rail shipments of grain from country elevators amounted to 148 million bushels. Thus there was of last week end 110 million bushels of rated space still available for the receipt of grain. It must be appreciated, however, that owing to the heavy moisture content of much of the new crop grain it may not be possible to utilize all the temporary annex space.

To demonstrate the very good over-all situation in regard to space, in one week ending October 18 a record weekly delivery of 43·7 million bushels was established for wheat, in addition to the delivery of over 10 million bushels of other grains in the same week. That is the largest delivery in one week on record.

With the car supply running at its present rate another 80 to 90 million bushels of grain will have been moved from country elevators between October 25 and the close of navigation, so that this space of approximately 90 millions which will be developed in addition to the 110 million bushels of rated space now available will amount to about 200 million bushels of rated space.

Again I mention that if the car supply could be equitably distributed there would be no serious trouble at individual points. I would like now to read a statement issued by the Canadian wheat board on October 16:

> The Canadian wheat board today announced that, with the approval of the transport controller, the railways had been requested to concentrate their efforts on the prompt shipment of milling grades of wheat to Vancouver and to the lakehead.
>
> With only about six to seven weeks remaining before the normal close of navigation on the great lakes, a major effort must now be made to move as much wheat as possible even though this means that the railways will concentrate for the time being on nearby stocks and the fastest possible turn around of cars.
>
> "With the prolonged delay in harvesting and the resultant shortage of supplies of milling grades of wheat in eastern positions and at the Pacific coast, we have asked the railways to concentrate on getting the largest possible quantity of wheat to the lakehead and to the Pacific coast in the next six weeks," stated George McIvor, chief commissioner, the Canadian wheat board, today. This undoubtedly means that the railways for the time being will concentrate on shipping the most accessible stocks of wheat now in country elevators.
>
> Mr. McIvor pointed out that this was the second emergency action taken to meet the situation created by the long delay in harvesting operations and the urgent necessity of getting stocks of milling wheat into forward positions to meet large commitments and to provide Canadian mills with their requirements. The first emergency action was taken on October 3, 1951, when delivery quotas on high-grade milling wheats were temporarily suspended in order to augment supplies of wheat in country elevators to permit the most effective use of available transportation.
>
> Mr. McIvor stated that the board was reluctant to seek the approval of the transport controller for a concentrated movement at this time. He pointed out that with good crops in most areas of the prairie provinces, the board would have preferred the widest possible and most equitable distribution of cars at this time of the year, and this would have been possible had harvesting proceeded normally from mid-August onward. However, with harvesting delayed from six to eight weeks over most areas in the prairie provinces, time is now running out and there is no alternative to an immediate emergency shipping program if sales commitments for the fall months are to be met.

It is not unusual in late October and November of each year for the railways to concentrate on the shortest hauls in order to get a maximum quantity of grain in eastern positions to take care of the autumn and winter export movement, as well as domestic requirements, after navigation is closed on the great lakes. As soon as navigation has closed it is the intention to direct cars to the points which, because of their low-grade stocks, or their distance from the Pacific coast or the lakehead, have had an inadequate car supply up until now.

The government has been giving the most careful consideration to all aspects of the grain situation in western Canada. The brief statement I have given indicates the nature of the problem and what is being done to deal with it. It should not be overlooked that within the next few weeks some $100 million will have been distributed to western farmers by way of participation payments on last year's crops of wheat, oats and barley. These payments, incidentally, will be of substantial help not only to those farmers who find their delivery points temporarily congested, but to that much greater number of producers who because of exceptionally bad weather this autumn have not yet been able to thresh their crops. Whether it will be necessary to provide for a system of advances on farm-stored grain, I am not yet in a position to say. As I have indicated, the need for such advances is not a general one and would be of benefit only to a relatively small proportion of producers. There is also the usual kind of credit which would I am sure continue to be available to farmers who have grain to deliver but who must hold it somewhat longer than usual. However, the government is keeping the situation under careful review and has not ruled out the possibility of action along the lines mentioned.

Mr. Argue: I wonder if I might ask the minister a supplementary question. Is anything being done to see that Saskatchewan gets its fair proportion of the box cars available? Most of these cars are going to Manitoba and Alberta.

Mr. Howe: That is true, but I can assure my hon. friend that at the close of navigation the points that are now being served and are congested due to the storage of low-grade grain will receive attention. After the close of navigation the effort will be concentrated on permitting grain to be moved at those congested points, which amount to about 10 per cent of the total, and which have not been receiving their share of cars up to the present time.

Mr. Diefenbaker: I should like to direct a further question to the minister. What is the position at the head of the lakes as to grain delivery and what did the minister find as a result of his recent visit as to the probability of grain being moved forward with greater speed than heretofore? In connection with the situation in Saskatchewan, did not the minister receive a telegram within the last few days to the effect that some 528 pool elevators in Saskatchewan are plugged, the great majority being on Canadian Pacific lines? If he did, what consideration is the controller giving to assuring a more equitable distribution of cars to Canadian Pacific lines? I am not allowed to debate the matter, but the elevators on Canadian Pacific lines have not been receiving their fair share of the available cars.

Mr. Howe: I received a detailed statement from the pool about a week ago giving the number of elevators that are congested and I can assure my hon. friend that it was only a small fraction of 528.

Mr. Diefenbaker: It is 528.

Mr. Howe: Who signed the wire that my hon. friend has in his hand?

Mr. Diefenbaker: According to the *Western Producer* the Saskatchewan wheat pool wired the minister last Friday advising him of this situation.

Mr. Howe: I must say that I have not received that wire. I did receive a letter from George Robertson, the secretary, signed by his own hand, as we say in the house, which mentioned the congested points. I did not count them, but if there were one hundred I would be greatly surprised. I must repeat that it is necessary to meet Canada's export commitments. To do that it is necessary to get grain of certain grades forward to the seaboard before the close of navigation. That we are doing. After the close of navigation the effort will be concentrated on the points that are not receiving their normal proportion of attention at the moment.

My hon. friend asked about the position at the lakehead. There are 51 million bushels in store, a large proportion of which is low-grade wheat and coarse grain. That makes it necessary to concentrate on the movement of high-grade wheat, which is being done. Practically all the carriers on the lakes are being directed into the grain trade, at some expense to the ore trade. The car supply from the west is ample to keep up with the boat shipments. There seems to be a balanced situation that is going quite well.

Mr. Diefenbaker: Was there not some question about additional men being required to handle the shipments?

Mr. Howe: There was some question of the men being asked to work Sundays on the loading of ships, but the need for that is not apparent at the moment because there are very few cars on the track. The cars are being unloaded as they are received. The proposal that the men work Sundays is more a precaution for the future. The request made by the transport controller is still under advisement by the men. I know these men fairly well and I know if cars are required to be unloaded on Sunday they will be unloaded, whether the men as a group agree to unload them or not.

Mr. Wright: I think the minister is correct in saying that a fair amount of space is available on the Canadian National lines, but on the Canadian Pacific branch line there is just not any space available, and has not been since last fall. The Canadian Pacific has not received—

Some hon. Members: Question.

Mr. Wright: What steps has the government taken to see that the Canadian Pacific gets better service?

Mr. Howe: I can only repeat what I said, after the close of navigation the first attention will be given to relieving those points which have been congested.

Mr. Bater: Is there still an embargo at certain country points on the shipment of oats and barley into country elevators?

Mr. Howe: I know of no such embargo and there has been no order up to date to that effect.

RAILWAY ACT

IMPLEMENTING CERTAIN RECOMMENDATIONS OF ROYAL COMMISSION ON TRANSPORTATION —MAINTENANCE OF TRACKAGE

The house resumed, from Friday, October 26, consideration of the motion of Mr. Chevrier for the second reading of Bill No. 12, to amend the Railway Act.

Mr. D. S. Harkness (Calgary East): Mr. Speaker, at this stage in the debate on this measure I think there is very little new that anyone can say. As a result I shall take only a few minutes to put my position on record. The principle of equalization of freight rates which the bill purports to put into effect is one that we from the west have advocated for many years. We have called for its adoption. As a result naturally I support the bill. The general principle of equalization is sound but in Canada we have an extremely tangled situation so far as freight rates are concerned. Probably there is no section of the country that, for one reason or another, wants complete equalization.

So far as the west is concerned agriculture, which is and will continue for a long time to be our basic and most important industry, has been hampered by the cost of transportation of our products to market and the high cost of transporting the supplies which we need, particularly machinery and things of that kind. As a result the Crowsnest pass rates are essential to the agricultural industry of western Canada. Those rates must be continued no matter what we may say otherwise as to the desirability of equalization The cost of goods to the farmer means that the cost of production in the west is out of proportion to that of other parts of Canada. One instance only as an example is enough to illustrate that. In most places in the west we pay from $200 to $250 more for an automobile than in Ontario, and as everyone knows, at the present time an automobile is essential to the farmer of the west in carrying on farming operations. The same sort of thing applies to every other type of manufactured article which we have to buy. Because of the disadvantage under which we work it is only just that we should have some consideration with respect to the rates charged on the goods which we ship out, particularly our basic commodity, grain.

In addition to agriculture, the development of manufacturing in western Canada has been very seriously hampered and delayed because of the high freight rates to which we have been subjected. Manufacturing in western Canada is going to be slow in developing as long as there is discrimination in freight rates against us to the extent that there has been in the past and to the extent that I believe there will be under the bill now before us. So far as some degree of equalization is brought about by this legislation, both agriculture and the other industries of the west will benefit. However, I am very much afraid that the amount of benefit is not going to be very appreciable.

The provision of a subsidy to the railroads to help to cut the cost of carrying goods over the unproductive land bridge between Sudbury and Fort William has the full support, I believe, of everybody west of the great lakes. However, the total effect of that move so far as our rates are concerned is going to be almost negligible. It is a good move and we support it, but we do not expect any wonders from it. I doubt whether the general public will feel any real or important effect from the provision of this subsidy. There are so many exceptions to the general principle of equalization provided for in the bill that I do not think the whole thing is going to amount to a great deal. In particular, the exception with respect to transcontinental rates is not going to improve our position in Alberta a great deal.

I hope I am wrong but I really cannot see that the changes which are going to be made will help us greatly. We in Alberta, as I think everyone knows, are at the very apex of the freight rate structure. We pay more than anybody else in Canada. We have agitated for many years for the application in Canada of the decision in what is known in the United States as the Spokane freight rates case, namely, that a higher rate cannot be charged for a haul to an intermediate point than the rate charged for the whole distance. In Calgary, for example, we have to pay up to twice as much to bring a carload of goods from Toronto as it costs to carry the same carload of goods from Toronto to Vancouver. The commission recognized the injustice of this to a certain extent and recommended that the rate to an intermediate point should not be more than one-third greater than the through rate. The bill of course will bring this recommendation into effect through section 7. This is an improvement which I think everyone will recognize but it still does not remove the basic inequity and the disabilities under which the economy of Alberta has had to operate in the past and under which it will have to operate in the future. I believe we should go the whole way in this matter and apply the so-called Spokane formula in Canada, particularly as far as the Canadian west is concerned.

Mr. G. M. Murray (Cariboo): Mr. Speaker, if I may be permitted, I should like to say that I am very much in favour of the principle of the bill. It is something to which we have long been looking forward in our part of the northwest. I do not suppose any part of Canada suffers from greater injustice as a result of inequality of freight rates than the country north of Edmonton and within the boundaries of British Columbia. The decision to introduce legislation to subsidize the lines north of the great lakes is a very wise one. I hope that as the bill goes forward provision will be made therein for the cheap transportation of settlers' effects, livestock and all those things which will make for further settlement of the west, and more particularly in the Peace river country and the country north of Edmonton which I have mentioned.

The situation there from the standpoint of freight rate inequality has been bad for the past twenty years—yes, longer than twenty years. The Alberta and British Columbia Railway was constructed from Edmonton, and under its charter the railway was supposed to be built from Edmonton to the British Columbia boundary and on into the province of British Columbia. In thirty years they have managed to get about twelve miles inside the 120th meridian. Therefore they have failed to live up to the purpose of granting the charter in the first place.

I do not intend to go into statistics this afternoon, but that railway received a very heavy subvention from the parliament of Canada, a large sum per mile being granted because it was the belief that it was a railway which would be of national importance and that it would give service to these new valleys within the province of British Columbia. They have extended their line on the north side of the Peace river to Hines Creek and there they stopped, like the little village which grew so far up the hill and then decided to stay there, come what might. In the interval the people of Canada have gone in far to the west of these termini and have established settlements. Production is now going on of wheat, livestock and all the various commodities that that country grows so well. Trucks are hauling grain this afternoon as much as one hundred miles to the elevators at the end of steel, both at Hines Creek on the one side in Alberta and to Dawson Creek on the south side of the Peace river in British Columbia. As far as transportation is concerned in that great area, it has been largely left to the trucks from the points that I have mentioned; and it is surprising how well the motor trucks are doing, carrying freight not only for the farmers and settlers far removed from the railhead, but going on north into the Yukon and Alaska, sometimes as far as fifteen hundred miles, to and fro, carrying the commerce of the country. That is the situation in one part of my riding.

In the other part north of Prince George where a railway was planned—the government of British Columbia as far back as 1912 promised that a railway would be built, a Pacific coast outlet from the Peace river valley—nothing has happened beyond Prince George in the way of making good that promise. Yet that great country has been widely settled. Roads have been built, as have schools and hospitals. Villages have grown up. It is not to the credit of the heads of the transportation systems of our country that there has been a failure to extend the lines of steel into those valleys. There are not only agricultural resources available, but there are also large resources of lumber. Lumber is being hauled today and shipped to the Atlantic seaboard from that country. It is being carried by truck many miles over the highways to the railheads. Coal is a product of the country as well as oil and natural gas. We therefore have a foundation for a large and prosperous settlement. This region began to pour its wealth into the Ottawa valley and into Montreal in 1793 during the period of fur trading.

To get back to the subsidy on lines north of the great lakes, that is something that is of interest to every manufacturer in eastern Canada. Every time I travel to this eastern country I meet freight cars loaded with farm machinery, such as tractors and combines going from Brantford, Toronto, Woodstock, London and these other industrial points into the western country and certainly up into the country which I represent. I can recall the date of the formation of the Crowsnest pass agreement as to rates. At that time the railway moguls of this land—and they were men of great vision, great energy and fearless in their desire to throw new lines of rail into new valleys—believed that when they had negotiated the Crowsnest pass agreement they had done a great service not only for themselves but for the country; and I believe that to be the case. The government of the day was anxious to see the development of these valleys out in the west. These men who represented the towns and cities of western Ontario were interested in building up the industrial success of Ontario. Massey-Harris, Cockshutt, Gould, Shaply and Muir, and other companies of that day were encouraged to extend credit and to send their products out into the western land. As I say, the Crowsnest pass agreement was an instrument of great value both to the west and to the east; it no doubt helped to tie this country together in bonds of good will.

May I say that when the Crowsnest pass agreement was drawn up provision was made therein for a large subsidy to the railway which was to be constructed in the Crowsnest pass. Provision was made for the granting of farm lands and timber lands, of coal in the Kootenay country, and of other lands containing oil and gas. It is within the memory of men who are here today that certain eastern gentlemen profited greatly from the development—I will not say exploitation—of the natural resources of that part of southern British Columbia. When we hear there is any desire to withdraw this agreement or to cancel it, we should bear in mind the large contribution which the people of Canada have already made for the institution of that agreement and for the carrying out of it for more than a half century. In the construction of all these railways, the government of Canada contributed substantial grants either of land or money, or of both, so that our new west could be developed.

I ask today that the government of Canada continue that wise policy which has paid off so well to the country in the past. I hope these lines that I ask for will be extended from Hines Creek into the coal measures at Hudson's Hope, B.C., and connect up with Prince George and with the Canadian National Railways at that point.

In referring to that extension as a peacetime project, I would bring to mind today that it is essential that the northwestern country should enjoy the best of military defence and that the construction of highways, railways, airways and communications up there would be valuable to us today and to our allies not as a peacetime enterprise alone but also as an enterprise for the defence of Canada and our allies on this North American continent. I therefore hope that this bill may be carried through and that with it may come about a solution of the problems which have so long caused dissatisfaction not only in my own riding but throughout British Columbia. Our natural market place there is at Vancouver, the great seaport on the Pacific, or alternatively Prince Rupert, a sister seaport; but we are compelled now to send our produce back into the interior of Canada five hundred miles, have it return from there and proceed on down to Pacific tidewater. Can you imagine anyone shipping goods from Ottawa, let us say, to the great city of Quebec, but before sending the merchandise on directly to Quebec detouring these carloads down to Windsor, Ontario, and then shipping them back? It is a wholly unscientific thing, and certainly is a costly thing to do. It places great hardship upon our people, adding to the cost of hauling every bushel of grain out of that country, thereby adding to the cost of living and putting an extra burden upon the householder. I hope that we may work out, and that this bill will be the first step in doing so, a policy for the sensible solution of the freight rate problems of the Peace river country. If this parliament can work out a system of equalized freight rates which will please all parts of Canada, then it will indeed have accomplished the greatest work any parliament could do, because I do not think there is any other thing which touches so many of us as does the cost of hauling commodities from here to there. I am sure that the Minister of Transport (Mr. Chevrier) is a man who possesses the statesmanship and ability to direct through this house this measure which is now before us; and if it does what I hope it will do, it will bring credit to him and will be a blessing—as the poet said of the quality of mercy—both to "him that gives and him that takes".

Mr. J. G. Diefenbaker (Lake Centre): At this time in the debate, Mr. Speaker, there are few new features that remain to be discussed. But I do join in the hope expressed by the hon. member for Cariboo (Mr. Murray) in his concluding remarks that this legislation, providing as it does a blueprint to the board, will be implemented in order to remove inequities in the freight rate structure that have proven so detrimental for the prairie provinces and the maritimes. The prairies and the maritimes have been in a similar position. I speak particularly for the prairies, where the dice have been loaded against the diversification of industry. Discriminatory freight rates, intensified by reason of the horizontal increases during the last few years, have actually had the effect of denying the prairie provinces the opportunity of becoming diversified in industry.

I believe this question was well summarized by the Alberta government in one of its submissions, wherein it is stated:

> The railways would be compelled to set rates in such a way as not to discourage the establishment of secondary industries near primary production points. Alberta claims the present rates set up discourage this type of industry in the province, particularly with reference to livestock processing.

In Saskatchewan, suffering as we have from discriminatory freight rates, we cannot hope at any time to have established in our province those industries that are particularly fitted for establishment there by reason of the presence of the raw products.

The purpose of this bill, as its contents indicate, is a fine one. I believe the whole purpose may be summarized by a rereading of section 332A wherein it is stated:

> It is hereby declared to be the national freight rates policy that, subject to the exceptions specified in subsection four, every railway company shall, so far as is reasonably possible, in respect of all freight traffic of the same description, and carried on or upon the like kind of cars or conveyances, passing over all lines or routes of the company in Canada, charge tolls to all persons at the same rate, whether by weight, mileage or otherwise.

That is a fine principle. But by the time one reads subsection 4 it has been watered down to such an extent that it amounts to little more than a declaration of pious purpose. It gives hope. It promises the removal of discrimination, and then by provisos it disappoints the hopes that are raised by the first paragraph. Naturally, we on the prairies desire a continuation in perpetuity of the Crowsnest rates, and the maritimes have the right to the maintenance of the provisions of the Maritime Freight Rates Act. The other provisos have the effect of emasculating the great principle that is set forth as the purpose of the bill. The minister did not set any target date as to when the work of redrawing the freight tariffs would be completed. For a period of three years now the board has been operating under order in council of April 7, 1948, which was declaratory of much the same principle. As yet we have seen nothing to indicate that the board has done anything to remove the existent discrimination against the prairies and the maritimes.

The principle declared is a good one, but we should have the assurance of the minister that it is going to be more than that. We should have the assurance that at the earliest possible date—I do not mean five or ten years hence—the board will carry out the principle enunciated. I believe we should have the views of the minister as to the directions he intends to give the board concerning the time within which this work is to be completed. Otherwise, it may be nothing but a declaration in a statute, and the implementation may or may not take place within our lifetime.

To remove the discrimination that now exists against the western provinces, $7 million is to be granted as a subsidy. This is to cover the cost of maintaining the bridge between eastern and western Canada. If that $7 million goes into the general fund of the railways it certainly will not have the result it would have if it were applied directly to the accounts of the respective railways for the purpose of reducing the cost of transportation to the west. A principle enunciated in a statute if not carried into effect, however, will do little to remove the discrimination which exists.

I should like to make a passing reference to the discrimination that denies full use of the Hudson Bay railway. For many years the dangers of transportation through Hudson bay were put forward as a reason for not using that system. My own maternal ancestors were able to come through there 140 years ago with the Selkirk settlers and the Hudson's Bay Company has been able to use that route for more than two hundred years. While some 7 million bushels of grain were shipped through Hudson bay this year, that represents a small part of the potentialities of that port, providing proper encouragement is given the use of the port. The discriminatory rates that now exist, and to which reference was made by an hon. member earlier in the debate, need to be removed.

There can be no question at all in any part of the country as to the value of transportation, and as to the need of transportation. The discussion regarding the marketing of the western wheat crop this afternoon indicates how important the matter of transportation is to the prairie provinces. Mr. Speaker, I should like to refer to the serious situation in the prairie provinces which indicates how important the transportation problem is. We had great hopes this fall of one of the largest crops in all history. Climatic conditions made it difficult to harvest, and even now in some parts of the province 40 per cent or more of the crop is not harvested. But in these areas where harvesting has taken place, many areas are being denied their fair and proportionate share of the available pool of freight cars.

This afternoon the Minister of Trade and Commerce (Mr. Howe) made a statement and was most optimistic as to the situation. While he spoke a letter was delivered to me in the chamber, in which the situation at Hawarden, Saskatchewan, was set forth in detail. In that area, where crop conditions were particularly good, the letter reports that until a week ago only 13 freight cars had been made available. Millions of bushels of wheat, on the prairies, wheat that could be milled into flour, is lying out, and no storage or transportation facilities are available.

Early in September, after Mr. Milner was appointed to the position of controller, he gave a most optimistic statement. He said in effect that everything would turn out all right; that there were the necessary freight cars and the transportation facilities available. And since then, week by week, in place of delivery of freight cars the western farmer has had optimistic statistics substituted.

In tracing the record, which I have before me, I find first the statement of Mr. Milner

which was reported in the *Western Producer* of September 20. In this statement he is reported thus:

"We have the transportation to handle grain both by rail and on the lakes," he stated.

Mr. Milner agreed that up to now availability of lake boats had been a matter which caused some concern, but he believed there would be an ample number of boats on hand when they were needed.

He noted that a number of lake boats now were carrying ore but said ore transportation usually ended about November 10 due to cold weather which made the handling of ore extremely difficult, if not impossible.

For two months prior to that date the general attitude of those in charge of transportation for the prospective wheat crop was that all would be well. It was contended that there was no problem. A controller was appointed, finally, and he made what the *Western Producer* described in an editorial on September 20 a most optimistic statement:

The federal transport controller, Roy Milner, has given in a press interview a rather surprisingly optimistic view of the problems which confront him in his new job. It will not, he says, be nearly as difficult as originally anticipated. "We have," he went on, "the transportation to handle the shipment of the grain both by rail and on the lakes." Admitting that there were still a few kinks to be ironed out he indicated that the lateness of the season had provided time for arranging a well organized movement of the crop. He did not look for any acute bottleneck developing. He also agreed that there were ample box cars in the west for the present.

That was on September 20. We have heard nothing since that indicates that the optimism in that statement was borne out by subsequent events. There was an editorial in the *Western Producer* of September 27, pointing out the serious situation in the west. It is entitled "Box Cars", and it reads as follows:

Quite likely by this time Roy Milner, the transport controller, has had second thoughts about the highly optimistic interview on the movement of the crop which he gave only a week ago. Certainly every authoritative report on prevailing conditions since that time seems to contradict it. As far as can be judged the problem extends all the way from the farm to the country elevator, to the railroad box car, to the terminals, to lake shipping, on to ocean shipping and even, it is stated, to the storage capacity of overseas customers. Every passing day only serves to underline the magnitude of the task that lies ahead. Far from being exaggerated it seems rather that its scope and ramifications have not yet been fully apprehended.

There was no effective action up to October 11. Farmers found themselves in the position of having their grain threshed but being unable to move it, and having no storage facilities. Many elevators were plugged with wheat that was left over from last year, some part of it unmarketable for flour. The Manitoba pool president in a radio address which was reported on October 11 said:

We are greatly concerned about many of our elevators on Canadian Pacific Railway lines, because many of those points are not getting as good car service as the average point on the Canadian National Railway lines. When Mr. Roy Milner was appointed transport controller, I immediately advised him that Manitoba pool elevators would lend him every support to facilitate his onerous duties.

Wheat has continued since to pile up on the farms, indicating the importance of transportation to the prairie provinces. On October 18 the following facts were set out in an article in the *Western Producer*, entitled "Box car supply lags far behind deliveries." It says that deliveries on the prairies were running on high. Then the article goes on:

According to figures released by the Saskatchewan wheat pool last Saturday, pool facilities in Saskatchewan were plugged at 365 points. Of this number 255 points were on the C.P.R. lines and 110 points were on C.N.R. lines.

That was on October 18. The situation was getting worse all the time and in place of effective action being taken another optimistic statement was issued by the minister. Finally on October 25, according to the *Western Producer*:

The Saskatchewan wheat pool last Friday wired to Trade Minister C. D. Howe advising him that the pool had several hundred elevators plugged, and that almost without exception, every elevator in the system had milling grades available in carload loads, ready for immediate shipment.

The pool wire advised Mr. Howe that there were millions of bushels of millable wheat in Saskatchewan, . . .

The wire concluded with this statement:

Send us box cars and we'll send the wheat.

This was an answer to the Minister of Trade and Commerce who in reply to a question by myself last week said in effect: We cannot get enough millable wheat. The pools said: All that is required to get it out is the necessary box cars. This just indicates how the situation was worsening.

By the end of the week between 500 and 600 pool elevators were plugged.

This indicates an increase of over a hundred elevators during the week that had become plugged with wheat. The statement goes on to say:

Of 528 pool elevators plugged by October 18, 334 of these points were on C.P.R. lines and 194 were on C.N.R. lines.

There is the transportation situation in the west. Some days ago the minister gave an optimistic statement. He made another one today. While optimistic statements are being turned out, the situation on the prairies is worsening to a calamitous extent. I make this plea. In place of the rosy statements, let us have a full and complete analysis of the box car situation in western Canada; for I say to you, sir, while parliament has been sitting during the last three weeks, the situation has become worse and worse, and

farmers in large areas of Saskatchewan are calling upon parliament to do something in order to meet the transportation crisis that faces them. It is a serious matter. Tens of millions of bushels are in danger. I am not speaking about the wheat and other crops that are under snow; the government is not responsible for that. But I am speaking about the tens of millions of bushels the farmers have that are deteriorating in grade as a result of there being no available storage.

In place of optimistic statements, which began last June when it was first realized that a large crop might be expected, even now, late as it is, action must be taken of a drastic and definite nature. If the Department of Trade and Commerce will give support to the controller, and if the Minister of Transport (Mr. Chevrier) will lend his prestige, to which reference was made by the hon. member who preceded me in the debate, and put his weight behind it, I am sure something can be accomplished. Because if something drastic is not done then I am rueful of the future of considerable areas of the province of Saskatchewan.

Farmers are asking for action; they are calling for it. There is no member in the house from the prairie provinces who has not received many letters asking that something be done. It is true that storage difficulties in some localities may have been intensified when the quota was removed in certain areas. When wheat came in from thirty or forty miles away, into elevators that were empty, the local farmers who had not threshed at that time found themselves in a position where, when finally they did thresh, or when the combining was done, there was no available space in the elevators.

There has been too little action—and too much tinkering. The farmers in Saskatchewan are asking a mobilization of effort. The power to do so is available. The controller has exceedingly wide powers. There is a crisis and, according to the statistics I have read to the house, that crisis is becoming worse instead of better, as the Minister of Trade and Commerce would have had the house believe in his statement this afternoon.

The figures showing the number of elevators that were full, given for the week of October 12, had increased on October 25. No relief has been given in many of the areas affected in the last month. For that reason transportation is of such importance to the farmers on the prairies that I make this appeal—not an appeal for statistics that march in optimistic array but for some action on the part of parliament. Let us have action on the part of the Department of Transport—for the farmers who are asking for action.

I know every member in the house, no matter on which side he may be, realizes the seriousness of the situation.

There is only one thing to do, and that is to act now. It is late; great damage, irreparable damage, has been done. But the crisis continues and intensifies, and I do ask that something drastic and definite be done immediately. Mr. Milner has said in effect: We have lots of box cars. Well, where are those box cars? They are certainly not on the prairies. In August he said in effect: There is nothing to fear; we have the necessary facilities and transportation. We have every transportation facility available.

September, October—we now approach November; and today the minister said in effect: "I am not going to say that we are not going to give consideration to the advancing of money to the farmers for their crops in storage." If this matter had been faced in July or in June, we would not have the present situation. I brought it up in June, and the minister contended that all would be well. I pointed out then that there were a hundred millions of bushels of last year's crop in storage at terminals and in the prairies.

The transport controller was appointed too late. But even after his appointment, had he acted, with the absolute power he possesses, the situation would be different from what it is. We have to deal with present conditions. I ask the government, with all the power I have at my disposal, to do something. This transportation tie-up in the west, this bottleneck, is going to cause tens of millions of dollars of loss to western farmers. That loss could have been prevented had there been a forthright policy on transportation.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, before the minister replies, to close the debate, I should like to say a few words. First of all I wish to support hon. members from rural areas in the prairie provinces in their appeal to the government to see to it that the necessary action is taken to get the crop moved out from those areas on the prairies where it is still congested.

I cannot help recalling the occasions last spring when members of this group—the hon. member for Assiniboia (Mr. Argue), the hon. member for Melfort (Mr. Wright) and others—pleaded for the appointment of the controller, and urged the Minister of Transport (Mr. Chevrier) to take action to deal with this matter. At that time the government gave the assurance that all would be well. But the delay in dealing with the problem at that time has resulted in a worsening of the situation now confronting us. All of us from the west, including those of us from the cities, realize how important this matter is to our

whole economy; and I certainly hope the appeals being made to the government will be given attention and that action will be taken.

I would express the hope, too, that when the minister rises to close the debate he will deal specifically with the request made from this side of the house for information as to the basis upon which the $7 million subsidy, in connection with the bridge between east and west, is to be paid. One of the reasons I press for specific information is that when we were in committee on the resolution preceding the bill I asked the minister a similar question, to which he was unable to give a precise answer.

I point out to the minister that the recommendation in the report of the royal commission upon which that part of Bill No. 12 is based is to be found at pages 253 and 254 of the Turgeon commission report.

Having discussed the desirability of a subsidy with respect to the maintenance of the track between east and west, the commissioners say:

> This arrangement would reduce the expense of the railways by relieving them of a liability for which at present they have to recoup themselves by means of relatively high freight charges on the through traffic passing over this bridge between the two areas.

It is clear they were concerned about the burdensome freight rates being charged to move freight over that line of track now described as a bridge. Later on, at page 254, the commissioners recommend the payment of approximately $7 million annually and they say:

> It is expected that the assistance herein provided will be particularly effective as a measure of relief in the case of charges on westbound traffic passing over this bridge.

It is quite clear from that sentence that what the commissioners had in mind was that the $7 million should be given in such a way as to result in a reduction of the freight rates being charged for carrying freight over a specific section of track, namely, from Sudbury to Fort William on the Canadian Pacific and from Capreol to Fort William and Cochrane to Armstrong on the Canadian National. Despite the definiteness of the recommendation made by the royal commissioners, the bill before us in so far as that section is concerned does not set out any formula on the basis of which that $7 million is to be paid.

It would appear that it is simply to be a contribution to the two railroads. As other hon. members have said, if that is the case its effect, if any at all, on freight rates over the bridge between the east and west will be negligible. Even if the $7 million is earmarked in such a way as to reduce freight charges over that specific section of trackage, it still will not give much help to the cause the commissioners had in mind. Certainly it will give almost no help if it just goes into the coffers of the railroads.

No doubt the minister will tell me that all this has been said half a dozen times, but it seems to me to be most important in connection with the payment of $7 million that we should have a clear statement. I for one feel that this matter should have been spelled out in the bill so that we would know precisely how this payment will be made.

Similarly I feel that the bill does not go far enough when it says that if the two railroads bill the government for more than $7 million as the cost of maintaining their tracks in that area known as the bridge, the $7 million shall be divided between the two companies in proportion to the amounts for which they bill the government. In other words, there is no provision for auditing the accounts of the railways or for checking their relative cost per mile for track maintenance. It seems to me there should be some provision with respect to that phase of the matter. I hope the minister will deal with these two aspects of the problem.

Just a few words about one other matter which arises out of a most interesting chapter in the Turgeon commission report, the chapter which follows the one dealing with the rail link between east and west. I refer to chapter XII, which is entitled "Relations between Railway Companies and Employees". What I find most interesting about this chapter is that the commissioners considered the suggestions made to them as to alternative ways in which wage rates might be determined but recommended that there be no change in the present collective bargaining arrangements. My view is that the commissioners were very wise in making that recommendation, which is spelled out most definitely in chapter XII.

Unfortunately, as I have pointed out on other occasions—but once again I direct it to the attention of the minister—the normal collective bargaining process governing railway employees is at this moment hamstrung. It has been interfered with by the provisions of the bill brought in by the government and passed by parliament in August, 1950, which had the effect of freezing railway wages for a period of two years from September 1, 1950, to September 1, 1952.

I feel that I should draw the attention of the minister to the complaints that are coming in from railway workers all over the country

with respect to that situation and to the fact that during this two-year period they are denied the normal processes of collective bargaining which the commissioners say is the way to deal with these matters.

The fact of the matter is that by virtue of Bill No. 1 of August, 1950, and the Kellock award which was based on that bill an increase of seven cents per hour was given to the employees. When Mr. Justice Kellock made his report he made it quite clear that in order to maintain the cost of living and wage relationship of these employees with what it was in June, 1948, he should have given them 10·2 cents per hour. But Bill No. 1 fixed a ceiling on that increase of 7 cents an hour. In other words he made it clear that at that time railway employees were already 3·2 cents an hour short of what they should have had just to maintain their standard of living of June, 1948.

It takes only a little bit of simple arithmetic to project the reasoning of Mr. Justice Kellock to the present time. When you take today's cost of living and compare it with what it was in June, 1948, as Mr. Justice Kellock did as between September 1, 1950, and June, 1948, you come to the realization that these employees are now 16·9 cents an hour behind rather than just the 3·2 cents per hour they were behind when Mr. Justice Kellock made his award in 1950.

The employees of the railways realize that they are employed by two separate companies, one privately owned and the other owned by the government. They realize that normally they have to deal with those companies in connection with these matters, but many of them feel strongly that in this case their problem is to a large extent the responsibility of parliament and of the government because of the wage-freezing law which so far as their wages are concerned is still in effect. That is the reason why many resolutions are coming in from railway lodges across the country asking for a cost of living bonus or some other adjustment in their wages. In some cases they call upon the government to introduce legislation relaxing the provisions of Bill No. 1 of last fall so that they can at least maintain the position that was awarded to them as a result of Mr. Justice Kellock's report, which he made in December, 1950.

This is a matter of extreme importance. I welcome this expression by the Turgeon commission to the effect that from the employee-employer relationship standpoint it is best that the collective bargaining process continue. My point is that that process is being interfered with at the present time. I feel that the employees are right in expressing the view that it is the responsibility of the government to look at their situation and see if something cannot be done to bridge the gap between what their purchasing power was in June, 1948, and what it is today. There is a difference of 16·9 cents an hour by virtue of a bill introduced by the government and passed by this parliament in August, 1950, and I support the view of the employees that it is the responsibility of the government to rectify that situation.

I shall not take more time of the house at this juncture to deal with these matters. But I did want to support the appeal for action with regard to moving the crop from the west and to bring these other matters to the attention of the government.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, following up the questions raised by the hon. member for Winnipeg North Centre (Mr. Knowles) with regard to the $7 million payment, I suggest to the minister that he relate this payment to the gross incomes of the two railroads. I have before me the gross revenue of the Canadian National for 1949 which is given as $500 million, and I do not suppose the Canadian Pacific would be much less. I think it would be a matter of great interest if the $7 million was related to those gross totals.

Mr. J. A. Ross (Souris): Mr. Speaker, I shall be brief but I did want to say something about the transportation bottleneck that exists at the moment. In principle I think this subsidy of $7 million to the railroads to cover the dead haul across northern Ontario is all to the good, but like the previous two or three speakers I am dubious as to whether it will bring about any great improvement in rates.

The point I wanted to deal with particularly was this terrific bottleneck existing in the prairie provinces, the effect of which is being felt much more in Saskatchewan than in Manitoba or Alberta. It is a very serious problem for all three provinces. As reported in the press, when the Minister of Transport (Mr. Chevrier) was passing through Winnipeg early in August he stated that there would be no box car problem at all, that the situation was well in hand and that satisfactory arrangements had been made for handling the great crop that was in prospect. I remember reading the statement and having some doubts about it, but nevertheless many farmers were caught off their guard. They thought everything was fine so far as the handling of the great crop then in prospect was concerned.

As has been stated already, I do not think the transport controller was appointed soon

enough. He should have been appointed earlier in the year and given a chance to prepare his program for the transportation of the crop. I think he has been handicapped. Time has passed and the situation has become progressively and rapidly worse since the statement made by the minister. A few weeks ago a joint statement was issued by the transport controller and the chairman of the Canadian wheat board about the condition of the grain in the prairie provinces. A directive for the movement of that grain was issued pointing out that they could only attempt the moving of millable grain, and that therefore they would not touch points where there was low grade grain. The point was made that in the province of Manitoba there was little or no millable grain handled.

The following evening, after the head of the Manitoba pool, Mr. Parker, had made a survey of the elevators of the province, he went on the air and contradicted the statement made by the transport controller and the chairman of the wheat board. He pointed out the exact numbers of millions of bushels of millable wheat that were in storage. He gave the amount by elevators and the location of the elevators in the province of Manitoba. Therefore the whole matter has become most confusing to the farmers. The weather has been very bad, although we cannot blame the officials for that. We have had probably one of the worst seasons in forty or fifty years. When we have tried to raise this question on orders of the day and in other debates I do not think we have received a satisfactory answer from the ministers responsible. It is true that it is chiefly a matter for the Minister of Trade and Commerce (Mr. Howe), who is not responsible for the measure before us now.

We have been given the runaround to some extent. It is a very bad economic set-up for many farmers in the prairie provinces. The weather is still bad in some parts and in many instances the grain that has been harvested has been piled in the fields. That is not so bad for wheat and coarse grains but it is no good for flax. In the last newspaper I received from my district it is pointed out that on the Estevan line every elevator is plugged solid from Napinka, Manitoba, to Oxbow, Saskatchewan. In that area there is a lot of flax grown and you cannot harvest flax and leave it out in the open without terrific loss. It has to be stored somewhere. I want to endorse what has been said by the hon. member for Lake Centre (Mr. Diefenbaker) and other members from the prairies, namely, that even at this late date the minister should try to bring about a more effective policy and have the transport controller take more effective steps for the handling of the grain. I was not satisfied with the answer given by the Minister of Trade and Commerce this afternoon. I think these people are entitled to much more authentic information and more action than has been the case. I hope the minister will be able to bring that about.

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker—

Mr. Deputy Speaker: I must inform the house that if the minister speaks now he will close the debate.

Mr. Chevrier: Mr. Speaker, the three last hon. gentlemen who have just made speeches will pardon me if I do not follow them in their observations and in the complaints and grievances which they have raised, because I say to them respectively that, in so far as the last part of the remarks of the hon. member for Winnipeg North Centre (Mr. Knowles), the last part of the remarks of the hon. member for Lake Centre (Mr. Diefenbaker), and the whole of the remarks of the hon. member for Souris (Mr. Ross) are concerned, they are, with respect, entirely out of order. I submit that this bill is not the place to discuss these grievances. I presume there will be an opportunity to do so from time to time. There is the address in reply to the speech from the throne, and there will be other opportunities when these very important questions can be debated. It is because of their importance that I did not rise on a point of order to interrupt the hon. gentlemen.

The matter before the house is Bill No. 12, an act to amend the Railway Act. It, the act to amend the Canadian National-Canadian Pacific Act, and the act to amend the Maritime Freight Rates Act are bills of the utmost importance and bills which seek to implement the recommendations of the royal commission. The debate that has taken place on the first of these measures has been a good one, and I am sure that I reflect the feelings of the members of this house when I say that a contribution has been made by those who have spoken thus far. I want to express my thanks to those who have taken part. I believe that every member who has done so has contributed something to the debate.

I want to single out especially three members. First of all I want to refer to the hon. member for Peace River (Mr. Low). Here I pause to say that it is refreshing that from time to time a member in the opposition should rise and give to a bill such as this one almost unqualified support. After all, there are bound to be differences of opinion on

legislation. I know too that, while this legislation does not meet fully the wishes of the hon. member for Peace River, nevertheless he co-operated and made a speech which I think it was extremely refreshing to hear, and I thank him for it.

I also want to single out one of my colleagues on this side of the house, the junior member for Halifax.

Mr. Knowles: The senior member.

Mr. Chevrier: The senior member for Halifax (Mr. Dickey). I do not know why I said "junior". Perhaps it is because of his appearance, but in any event he is the senior member. I single him out because I think that he has dealt with the meat of the bill and certainly has expressed my feelings on it which I will add to, if I can, as the debate progresses.

I also want to make special reference to the hon. member for Annapolis-Kings (Mr. Nowlan). I think his speech was an objective one. I do not think he had in his mind any intention of raising points other than those which he thought should be made in the debate, and for his objectiveness in that respect I think he should be commended. In the short time at my disposal it is impossible for me to deal with all the objections, complaints and points which were raised. However, I want to deal with most of them, and in doing so I feel I have to divide them under three heads because I think the objections raised to the legislation by certain of the members who have spoken can be segregated in three divisions. First, there are those dealing with the board of transport commissioners; next, those dealing with increases in freight rates, and finally those dealing with equalization and its relationship to the maritime provinces.

The hon. member for Vancouver-Quadra (Mr. Green) made two points. He said that the board should be strengthened and he complained about the fact that the government had given no indication of its policy with reference to the other recommendations of the royal commission. His criticism of the board was a mild criticism. It was fair criticism, and if he will allow me I will deal with it now. The hon. member for Vancouver-Quadra—and he was joined by the hon. member for Rosetown-Biggar (Mr. Coldwell)—stated that the board was not sufficiently strong, that there was not adequate staff, and that the board should be strengthened. The government has moved to strengthen the board on two occasions. Following the illness of Colonel Cross after one of the hearings—I believe it was the twenty-one per cent case—the government acted by the appointment of Mr. Justice Archibald. Later on it added to the board Mr. Howard Chase and Mr. Patterson about whom we have heard a great deal. I think there can be no doubt that these three men added a great deal of strength to the membership of the board.

Let me pause here for a moment to say that there is no doubt in the world that when an increase in freight rates comes, no matter whence it comes, there is bound to be criticism. If the board of transport commissioners had resisted all along the line these applications for an increase in freight rates, probably in the minds of the public, and certainly in the minds of the members of the House of Commons, it would have been a good board and there would have been no suggestion of strengthening it. That is only natural. After all, we as individuals resent the fact that we have to pay more for our transportation just as we resent having to pay more for the other things that have added to the cost of living. I therefore say that the government has met that criticism by the addition of these three men and again recently by the appointment of John D. Kearney.

But before I come to that matter, let me say a word about Mr. Justice Archibald. I do not think that any member of the board had at heart more than he did the interest of the provinces. I do not think that any member of the board appreciated with greater sympathy and understood with greater accuracy the wishes and desires of the provinces. Notwithstanding that fact, during his tenure of office there was a series of increases in freight rates. The point is this. The board, on each occasion, was faced with a revenue case. The board met it on the basis of the evidence; and the board had no other alternative, having regard to the evidence which was placed before it, than to grant the increase. In fact, because it did not grant the increase fast enough and because it did not take into consideration the fact that there had been an increase in wage rates among railway workers, the Supreme Court of Canada overruled the board and said: You should have acted in a different manner earlier and therefore should have given to the railways that which they sought. It is easy to complain about the personnel of the board and its alleged weakness; but we all know that the board is a court of record, must deal with evidence, and must base its judgment upon the evidence placed before it.

The government has acted recently by the appointment of Mr. John D. Kearney and I hope that his appointment will add great strength to the board; in fact, I am positive that this will be the result. I agree with both hon. gentlemen in that the board

is lacking in expert staff. That is a fact. The board has not the required technical assistance. It has not the required traffic advisers that it should have, but I rose in this house more than two years ago and explained why that was so. The reasons are the same today as they were then, and are simply that traffic experts are almost impossible to find in this country. The railways have some. Certain of the governments of the various provinces succeeded in employing some but only quite recently. They are most difficult to get. There is no dearth of accountancy personnel on the board; but there is a dearth of traffic experts. I can assure the house that if they were available as easily as it is thought, the board unquestionably would have had them.

What did the royal commission have to say about the board of transport commissioners? The royal commission dealt at some length with some of the charges that had been made against the board, one of the main charges being that the board was not performing its duties and carrying out its responsibilities, and that its duties should be changed. The royal commission on transportation found that the board of transport commissioners had all the powers required under the Railway Act and that its duties should not be changed. It made some commendation of the board and it made some criticism of the board, but I am not going to go into that matter because the report is there to be read by hon. members of the house. But one of the main complaints is answered when the royal commission states that the duties of the board should not be changed. Neither does the commission recommend that its powers be broadened.

Then I come to the second complaint made by the hon. member for Vancouver-Quadra (Mr. Green) in that he said that the government gives no indication of its policy with reference to the refinancing of the Canadian National Railways and the co-ordination of transportation facilities. I do not take that complaint too seriously, Mr. Speaker, and I hope the hon. member will not take me to task for that. But it must be remembered that the report of the royal commission on transportation was tabled on March 15 by the Prime Minister (Mr. St. Laurent) in this house and notice of the first bills—which were these bills or similar ones—appeared in *Votes and Proceedings* on June 12, 1951, less than three months after the report of the royal commission. It will thus be seen that the government moved fairly quickly in its policy concerning the first part of the report of the royal commission.

As to the other two matters, that of the financial structure of the Canadian National Railways, this is a fairly complicated matter and one which must be considered carefully, as is the other part of the report having to do with the co-ordination of transportation facilities. At that time the government knew that the case having to do with the operation of motor bus service was before the Supreme Court of Canada, and it was felt that no decision could be taken on either of those two matters until some greater opportunity outside the session was afforded to us to consider them. I think that was a logical conclusion to reach.

I now come to the speech of the hon. member for Rosetown-Biggar. He asked, as did the hon. member for Winnipeg North Centre (Mr. Knowles), for some explanation about the rail link. He asked: What is the minister's suggestion for the basis of this section? What does the section mean? Who is to determine this? The hon. member for Greenwood (Mr. Macdonnell) also asked certain questions with reference to that matter. I have no intention of spelling out what the meaning of the section is. I will give what I think it means and then make a comment or two on it. As I understand it, section 18 (1) (a) of this bill means that the Canadian Pacific Railway is to receive the annual cost of maintaining 552 miles of trackage, subject to subsection 4 of the section, namely, if the total cost for both railways exceeds $7 million. Section 18 (1) (b) means that the Canadian National Railways is to receive the annual cost of maintaining 552 miles of trackage out of the total trackage involved of 985 miles, subject also to the provisions of subsection 4. Subsection 2 of section 18 means that the board is to determine what actual trackage is to be used. It would mean that it could fix the actual trackage to be included, such as main track, passing track, sidings, yards, etc. The board is to determine also the annual cost to each company for the actual trackage so determined, and for inclusion of the scope of payment.

As I indicated earlier, and I repeat now, this bill and section 18 as well contain our understanding of the recommendations of the commission in that chapter having to do with the link between the east and the west. The committee charged with drafting this legislation thought, and we agreed and it was our intention, that they should put into the legislation the main principles and the main recommendations contained in this report. It may be that there are parts of this legislation that still have to be reviewed. I have no doubt that there are details in connection

with this section that have to be clarified because the formula as given in that chapter is not a clear formula. Certainly, it is one that will have to be studied with care in the committee when we get to that stage. I hope that a section can be adopted which will meet the intention the members of the royal commission had when they wrote the chapter, and certainly the intention we had when we decided to put the recommendation into legislation.

The hon. member for Rosetown-Biggar (Mr. Coldwell) said that the steps envisaged in this bill are inadequate to meet the position today, and that the subsidy is also quite inadequate. I do not blame him too much for taking that attitude, but I think we should see what the member said when this report was tabled and discussed on my estimates. I quote from his statement as it appears at page 1945 of *Hansard* for April 12, 1951.

> I think that the members of the board, the Hon. W. F. A. Turgeon, Dr. H. F. Angus and Dr. H. A. Innis, did a very fine job indeed for Canada when they made this inquiry and wrote their report.

At page 1949, he said:

> I want to say again that I believe the royal commission did a splendid job for Canada. The commission members are to be congratulated. The main recommendations of the report I believe are of such a nature that this house would be well advised to give early consideration to them, and to enacting legislation to bring into effect, as soon as we can, those that we feel are in the interests of Canada.

Now, that is exactly what we are doing. We are bringing into effect by way of legislation those recommendations which we feel are in the general interests of Canada.

Mr. Coldwell: I do not want to withdraw anything that I said in that regard, but we have had an opportunity of studying this $7 million and I still think it is inadequate, though I believe the recommendation is a step in the right direction.

Mr. Chevrier: I want to point out, to those in the house who always say it is good but it does not go far enough, that the $7 million was in the report. The hon. member knew about the subsidy when he read the report. It has not been changed from the time he read the report in March of this year until now, and all we are doing is putting the $7 million into this bill.

Mr. Coldwell: It depends upon how it is going to be used.

Mr. Chevrier: True, and I am trying to explain that the details of that should be worked out in the committee. I do not want to be facetious, but I believe I should point out that all those members who said a great job had been done by the Turgeon commission, that these were excellent recommendations and should be carried into effect at the earliest possible moment, seem now to say —at least some of them—that this legislation does not go far enough; the subsidy is not enough; it does not do this or that. These are the same recommendations which existed in March of this year, and the legislation is the same with the exception of two sections that have been added. I do not want to pursue that matter any further.

Let me go on now with the other headings under which criticisms were made, one of which was the increase in freight rates. Many members criticized and deprecated the fact that there had been a series of increases of freight rates in Canada over the last several years. I can tell those hon. members that I did not like those increases any more than they did. I have already made the point: if the railways were able to make a case before the board, then why should they not be entitled to the increases? If the railways were able to prove that their costs had gone up, wages and costs of materials had risen, why should they not, under the Railway Act, be entitled to the increases?

In order that there may be no misapprehension about these increases, let us go into the history of them for a few minutes. I shall do it as briefly as I can. Generally speaking, within the last forty years railway rates may be divided into four periods. First, there was the period from 1903 to 1915, which may be called a period of gradual lowering of rates. Then there was the second period, that between 1916 and 1920, which may be characterized as one of substantial increases to meet war and post-war conditions. As a result of world war I the railways experienced greatly increased operating and maintenance costs which necessitated four general increases in freight rates. First, the 15 per cent case, which was the first increase in freight rates following world war I, was made in 1917. It followed an application by the railways to the board of transport commissioners consequent upon a 15 per cent increase in freight rates in the United States.

The next increase was known as the 25 per cent case. It was the second increase, and came about in 1918, and followed the McAdoo award in the United States. This increase—I ask the members to note this—was by direction of the cabinet to the board. There was no hearing, relatively speaking. The cabinet simply directed the board to increase freight rates in order to meet the position brought about by the McAdoo award.

Third, there was the 40 per cent case which came in 1920. It was made upon an

application to the board and after a hearing. It provided for a general increase of 40 per cent in eastern Canada and 35 per cent in western Canada. I add this, that those increases totalled together represent a 111 per cent increase in freight rates in Canada following world war I. There has been some complaint here about the present increases, but they certainly have not reached that stage.

The third period was from 1921 to 1940 and was one of continued decline from the peak of 1920. It was marked by a considerable increase in competition. Generally, the structure was modified downward in the following manner. First, in January of 1921 there was a reduction of 5 per cent from the 40 per cent increase in eastern territory mentioned earlier, and a 5 per cent reduction in the 35 per cent increase in western territory. In December, 1921, there was a further reduction of 10 per cent, bringing the 40 per cent increase down to 25 per cent in eastern territory and 20 per cent in western territory. In 1922 certain reductions were directed on basic commodities such as grain and grain products and coal. Fourth, the mountain differential was further reduced to a factor of one and a quarter miles on the prairies equalling one mile on the Pacific coast. Fifth, in 1923 reductions were ordered in export rates on grain from western Canada to Pacific coast ports. Sixth, in 1925 the Crowsnest pass rates established in 1897 were incorporated into the Railway Act and made applicable only to grain, thereby creating within the Railway Act statutory rates which have since prevailed at the 1897 level. Seventh, in 1927 the Maritime Freight Rates Act was passed, which gave to the select territory a reduction of 20 per cent in the rates within and outward from the maritime territory.

A fourth period is that extending from 1941 to 1947, the period during which, because of the regulations of the wartime prices and trade board, freight rates were frozen in Canada. Hence, from 1920 to 1947 there were no increases in freight rates in Canada; on the contrary there were many decreases in commodity, competitive and special rates.

Mr. Coldwell: The minister did not refer to the fact that some benefits under the Crowsnest agreement were withdrawn in 1925.

Mr. Chevrier: My hon. friend is quite right. Some benefits were withdrawn during a regime of the opposition; some were withdrawn following the war, but were restored by a government made up of members of the persuasion of this side of the house to the point where they have remained until this time.

Mr. Coldwell: Some were left out in 1925 under the government now in power.

Mr. Chevrier: Well, I was going on to point out that the rates had been frozen until 1947. The house knows what has happened from 1947 until today. I need not go over that, but I do want to make this statement, that notwithstanding everything that has been said, we have in Canada the cheapest freight rates of any country in the world with perhaps one exception. It may interest the house to know that Canada has the cheapest transportation in the world with the exception I mentioned. The average revenue per ton mile is the lowest in the world with this one exception.

Mr. Fraser: What country is the minister referring to?

Mr. Chevrier: It is the United States. The public pays for the transportation of its goods in Canada ·97 cent per ton mile as compared with France, which is 2·30 cents; Germany 2·05 cents; Italy, 2·13 cents; Belgium, 2·11 cents; Australia, 2·47 cents; South Africa, 1·59 cents; Argentina, 1·94 cents and Great Britain, 2·34 cents. I simply wanted to put that statement on the record.

Mr. Green: What is the United States figure?

Mr. Chevrier: I have not the figure, but it is lower than in Canada.

I now wish to make this point. The provinces did not complain so much about the increases. The provinces realized that if the railways were able to make out a case they would be entitled to increases. But what the provinces complained about was the inequality, geographically and climatically, that existed. They also complained about the fact that while these revenue cases were being heard the board was powerless to deal with the removal of the geographic or other difficulties which existed. The primary opposition of the provinces was a revival of the issues of inequalities, inequities, and anomalies under the freight rate structure which for the most part had been dormant following the investigation in 1927.

Then I have these submissions put to me: We want an undertaking that there shall be no further increases until this legislation is enacted, and certainly no further horizontal increases. The royal commission on transportation was asked by certain groups—I need not mention them; the reference can be found in the report—that the governor in council should be given power to direct the board to do thus and so, to direct the board to refuse to increase rates. The royal commission on transportation did not accept this and said it would not be a good thing because after all the board is a court of record charged

with the responsibility of hearing evidence; and if the evidence warrants the increases, be they horizontal or otherwise, it finds in accordance with that evidence. The board, stated the royal commission, should not be interfered with. The royal commission was unable to entertain that position.

That brings me to the last of the complaints, or to the position taken by certain members of the house, namely, equalization, and its relation to the maritime provinces. First of all, what is equalization? It is not an easy thing to define. The royal commission on transportation had some very divergent views put before them as to the meaning of equalization. Certainly when it had some difficulty in arriving at a definition of equalization I should be the last to attempt to define it. Perhaps the best definition that can be given of equalization is found in section 332A (1), which has already been read but which I am sure the house will permit me to read again:

It is hereby declared to be the national freight rates policy that, subject to the exceptions specified in subsection four, every railway company shall, so far as is reasonably possible, in respect of all freight traffic of the same description, and carried on or upon the like kind of cars or conveyances, passing over all lines or routes of the company in Canada, charge tolls to all persons at the same rate, whether by weight, mileage or otherwise.

That is therefore the best definition of equalization I can give at this time. Is equalization desirable? I think every hon. member would say that equalization is desirable if it is possible. That raises a third question: Is equalization possible? Full equalization is certainly not possible, after reading the section further and certainly after considering the report of the transport commissioners. Partial equalization is all that is being sought in this bill. Having dealt with that, it brings me to two questions which were put by certain of the maritime members. One question was: Will equalization increase freight rates in the maritime provinces? The other was: What will be the effect of this legislation upon the maritimes? Well, first I want to put on the record some of the documents that I think need to be put on at this time so the house will glean the intention that appears throughout these documents. The first document I want to quote from is P.C. 1487 which ordered the special investigation into the freight rate structure. It is dated April 7, 1948, and I read the last paragraph thereof only:

The committee, accordingly, advise that the Board of Transport Commissioners for Canada be directed to undertake a general freight rates investigation along the lines indicated in the preceding paragraph subject to such special statutory provisions as affect freight rates.

[Mr. Chevrier.]

I think it is clear from this that any investigation the board of transport commissioners is to conduct must of necessity be subject to the special statutory rates which exist at the time or which existed at the time the order in council was passed.

Next I come to the brief presented by the provincial premiers—and I ask maritime members to take particular note of what I am about to quote. This is a brief which the premiers of various provinces submitted to the federal cabinet on July 20, 1948, following an appeal which they made. I quote from the last part, which says:

This appeal having been lodged, two courses will hereafter be open to us.

(1) —

And I need not read that, because it is not appropriate. Then it continues:

The second course would be to ask again for a royal commission which could inquire into the whole problem and could be empowered to act not as an appeal court from the board but as a body which could review the principles of rate-making upon which the board's judgment is based. If such a commission were appointed, with suitable personnel and appropriate terms of reference, we should be prepared to agree to an adjournment of the hearing of the appeal pending the report of such royal commission. Of the two courses, we are definitely of the view that the latter is preferable, on two counts—first, that it is the only means whereby a satisfactory solution to the larger problem of establishing proper principles for equalization in rate-making can be found, and, second, that it will provide a means whereby the appeal to the governor in council may be quickly disposed of.

There is the brief of the provincial premiers, which states that a royal commission is the only means whereby a satisfactory solution to the larger problem of establishing proper principles for equalization in rate-making can be found. Is that clear? Does that not indicate to the house what was in the minds of provincial premiers? Will any member dare rise in his place and say that the provinces did not ask for a uniform rate structure, that the provinces did not ask for equalization? There it is, in black and white.

Let me go further. The provinces in their reference left with the governor in council certain suggestions that would help the governor in council in coming to a conclusion as to whether or not a royal commission should be appointed. I quote from the suggestions as to the terms of reference in establishing the royal commission. They are these:

If it is desired to specify particular matters, the following, among others, might be included:

(a) the burden which the present freight rate structure imposes upon certain areas of Canada because of their geographic or economic positions, and how such burden should be alleviated.

That was contained in the terms of reference of the royal commission.

> The whole problem of competitive freight rates including the right of the railways to establish such rates, the manner of making such rates effective, and the extent of the authority and control which is or should be exercised by the board of transport commissioners with respect to such rates.

There is a clause dealing with that in the royal commission report, and there is a section dealing with it in this legislation. Next:

> The general level of freight rates in eastern Canada and in western Canada respectively, including the reasons, if any, for the maintenance of differences in such rates or rate levels.

That, too, is dealt with by the commission, and dealt with in this bill. Then:

> The long and short haul principle of rate-making in the Canadian freight rate structure, particularly as it relates to transcontinental traffic, and an examination of the comparable situation legislative and administrative in the United States of America, and the feasibility and advisability of the adoption in Canada of a comparable principle.

I could go on and quote additional suggestions by the provinces, which were adopted. But let me stop there, because those four in themselves, put together add up to what? They add up to a uniform rate structure for Canada. That is what the provinces asked for. And now how can anyone rise in his place and say the provinces did not ask for equalization of freight rates?

I go on now from that, and wish to give further assurance of the intention of the government in so far as statutory freight rates are concerned.

Mr. Browne (St. John's West): Is there any indication in the report of the royal commission that that evidence was before them? Is there anything in the report itself?

Mr. Chevrier: I shall go on to read from the report where it deals with that very matter. At page 126 of the report of the royal commission on transportation, the chapter dealing with equalization, I would refer particularly to paragraph 8, where it says:

> 8. The board has requested the railways to submit to them the railways' proposals for equalization of freight rates throughout Canada subject to statutory prohibitions contained in section 325 of the Railway Act and in the Maritime Freight Rates Act.

That, to me, is an indication that the royal commission were recognizing the fact that an investigation into the freight rate structure was to be made by the board of transport commissioners, and that that investigation should be subject to statutory rights. Again at page 236, dealing with suggestion No. 9 in the chapter referring to the Maritime Freight Rates Act, I would direct something to the attention of the house. Suggestion No. 9 was that the Maritime Freight Rates Act be amended in order to permit complete equalization. This is what the royal commission has to say with reference to that:

> The order in council calling for this investigation, P.C. 1487, was issued in April 1948, eight months before this commission was appointed. One of its purposes is to secure the equalization of freight rates, but it expressly excludes from this equalization such rates as are now governed by statute. These are the Crowsnest Pass rates and the rates established under the Maritime Freight Rates Act. Shortly after order in council P.C. 1487 was issued the question of possible amendments to legislation in order to make equalization more effective was dealt with between the government and the board. Under these circumstances it is best to leave matters as they stand and no recommendation by this commission appears to be called for.

On the following page, under the heading of "recommendations", no recommendations are made with respect to amendments to the Maritime Freight Rates Act, save those two small amendments to carry into law that which exists in practice today. Then, last but not least, is section 332A (4) of the bill which excludes from the equalization principle the Maritime Freight Rates Act. So that all along the line the intention of the government (1) with reference to the freight rates investigation, (2) upon recommendations made by the provinces, (3) in the report of the royal commission and (4) in the legislation, is to guard the principle laid down in the Maritime Freight Rates Act.

I wish to make this additional point, which apparently the house has not considered. It is that this legislation and the investigation under P.C. 1487 are two entirely different things. Some attempt has been made by hon. members to associate one with the other, and to say that if Bill No. 12 passes we will be in difficulties, in so far as the investigation is concerned, because the investigation will be made under this legislation. There could be no greater inaccuracy than that statement. The investigation under P.C. 1487 was ordered eight months before the royal commission was appointed, and this investigation has to do with a plan of equalization.

That brings me to this question: will equalization increase the rates? Well, how can anyone with his wits about him answer a question of that nature? Equalization in the United States of America, by the interstate commerce commission, took twelve years. Equalization by the board of transport commissioners will certainly take several years. How long it will take, I do not know. The plan submitted by the railways the other day is not a final plan. It has nothing to do with the rates that will exist in this country after the plan has been approved. What that plan

will be, I do not know, but I know that the investigation under P.C. 1487 cannot take place until there has been a complete study and investigation of the freight rate structure by the board.

How can anyone say that the rates which were filed with the board by the railways are the result of that investigation? No one can say that because the completion of this plan will take several years. It may take two years; it may take three years; it may take five years. Only after the plan is completed can it be said that the rates will be increased, decreased or otherwise altered.

Mr. Higgins: Is it fair to say that nobody can say these rates will not be increased?

Mr. Chevrier: I can state that no one can say the plans which have been filed will be the plans of rates which the board will approve after this legislation goes into effect. The hon. member for Annapolis-Kings (Mr. Nowlan) quoted Rand Matheson. Although I thought he was out of order at the time, I did not press the matter. I presume if I read a statement by the same person at this time he will not contend that I am out of order. I quote from the Halifax *Chronicle-Herald* of October 21, 1951, which is more recent than the statement quoted by the hon. member. Mr. Matheson had this to say:

> Moncton, N.B., Oct. 24—(CP)—The maritime freight rate structure will not be adversely affected by any freight rate equalization proposal, Rand Matheson, spokesman for the maritime transportation commission, said tonight.
>
> He said the statement by transport minister Chevrier in the House of Commons respecting proposed exception of the Maritime Freight Rates Act from dominion-wide freight rate equalization was received here as a favourable indication.

Mr. Nowlan: When I was reading the statement the other day the minister asked me to read the rest of the statement, so I would ask him now to read the rest of the statement which makes reference to a proposed amendment.

Mr. Chevrier: The statement continues:

> The maritime act has recently been the subject of conflicting interpretations in relation to freight rate equalization proposals, but Mr. Chevrier's statement yesterday cleared the air at least for the time being, he said. That the maritime freight rate structure will not be greatly affected by any equalization proposal should be made abundantly clear in any proposed amendment, he added.

I say that that has been made abundantly clear, not only in the amendment but in the briefs from the premiers, in P.C. 1487, in this legislation and in the report of the royal commission on transportation. Hon. members go a step further and ask: Will it mean an increase? Will it mean a decrease? I am not able to say, and no one is able to say. No one but the most unwise would attempt to answer

that type of question. I am sure that hon. members who asked the questions feel that in going as far as I have gone I have gone about the limit anyone could be expected to go.

Mr. Green: Would the minister have any objection to dealing with the statement contained on page 124 of the report, in the chapter on equalization, reading as follows:

> The maritime provinces said that they did not "subscribe to or support so-called equalization of freight rates" and stated "rate equalization is impossible of achievement."

Mr. Chevrier: I have not that particular paragraph before me and my eye did not catch it as quickly as did my hon. friend, but I know what it is. All I can say with reference to that is that the hon. member is only carrying out the procedure adopted by the hon. member for St. John's West (Mr. Browne) the other evening when he quoted at great length from various parts of the report in an effort to show that they were contradictory to each other. I am not going to take the time to deal with that, but dealing with the question asked by the hon. member for Vancouver-Quadra (Mr. Green) all I can say is that this royal commission was asked for by the provinces. The provinces got the royal commission. The royal commission heard evidence from the various provinces and came to the conclusion that not only was equalization desirable, it was demanded by the people. In other words, they came to the conclusion that public opinion demanded equalization. I can only answer my hon. friend's question by saying that. Surely there can be no doubt that the conclusions of the royal commission with regard to equalization, whether they were based on the demands of every individual province or not, were certainly conclusions that we are trying to put into effect in this bill.

If I may go on from there, I assert that this legislation, instead of having disastrous results upon the maritime provinces, will have two distinct advantages. First, the maritime provinces will receive the benefits of the transcontinental rates being applied to intermediate points. Hon. members know what the transcontinental rate is with reference to various classes of rates. By virtue of this legislation the transcontinental rate to intermediate points will not be more than one-third greater than the through rate. Any goods moving from the maritime provinces to western Canada will have the benefit of that application of the transcontinental rates to intermediate points. Another benefit that will accrue to the maritime provinces arises out of the subsidy of $7 million. I hope this

subsidy will be reflected in the general freight rate structure between the east and the west, that is in class and commodity rates. It will also be of direct benefit to the maritime provinces.

I would like to conclude what I am afraid have been rather lengthy remarks with two statements. First I want to answer the statement that the government is not dealing equitably with this whole situation, that the government has been lax. I must say that charge was not pressed too strongly. Let me put on the record what this government and other governments of the same political persuasion—I apologize for introducing a political note but I think I must say this in answer to the criticisms that have been offered—have done with regard to freight rates.

In 1897 a government of Liberal persuasion established the Crowsnest pass rates. I have not gone into it fully, but I think they must be the lowest rates on grain in the world. Certainly they have not been touched since that time with the exception I mentioned earlier. In 1903 a government of similar persuasion enacted the Railway Act and established the board of railway commissioners, as it was known at that time, to deal with this difficult problem of rate fixing. That matter was taken from the subcommittee of the cabinet which up until that time had dealt with freight rates and which never should have dealt with freight rates, and the board was given responsibility for fixing such rates.

In 1924 a Liberal government inaugurated a freight rate investigation to determine whether or not it was possible to equalize freight rates in Canada. In 1927 they introduced the Maritime Freight Rates Act giving the benefit of a 20 per cent reduction in freight rates to that select maritime region. From 1948 to 1950 it first of all reduced the mountain differential from one and a half miles in the prairie provinces equalling one mile on the Pacific coast to one and one-quarter miles. Then it reduced the one and one-quarter miles to one mile, removing the mountain differential entirely in 1950.

Mr. Green: The government did not do that. The board did.

Mr. Chevrier: The board of transport commissioners did it, but I am answering some of those people who made that criticism against the government. You cannot have it both ways. In 1948 the government strengthened the board of transport commissioners, as I indicated a moment ago, established under P.C. 1487 the freight rate investigation, and then in 1948 appointed the royal commission, which was the wish and desire of the provinces, upon references almost identical with those proposed by the provinces.

Mr. Green: It took an awful lot of pressure to get that.

Mr. Chevrier: Finally in 1951 there is this legislation. One final word. It was said in this house—and I agree with every word of it; in fact I think in introducing the measure I made the statement myself—that this is the most important and most forward piece of legislation having to do with freight rates that has ever been attempted in this house. This legislation may bog down or it may emerge with a number of amendments that will be helpful to the country as a whole. It may bog down because of long delaying procedures in the committee, lengthy representations such as we had before the board of transport commissioners and the royal commission on transportation. I hope that will not be the case because it is the duty and responsibility of the house and of parliament to decide whether or not this legislation is good in principle and whether or not it can be strengthened in committee.

The provinces, I believe, requested this legislation. The provinces asked for the royal commission which recommended it and the royal commission after careful study suggested that these were the remedies for the problem of a uniform freight rate structure in Canada as well as the solution of other freight rate grievances submitted to them. Thus far there has been unanimity on the broad principle of equalization. The measure now goes to the committee, and as I stated earlier two things may happen to it there. I hope members of the house who are particularly interested in the legislation will see to it that it does not bog down in the committee, that it receives careful study there, that such representations as are deemed advisable by the committee are heard, and that such amendments as are in the interests of the economy of the country are made to it. If such action takes place then I have no doubt that something good will come out of this legislation.

Motion agreed to, bill read the second time and referred to the special committee on railway legislation.

CANADIAN NATIONAL-CANADIAN PACIFIC ACT

REPORT TO PARLIAMENT TO GIVE INFORMATION CONCERNING CO-OPERATIVE PROJECTS

Hon. Lionel Chevrier (Minister of Transport) moved the second reading of Bill No. 6, to amend the Canadian National-Canadian Pacific Act, 1933.

Mr. Green: Will the minister make a statement?

Mr. Chevrier: Yes. The recommendations contained by way of legislation in this bill are those which can be found in chapter VIII of the report of the royal commission on transportation at page 223. These recommendations were that the annual report of the Canadian National Railways to the committee on railways and shipping owned, operated and controlled by the government should contain a separate section giving certain information dealing with co-operation between the two railways. The information which was recommended by the royal commission is that contained in the new section 14A, subsections (a), (b), (c), (d), (e) and (f) of the bill. I think and hope it will commend itself to the house.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I wish to make a few comments on the bill. At first reading it appears to be almost a trivial measure, yet as one looks at it further I think there is more contained in it than meets the eye at first glance. I should like to recall to the house very briefly the background of the measure, which is a bill to try to facilitate co-operation between the two railways and thus effect economies. Its origin goes back to the Duff report of 1932 when, as we will all remember, the railway business like almost every other business was in a very bad state. One of the recommendations made in the Duff report to assist the almost desperate situation of the railways at that time is contained on page 65 of the report and reads:

> A statutory duty should be imposed upon the trustees—

That is the trustees of the Canadian National.

> —as well as upon the board of directors of the Canadian Pacific Railway that . . . they should adopt as soon as practicable such co-operative measures, plans and arrangements as shall . . . be best adapted to the removal of unnecessary or wasteful services or practices . . .

I need not go into that at any length. The Duff report indicated that in those days of difficulty and perplexity the possibility of amalgamating the railways had been suggested, but they put that aside and instead made several other recommendations of which this was one. It is interesting to read the debate in the house at the time of the passing of the act in 1933. I shall not detain members except to refer to one figure which was given by the then minister of railways, which indicates the drastic shrinkage which had occurred in the railway business. On March 7, 1933, he said, as recorded at page 2774 of *Hansard*:

> It might be of interest to mention a few figures illustrating the decrease in traffic on all the railways on this half of the continent. Passengers carried in 1923 by the two great railway companies of this country amounted to 38 million, whereas in 1932 that number had decreased to less than half, about 18 million.

I put that one figure on record just to show the terrific difficulties that faced those who were responsible at that time. The results of co-operation, judged by our standards of today, were not very impressive, but nevertheless judged by the standards of those days they were not negligible. They managed to institute economies to save something over a million dollars a year. Bear in mind that at that time $500 million represented the total expenditure of the dominion, and not merely a surplus which the Minister of Finance (Mr. Abbott) stumbled on by mistake, as we have today. Therefore that million dollars was not chicken feed at that time. Since then the situation has gone along, and of course it has to be recognized that in times of big railway business co-operation, the pooling of trains and so on, is no doubt a very different matter from what it is in times of small business. Nevertheless, when this matter came before the commission they dealt with it seriously. I should like to refer briefly again to some of the recommendations made to the commission, or to some of what they call complaints and suggestions. Then I should like to refer to two or three of their conclusions, winding up with this measure which we have before us. The complaints which I should like to refer to, and I shall not mention them all, are to be found at page 222 of the report. No. 4 reads as follows:

> The railways complain that on measures where they have reached agreement where abandonments of lines were involved, some of the parties who now urge co-operation opposed railway applications to the board for the approval of such abandonments.

I mention that merely because that is a place where we, the rank and file of citizens—and perhaps this applies to members of this house also—have not helped the railways, as we might have done, to make economies which they have wished to make. Other suggestions were made to the board which are interesting and relevant, though the board did not accept them all. The board took the view, which I think was wise, that there should not be any attempt made to force the railways to co-operate because, after all, forced co-operation is not very good co-operation.

However, they mentioned these suggestions made to them, which I read briefly:

> In rate cases, the board should not grant increases in rates until the railways have affirmatively shown that all possible economies under the act have been effected.

Then next:

> Another proposal was that a new tribunal should be set up to conduct research into possible co-operative measures and to make recommendations to the railways and to submit reports to parliament.

And finally, under the heading of suggestions, the commission says:

> The railways took the position that the act should remain in force, and that no amendments are required.

In other words the railways took the position that they should be allowed to co-operate. I think we should assume that the men who head these railways will try to co-operate; though, on the other hand, I think the check, the publicity which is proposed to be given to what they do under this proposed measure, is sound.

The board raises one other point which I think also is important:

> The results achieved under the act have been twofold:
> (i) economies have resulted which exceeded a million dollars a year in the 1930's; (ii) the railways have been deterred from damaging and wasteful competition.

The damaging and wasteful competition goes back, I suppose, to the 1920's when it was felt that there was a certain amount of it. The board suggests that this co-operative measure has tended to put an end to that. Under the head of conclusions the board says, among other things:

> The suggestion that the board, in revenue cases, should require the railways to show that they have neglected no possible economy under the act seems unworkable. It would require the railways to prove a negative and would lend itself to obstruction.

Finally the commission says:

> The act has served a useful purpose. In proposing amendments to it, the aim of the commission is to improve the character of the annual report received by parliament.

One might point out that, owing to the rise in railway costs and their need for additional revenue, we are now running into a time which, while it happily is as different as can be from the times of the 1930's, nevertheless will make the public more conscious of economies; that is to say, if the railways are coming, as they must come, asking for higher rates, then I think it will be reasonable to expect that they will have done, as I am sure they will wish to do, all that is in their power to bring down costs by co-operation. Therefore while I do not propose to read the terms of this section, broadly speaking what it does is to provide that the national railways shall, in their report, give the results achieved during the year, pointing out not only what has been approved and carried out, not only what has been approved and not carried out, but also co-operative projects which have been studied during the year. I take it that provision will give to the committee which receives the national railways report each year a better opportunity than they had previously to consider what has been done. In the circumstances we now face—that is to say, the need of applying for increased rates—I would hope that the railways will, as I am sure they will, do everything possible to make the public, as represented by parliament, feel that they have done their utmost to co-operate. I understand that the minister proposes to refer this bill to a committee also, and I think I need say no more.

Motion agreed to, bill read the second time and referred to the special committee on railway legislation.

MARITIME FREIGHT RATES ACT

AMENDMENT WITH RESPECT TO WESTBOUND RAIL AND LAKE TRAFFIC

Hon. Lionel Chevrier (Minister of Transport) moved the second reading of Bill No. 7, to amend the Maritime Freight Rates Act.

Mr. Green: Will the minister explain the bill?

Mr. Chevrier: Mr. Speaker, this bill consists of two simple amendments recommended by the royal commission on transportation. Chapter IX of the commission's report entitled "The Maritime Freight Rates Act" goes at some length into a number of suggestions that were made by the various provinces which appeared before the commission; and the commission came to the conclusion that two amendments should be made. One is that the practice of the railways and the board to allow the 20 per cent preference on westbound traffic moving rail and lake, and also rail, lake and rail from the maritime area to points in Canada should be put in a legislative rather than in a practical position. Since the Canadian National Railways was not abiding by the terms of section 6 because of the practice which had grown up over the years, both by the railways and by the board, who allowed the railways to act thus because it seemed the intention that that should be the case, the commission recommends that section 6 of the Maritime Freight Rates Act be repealed. These are two minor amendments which, as I say, are contained in the

report. It is my intention that this bill also be sent to the special committee on railway legislation, and I propose so to move at the conclusion of this discussion.

Mr. P. C. Black (Cumberland): Mr. Speaker, those of us who come from the maritime provinces are naturally extremely sensitive with respect to any proposed amendments to the Maritime Freight Rates Act. We obtained the advantages we receive under this act only after long effort, at the solicitation of the government of Nova Scotia on behalf of the people of Nova Scotia, who were perhaps as nearly unanimous as it was possible for them to be. I want to pay tribute to the present Senator Dennis for the active interest he took in that campaign. We were not able to get reduced rates in the ordinary course, and a commission was set up consisting of Sir Andrew Rae Duncan, the late Judge Wallace and Dr. Macmillan. I have previously paid tribute to them—and I want to do so again—for the magnificent work they did at that time in studying the question and bringing in their report, which has resulted in great benefits to the maritime provinces. The feeling of the people most directly concerned at the present time is that those rights and advantages which were obtained by great effort have been largely whittled away.

Railway transportation is most important to the maritime provinces. When we entered into confederation—and confederation would never have been possible had it not been for the stand taken by Nova Scotia and the other maritime provinces—one condition was the building of the Intercolonial railway which was to carry our traffic to and from central Canada. This condition was implemented, but Nova Scotia has had very little consideration since that time with respect to transportation. The Canadian Pacific railway has never been permitted to enter Nova Scotia directly. It was never given running rights over the Canadian National railways, so we have never had this benefit of direct traffic connections with that great railway system which other Canadians have enjoyed.

May I mention also the expenditures in connection with the Grand Trunk Pacific. In other provinces hundreds of millions of dollars were expended, but Nova Scotia never received a dollar. All we got, and that at election time, was the government's cry: "Listen to the whistle of the Hong Kong train." I might mention, too, the Chignecto canal, which was a condition of confederation. The matter has been brought before the federal government at different times since confederation. Within the last twelve months it was placed before this government, but was brushed aside. I am not suggesting that the building of that canal would have brought us all the benefits we would have liked, but it would have assisted us. We were entitled to it. In central Canada $350 million or more have been spent from which we have not been able to get any benefit. The matter of this canal still has to be dealt with.

The Maritime Freight Rates Act has been precious to us. As I said, its benefits have been largely reduced so that the situation in the maritime provinces today is becoming serious. I am going to read some portions of the Turgeon commission report. This is an important document containing over 300 pages. One can hardly turn to a page in it without finding references to the difficulties under which the maritime provinces labour in connection with transportation; how the highways have taken a large amount of traffic in central Canada, causing the railways to reduce their rates to meet that competition; how traffic is being carried on the toll-free canals, rivers and lakes of central Canada, thus reducing the cost of transportation there. These are benefits the maritimes have not received. We are, therefore, greatly concerned about the Maritime Freight Rates Act.

This act was passed to enable the maritime provinces to transport their basic products and their manufactured articles to central Canada on a favourable basis. It is the contention of the people of the maritime provinces that, if those results are not being obtained today, amendments should be made to this act to produce the desired results. I want to point out that the Turgeon commission report was not drawn up by the commissioners alone; they were assisted by a large number of capable men, economists, railway counsel and railway experts. Their names are set out on pages 15 and 16 of the report, headed by that of Right Hon. J. L. Ilsley, K.C. Many briefs were presented to the commission and many witnesses appeared before it. A list of these is found in the first few pages. Since the report is largely the work of experts I do not feel I am qualified to deal with it. This is a matter for men trained in transportation problems, not for ordinary laymen.

I can point out, however, many disabilities under which we in the maritime provinces are now operating. As I have said, I am not opposed to this bill because of what it contains. It contains very little. I do not believe it would be of any importance whatever if it were not passed. The railways have been hauling the traffic that is involved in this amendment. What we do ask is that something be added in order that we will be assured of the strengthening of the Maritime Freight Rates Act. I should like to read some of the

statements made by the commissioners. These are not recommendations, but are statements of sufficient importance that I should read them. I read on page 27:

The maritime provinces state that when compared to central Canada their economy is found to be deteriorating, and that this trend is influenced by the increased cost of transportation to central Canada and by the contraction of foreign markets; for example the loss of markets for apples, lumber and pit props in the United Kingdom, and potatoes in the United States.

If there is deterioration in the movement of our products from the maritime provinces it is a serious matter for those provinces, and those of us who have seats in this house have a special responsibility. Before I go further I want to pay tribute to the hon. member for Rosetown-Biggar (Mr. Coldwell) who said in his remarks that the horizontal increases of the past several years have discriminated against the maritimes. I want to quote the hon. member for Peace River (Mr. Low) who said, as reported at page 442 of *Hansard*:

We have a great deal of sympathy for our brethren in the maritimes because we know something of the tragic effects which certain movements have had on their economy since confederation. We are ready to support their efforts to maintain their preferred position under the freight rates structure. We have never requested that the western provinces achieve equalization with the maritimes but we are anxious to achieve equalization with the central provinces.

I also want to give recognition to the hon. member for Vancouver-Quadra (Mr. Green) for his reference to the maritime provinces and his expression of sympathy for their request. I want to refer to the very sympathetic remarks made this afternoon by the hon. member for Lake Centre (Mr. Diefenbaker) and other hon. members. There is a general feeling, in fact a conviction, not only in the maritime provinces but all over Canada, that having regard to the sacrifices and contributions we have made to confederation, we have not prospered as we should; and that is largely because of the handicaps with respect to transportation.

I am going to quote further from the Turgeon report at page 27:

The case of the maritimes may be summarized: At confederation they were promised access to the central Canadian market. Today, in view of the deterioration in foreign trade, particularly because of monetary and commercial restrictions, access to the central Canadian market has become more important than ever. Isolation of the maritimes from the central Canadian area as a result of distance and of increased freight charges is one of the central themes put forward in their case. A witness for the transportation commission of the maritime board of trade, when asked whether or not the maritimes were willing to accept their disadvantages provided they retained their advantages, replied:

"The national background in connection with our Intercolonial Railway was to afford persons and industries to get into the markets of central Canada. That is the basic principle."

The Maritime Freight Rates Act is regarded as the instrument intended to facilitate access to the central Canadian markets.

It was suggested by the same witness that this instrument is losing its effectiveness:

That is a serious statement for this commission to make or even to quote. I go on:

"The general tenor of the evidence of the maritime approach . . . is that the changes which have taken place since the Maritime Freight Rates Act became effective in 1927 are having the effect of enhancing the difficulty of maritime producers in reaching the highly competitive markets of central Canada in competition with industries located closer to the markets."

Maritime shippers allege that these changes have resulted principally (1) from the increase of truck competition in central Canada, which has had the effect of lowering rates for their competitors in that market, and (2) from the recent general horizontal increases, particularly on the long haul from the select area westward. These changes, they say, have decreased the advantages which the rates established under the act of 1927 were intended to confer on the maritimes.

Anyone interested in the maritimes hearing these statements is bound to be filled with misgivings as to the situation that is developing. The report goes on:

Horizontal increases are said to be specially detrimental to the economy because in terms of dollars they increase long haul more than short haul rates and thus increase the competitive difficulties of maritime producers in their principal markets. The net effect of all these factors is said to place the maritime economy at a disadvantage in relation to local producers in the central Canadian market.

These conditions are set out by the Turgeon commission, but unfortunately they have done nothing about them. They gave certain information with regard to the cause and effect of mileage rates, and show that the maritime provinces are detrimentally affected. On page 29 of the report they go on to say:

It seems clear that growing dependence on the central Canadian market and the relatively long haul from the maritimes to this area are the principal reasons for maritime complaints about freight rate increases.

The concern of the maritimes with the problem of access to the central Canadian market and of cheap transportation on goods drawn from that area has become acute as a result of the recent rate increases. This concern may be partly a result of the expansion of industry in time of war which was no doubt assisted by the freezing of freight rates, and of the desire to hold the gains made during the war.

I reiterate this one word "acute". The situation is becoming acute in the maritime provinces; therefore why should we not have misgivings over developments regarding the freight charges on our production? The commission go on and make certain references to recommendations. They are important enough for the commission to set them out

but, as I say, they did nothing about them. Then I turn to page 45. Almost every page of every chapter of this report makes some reference to the detrimental effect on the maritimes and the difficulties under which they are obliged to carry on their business activities. At page 45 I read the following:

> The provinces of New Brunswick and Prince Edward Island apparently feel that regulation by the board is not the answer to their disadvantages, but rather that the answer lies in further reductions under, and extension of, the Maritime Freight Rates Act.
>
> The province of Nova Scotia likewise feels that the granting of further powers to the board is not the answer to the problems raised by its disadvantages, but that the answer lies in compelling the board by statute to retain rate relationships as they existed prior to April 8, 1948,

Further down on the same page, I read:

> In essence the main cause of complaint is that the outlying provinces suffer a disadvantage because of the long distances which separate them from their sources of supply and also from their markets—long-haul traffic, in some cases on primary commodities of low value, subjected to horizontal increases in rates.

And again:

> All these provinces ask for lower freight rates although they suggest different methods of approach to this objective . . . The maritime provinces ask for reductions under the Maritime Freight Rates Act or for extensions of that act.

And at page 46:

> Whatever the method of approach may be, however, it is in each case an attempt by shippers and consignees to secure relief from the disadvantages attributed to increases in rates by the horizontal percentage method, and at the same time to retain any existing advantages in rates which they now enjoy. The maritime provinces wish to retain the advantages of the Maritime Freight Rates Act.

And the following:

> The railways on the other hand are anxious to preserve the horizontal method of rate increases because of its simplicity of application, because they fear that they cannot raise adequate revenue without it by reason of truck competition in central Canada, and because they enjoy a quasi-monopoly on long-haul traffic.

This report sets out the difficulties under which the maritime provinces are operating. It also indicates clearly that the chief purpose of the railways is to get increased rates; and they have very little if any regard for where it comes from or how it is raised. I point this out to show how serious is the matter for my part of Canada.

There have been these repeated horizontal increases in freight rates. That is referred to here as being detrimental to the best interests of the maritime provinces. Mention has been made that another change in railway rates is before the board of transport commissioners. This new schedule, based upon equalization across Canada, very seriously affects the rates in the maritime provinces. It is remarkable and strange to realize that

those rates are filed now before the board of transport commissioners, although they are based upon legislation now before the house. The house has not yet passed the legislation, yet the railways are so anxious to have increased revenue, and so indifferent as to where it comes from, that already they have filed these revised and increased rates with the board of transport commissioners.

Mr. Chevrier: Would the hon. member permit me to state that the plan filed by the railways is under the investigation, P.C. 1487, and not under this legislation, which does not become law until passed by parliament.

Mr. Black (Cumberland): The fact is the rates are filed, based upon the expected implementation of the report and with a view to the equalization of freight rates throughout Canada. The matter is so serious that if it is put into effect it will in some cases double the cost of transportation in the maritime provinces. That being so, it is serious for us in the outlying areas of Canada. We in the maritimes have a deeper interest in Canada as a whole. We threw in our destiny with Canada at the time of confederation. That action was based upon railway transportation sufficient to handle our products. If this is being taken away from us, if we are to be denied those facilities or if they are endangered by further increases, then we will be prevented from shipping our natural products or our manufactured goods, such as we have. No subject could be more serious for us than the one now under discussion. No subject could be more serious for anyone who has the interests of Canada as a whole at heart, and that would apply particularly to those of us from the maritimes.

As I said earlier, I could open this report of the royal commission on transportation at almost any page and find statements that make it look serious for us in the maritimes, or that affect the Maritime Freight Rates Act. Let me read from page 228:

> There are two important statements in the preamble which form a guide in reaching decisions on the various claims put forward by parties appearing before the commission asking that the act be amended in various ways:
>
> 1st. The recognition of pre-confederation pronouncements that the Intercolonial Railway was designed to afford maritime merchants, traders and manufacturers the larger market of the whole Canadian people instead of the restricted market of the maritimes themselves; and
>
> 2nd. The recognition that, having regard to such pre-confederation pronouncements, the burden imposed upon the trade and commerce of the maritime provinces resulting from increased freight rates after 1912 was never intended to be borne by such trade and commerce.
>
> Section 4 of the act lists "preferred movements":
>
> "(a) Local traffic, all rail—between points on the eastern lines; for example Sydney to Newcastle—"

It goes on to give further particulars. Then on the following page:

> It is perhaps important in considering the matter to bear in mind that the 20 per cent reduction was based on a calculation made by the royal commission under the chairmanship of Sir Andrew Rae Duncan, which found that from 1876 to 1912 rates over the Intercolonial Railway had been kept at a low level to carry out the policy of successive federal governments and the pledges that had been made prior to confederation. The Duncan commission found that the rates had been increased after 1912 on the Intercolonial so that "their 100 had become 192" and that the estimated average increase of rates in the rest of Canada was 55 per cent, so that "their 100 has become 155". The 20 per cent reduction on the Intercolonial rates was intended to make the 192 become approximately 155, and thus restore the position previously enjoyed.

I point out that many people in the maritime provinces do not believe the 20 per cent at that time was adequate to restore the position previously enjoyed. I go on to quote from the paragraph headed "Complaints and suggestions", where it says:

> The chief complaint presented to the commission concerning the operation of the act had to do with a situation which arises out of truck competition in the provinces of Quebec and Ontario. It was alleged by the maritime board of trade that, as a result of truck competition in these provinces, the railways had reduced their rates on traffic in central Canada while maintaining them on similar traffic moving from the maritimes to Quebec and Ontario.

I referred to that before, but I have read it again to show the importance of this subject to us in the maritimes, and why we should have misgivings as to the effect of the legislation before the house. The paragraph goes on:

> First, one made by the board when it pointed out that the cancellation of the competitive rates in Ontario would not improve the position of the maritime shippers in any degree since the raising of tolls in Ontario would merely drive business to the trucks and the board has no authority to lower tolls in the maritimes because of competition existing in another part of the country.

If that is undermining and destroying the Maritime Freight Rates Act, then something should be done about it. That is why I am not satisfied with this innocuous bill. If the royal commission has failed to make recommendations that will rectify the position we now face, it is the duty of this house to make such recommendations as will strengthen the Maritime Freight Rates Act so our traffic may move as we hoped at the time of confederation. We had to fight from 1912 to 1925 to get the Maritime Freight Rates Act passed. If that proved effective for a number of years, it is not now effective or the Turgeon commission would not have made the statements it has made on page after page of the report.

There are many more sections which I should like to quote, but I would like to refer particularly to a statement by Dr. Innis to be found at page 307 of the report, as follows:

> No scheme of equalization can be devised which will overcome the effects of competition in the St. Lawrence region as reflected particularly in competitive rates. An obsession with equalization will obscure the handicaps of the maritimes and of western Canada and perpetuate their paralyzing effects.

Those are serious statements to be made by a commission or by any member of it. Is it any wonder that we in the maritime provinces fear today that the privileges or advantages or rights granted to us under the Maritime Freight Rates Act are being washed away. Only a few people seem to have any real regard for this fact. The minister seems to be mainly interested in having this legislation passed and is not taking the interest he should in seeing that the Maritime Freight Rates Act is made as strong as it was when originally passed, or even stronger. It should be strong enough to serve the purposes of the maritime provinces. Again I say those provinces made the greatest contribution of any part of Canada to confederation. The prairie provinces have rights, but we claim that we have prior rights in Nova Scotia because of the contribution we made to confederation. Statesmen like Sir Charles Tupper made Canada possible and took statesmanlike positions in carrying out the responsibilities of government in the years after confederation.

I am not at all satisfied with this bill which has been suggested by the minister. We want more. If the Maritime Freight Rates Act is not meeting the transportation requirements of the maritime provinces we must do something about it. This house must assume some responsibility. I should like to propose certain amendments to the bill that I think would be effective, but I am told it is questionable whether they would be accepted by Mr. Speaker. However, I am going to move, seconded by the hon. member for Queens (Mr. McLure):

> That the said bill be not now read the second time, but that the subject matter thereof be referred to the special committee on railway legislation, with instructions that they have power to send for papers and records, and that in addition to any other recommendations with respect of the subject matter of the said bill, they shall also have power to examine and report upon the extent to which the benefits conferred by the Maritime Freight Rates Act are affected by Canadian transportation policy.

Mr. Chevrier: May I say a word in connection with the amendment. I have not had an opportunity to consider whether or not it is in order, but that is a matter for you to decide, Mr. Speaker. I would point out that if this amendment were to pass it would kill this bill.

Mr. Black (Cumberland): I do not think that would hurt anybody.

Mr. Chevrier: Were that to take place the very thing being sought in the second part of the amendment would be blocked, that is:

—that they have power to send for papers and records, and that in addition to any other recommendations with respect of the subject matter of the said bill, they shall also have power to examine and report upon the extent to which the benefits conferred by the Maritime Freight Rates Act are affected by Canadian transportation policy.

Those matters were studied by the royal commission and reference is made to them in their recommendations, some of which the hon. member for Cumberland (Mr. Black) quoted a moment ago.

Mr. Black (Cumberland): We are senior to any royal commission. We have rights, and now is the time to exercise them.

Mr. Chevrier: I am not suggesting that my hon. friend has not rights, but perhaps he will allow me to continue.

Mr. Black (Cumberland): The members of this house have rights, or used to have rights.

Mr. Chevrier: I was going on to say that the committee to which this bill is being referred, namely the select committee on railway legislation, will have all the powers that are sought by this amendment. In addition, it might well be that the amendment is out of order, but I have not given any thought to that.

Mr. W. Chester S. McLure (Queens): Mr. Speaker, the hon. member for Cumberland (Mr. Black) has dealt with the Maritime Freight Rates Act in a manner which I am afraid I cannot equal. First of all I should like to refer to how the Maritime Freight Rates Act has been misunderstood by members of this house and people in various parts of Canada. The royal commission has referred to this as a subsidy to the maritime provinces. Other people have referred to it as a gift to the maritime provinces. Others have referred to it as a handout. It is none of these, and the hon. member for Cumberland has shown why it is not. I am going to try to give a correct understanding of the Maritime Freight Rates Act.

In 1912 or thereabouts a new freight rate structure was set up which gave an increase of 55 points across Canada, except in the maritime provinces where they tacked on 92 points, making the rates 155 against 192. At the time the Duncan commission was appointed we had put up with these injustices for years. When they looked into these matters they brought them to a head and we received some redress, but it was not sufficient. The difference between 55 and 92 is 37 points, but when they were formulating their recommendations they took 20 per cent off 192 instead of taking 37 points off the basis on which the rates were figured. Therefore the 20 per cent we have been receiving in an endeavour to equalize freight rates in the maritimes with those of the west and the rest of Canada was not sufficient to do so. If equalization is now going to take place on the same basis, we will get an increase added to 192 while the others will have it added to 155. Therefore we are paying and will continue to pay more unless we get some redress at the present time.

I hope I have made it plain that it is not a subsidy. It is not a handout, or a gift from the government. It is an endeavour to remove a part of the discrimination under which we struggled from 1912 to 1927 without any redress, and even then we got only half what we should have received. With respect to the amendment moved by the hon. member for Cumberland (Mr. Black) and seconded by myself, instead of 20 per cent I think we should have used the figure 37½ to equalize our situation with the rest of Canada. However, as the hon. member has said, I understand that we cannot bring in any reference to money. When the bill is referred to the committee probably they will see the justice of our claim, and we still hope to get some redress.

For a few hours the house has been considering what one might call the high cost of transportation, in other words the high cost of distribution by freight of the products of the land, sea and factories. I do not know how far we are going to get when we speak about equalization. At the present time freight rates are extremely high, and no one feels it so much as the people of the provinces down by the sea. I am sure it is not the intention of the government to punish the maritime provinces by high freight rates any more than they have been punished during the past few years. We have not only been punished by high freight rates; we have also been neglected in a great many other ways which we will deal with at the proper time.

In our study of the report of the royal commission which has been presented to the house we are looking, as it were, into the crystal ball of the Turgeon commission. One thing stands out very clearly. The two central provinces did not take a very active part in the proceedings before the commission which gave rise to the report. As the report says, the two central provinces of Ontario and Quebec are satisfied. On the other hand the

report also says that the maritime provinces do not subscribe to the conclusions arrived at therein. With reference to the two great provinces of Ontario and Quebec, I want to say that centralization has taken place there to the detriment of the maritime provinces.

Taking the historical situation, Upper and Lower Canada, now Ontario and Quebec, had the idea of union of the British territories in Canada. They sought to bring about such a union. Prior to 1867 the development of the two great central provinces had been extremely good and they were both anxious for further development. When they looked into the matter of how to proceed they found that they must have a proper seaport. Their eyes were on the great seaports of Saint John and Halifax. Then the courting began to bring about union. New Brunswick, Nova Scotia and Prince Edward Island did not go to the central provinces to seek union. It was the reverse. They came to the maritime provinces seeking to get them to enter union because they wanted to get the benefit of their seaports. The seaports of the maritimes could be used at all times of the year, whereas the central provinces had access to the sea for only a short time.

In dealing with this matter I am not speaking against the two great provinces that are the source of the largest share of taxes collected in this country. However, I had hoped that, even if they were satisfied with the freight rates themselves because they did not affect them, in the general interests of Canada they would help the maritime provinces with their problems. There are many things that one might deal with. I am going to speak for a few moments with reference to my own province. We did not enter confederation when Nova Scotia and New Brunswick did. We held out until 1873, and at that time it was generally thought by our people that the terms of union were satisfactory. Possibly they were generous and satisfactory enough, but there was one weakness in the contract. There was no penalty for the non-fulfilment thereof. Because of non-fulfilment of the contract on the part of various governments of the dominion after we had joined confederation, the province of Prince Edward Island, instead of reaping the benefits offered in the contract, began to go down downhill, as it were. Our population decreased from 113,000 to about 90,000. This was due to the fact that the agreement as to transportation in reference to our province was never implemented according to the terms of union. For that I do not blame any one government; I blame them all. There was only one government that really tried to implement the terms of union, and they did so to the full in the short time they were in power. It was the Borden government that gave us the first fulfilment of our contract with reference to transportation. We had that ferry system. However, the great mistake with regard to it was that the government did not operate it themselves but passed it over to a subcontractor, without proper authority over him. Consequently for years we were punished with high rates on trucks and motor cars. But fortunately, after representations had been made here in this house and plea after plea had been made, those rates were reasonably lowered. However, they are not yet sufficiently low. We are still suffering injustice in that the strait of Northumberland is not treated as a highway, as it should be. But that is something that will come. We have hopes that in the near future some government will realize our requirements and in addition to realizing them—as perhaps we all do—they will do better and fulfil their obligation to our province, which has been neglected.

Another matter I might mention is this, and we can come back to some of our complaints later. All railways in Canada were supposedly built for traffic east and west, and for the general development of our country. If that is so, why should we not continue that policy and use the railways for that particular purpose? If we did so the government would be developing the country. The railways could then operate, and when they had a deficit or shortage they would have something to show for it in the way of assets, by way of the development of our country in general. The government would then pay as they are doing today.

Centralization has done a great deal to harm the maritime provinces; and centralization has become really a bug with the Canadian National Railways. They commenced centralizing all their works in the larger centres. Before this centralizing bug became so lively with the Canadian National Railways, in my city of Charlottetown we had railway shops which employed some 365 men; and upwards of 40 young men were learning trades. We had excellent mechanics. We did all our own repair work for the railway in our own division. We built freight cars and all kinds of cars. The work was always satisfactory and our railway was in good condition. When centralization came about we lost all this employment and it was taken to Moncton, Montreal and other centres. Today our shops are practically cleaned out and we have about 20 or 25 men working there. This and other forms of centralization have had

the result that the people in the maritimes, particularly those in my province, have not been given a fair chance.

I want to say a few words with regard to present freight rates. In the maritimes our commodity or what we might term—speaking in western terms—our cash crop largely has been the potato crop. The maritime provinces, including my province, produce 42 per cent of all the potatoes produced in the whole of Canada. I want to bring this point to the attention of the house, because of the long haul traffic that the maritime provinces supply for the Canadian National Railways. When the crop of 1949-50 was being harvested and marketed some 16,000 carloads of potatoes were shipped on the long haul, for the benefit of the Canadian National Railways, to other points in Canada. Let us compare that figure with the one for the central provinces. The central provinces produce 45 per cent of the total potato production of Canada. How many cars did they have on the long haul? They shipped only 742 carloads of potatoes, compared with the maritimes 16,000 cars. I mention that fact just to show that the railway has an earning power in the maritime provinces, through their shipments on the long haul freight.

In dealing with that matter I might also mention this point. With the central provinces producing 45 per cent of the total potato production of Canada, why did they transport only 742 carloads on the long haul by freight? That was due to the fact that they can transport their potatoes much more cheaply by truck and in other ways. We cannot meet that competition. We cannot compete with them because we have to accept the long haul.

This brings me to the freight rates of today. On our cash crop, namely our potato crop, today we have a rate to Toronto—to take one city alone which has been a big market for us—of 62 and 63 cents per one hundred pounds from various points in Prince Edward Island. This figure is extremely high. Not so many years ago the rate was 20 cents. It then went to 22 cents, to 36 cents, and now it is 62 cents with prospects of a further increase which will make it 75 cents per hundred pounds. This is having the effect of destroying our market in the central provinces, a market which we have been able to supply. As a result of these heavy freight charges the railways will receive more revenue than the farmer who produced the carload of potatoes. I say this is a matter which deserves consideration. We should like to have some assurance that the passage of this bill, together with the others that are in various stages here, will have the effect of reducing the rate on our cash crop. It is impossible to meet competition in the central provinces when the delivery rate there is 20 cents per hundred pounds as against our freight rate of 62 cents.

This is a serious matter for us, and one which should have the consideration of this government. I have no quarrel with the Canadian National Railways, even though I am making these complaints. They are running their own business. I do not blame them for working both ends against the middle, but we are getting a raw deal. I place the blame where it belongs, on the government. If they were to fulfil the terms of the contract of 1873 we would not have to come here and plead for mercy or try to place the blame on the Canadian National Railways. It is up to the government to give us some redress under the terms of the agreement of 1873 with regard to these excessive freight charges that are imposed upon us. They will drive our farmers out of the greatest cash crop they have.

We have other problems as well, but they cannot be discussed under the bill which is now before us. All I want to say is that if we could have the terms of union thoroughly investigated and then fully implemented by the government it would be of considerable help. Only one government has ever tried to implement the terms of union in a logical way, and that was the Borden administration. Every other government has given us the go-by. We hope that from now on this government will look after our interests. In passing this bill we must and should have a guarantee from the Minister of Transport (Mr. Chevrier) on behalf of his government that we will have every protection, and that there will be no increases or any equalization scheme which will do harm to the Maritime Freight Rates Act or the interests of the maritime provinces.

Mr. Gillis: I am not going to speak at any great length, Mr. Speaker, but I should like to say a few words before you give your ruling on the amendment.

Some hon. Members: Call it 6.30.

Mr. Gillis: I am in Mr. Speaker's hands. If he wishes to call it 6.30—

Mr. Speaker: I am in the hands of the house.

Some hon. Members: Call it 6.30.

Mr. Speaker: It being 6.30, I do now leave the chair.

At 6.30 p.m. the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Speaker: Perhaps I should now decide the question that has been raised as to whether the amendment is in order. The trouble I find is that the amendment seeks to refer the subject matter of this bill to the special committee on railway legislation. That committee was set up to consider three bills which are before the house, namely, Bill No. 12, to amend the Railway Act, Bill No. 6, to amend the Canadian National-Canadian Pacific Act, 1933 and Bill No. 7, to amend the Maritime Freight Rates Act, and such other railway legislation as may be placed before it. The committee has no power to consider matters other than those set forth in the motion setting up the committee. On another occasion in this house I ruled that the powers of a committee cannot be extended on the motion to set up the committee without notice having been given. Accordingly you cannot refer to a committee matters which are beyond the powers set forth in the motion setting up the committee.

I would also point out that the latter part of the amendment asks that the committee—

—have power to examine and report upon the extent to which the benefits conferred by the Maritime Freight Rates Act are affected by Canadian transportation policy.

I think that would definitely be beyond the powers of the committee. Nevertheless I think there is a standing committee to which this matter could be referred. It occurred to me that the committee on railways, canals and telegraph lines would be competent to deal with this amendment. It also occurred to me that probably the hon. member who moved the amendment might like to substitute some other committee for the committee named; that is, if the house is in agreement with me that the special committee on railway legislation could not consider this amendment.

Mr. Black (Cumberland): Mr. Speaker, personally I am very pleased to concur in the suggestion made by you to refer this matter to the standing committee, subject to the permission of the hon. member for Queens (Mr. McLure) who seconded the motion, and of other hon. members.

Mr. Speaker: Then the motion is amended by substituting for "the special committee on railway legislation" the words "the standing committee on railways, canals and telegraph lines".

Mr. Fournier (Hull): Mr. Speaker, I listened very attentively to what you said. I am sure you will not object to my saying that you implied the house would concur in the amendment suggesting that the subject matter should be sent to the committee on railways, canals and telegraph lines; but what we intend to send to the committee is what we announced some time ago, and what the minister repeated this afternoon. Therefore if this amendment is put to a vote the government will have to vote against it.

Mr. Speaker: I did not mean to imply that the government would agree to the changes I was suggesting, or that the amendment would meet either with the approval or disapproval of the house. The reason I brought it up was to make sure that the amendment was put in proper form.

Mr. Fournier (Hull): I did not object, but I am reserving the right to vote against it.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, the bill now before the house to amend the Maritime Freight Rates Act can have only one interpretation, as I see it. The bill deals with the principle of the Maritime Freight Rates Act. Are we in favour or otherwise of the 20 per cent rebate of freight rates as applied under that act? I listened to your ruling, Mr. Speaker, and I have a lot of respect for your judgment. As I understand the main motion now before the house it is to have the bill amending the Maritime Freight Rates Act, along with the other bills, go to a special committee to be set up by this house.

Mr. Green: It is for second reading only.

Mr. Gillis: That is quite right. Then we have the amendment. While on second reading we are discussing the principle of freight rates generally and the application of the 20 per cent rebate to the general freight rates, yet the amendment suggests that we should send the bill to a standing committee of the house for the purpose of dealing with the subject matter of it. The Minister of Transport (Mr. Chevrier) has made it very clear that it is not his intention to have the general freight rate question discussed by a standing committee of the house. A special committee is to be set up for that purpose. I make those remarks because I do not think you can divorce the Maritime Freight Rates Act from the general freight rate picture. To follow the suggestion made by Mr. Speaker to the hon. member for Cumberland (Mr. Black) that he be satisfied to have this bill go to a standing committee of the house would, in my opinion, be contrary to the best interests of the subject matter of the bill. It has to be discussed in its relation to the general freight rate picture by the same committee.

The vote on this question is bound to be kind of tricky. If we vote for the amendment and the question is passed to another committee and divorced from the general freight rate discussion, as I see it we will not be acting in the best interests of the maritimes. The amendment also suggests that the bill be not now read the second time. The principle of the bill maintains the principle of the rebate. If we vote either against your ruling on that score or vote straight for the amendment it could be construed that we are voting against the principle of the rebate under the Maritime Freight Rates Act.

Mr. Nowlan: No.

Mr. Gillis: That is quite all right. I am thinking in terms of how someone outside is going to interpret it. There are a lot of members in this house, and you get a lot of interpretations from them. I am saying how I see the matter. What is the Joe in the street going to think about it when he reads the version of some newspaper person who wants to colour it to suit himself? I am interested in this bill, Mr. Speaker, and I want to see it discussed by the committee. It is going to operate with the general freight rate structure, because you cannot separate the two. I say that for this reason. I listened to the hon. member for Cumberland (Mr. Black), and I concur in what he said. The hon. member for Queens (Mr. McLure) made an excellent speech, and I have no objection to anything he said. As I have said, however, the bill states there is no interference with the Maritime Freight Rates Act. All the bill does is confirm the principle of the 20 per cent rebate under that act, and the rebate was granted to enable the maritime provinces, when marketing their products in the central markets, to overcome geographic and other disabilities that were aggravated at the time of confederation.

At the time the 20 per cent rebate was granted the rates were pretty low. In fact from 1927 up to the present there has been an increase to the extent of 47 per cent in freight rates in Canada. If that 47 per cent applied across the country, then the 20 per cent rebate under the Maritime Freight Rates Act would still be valid. But that is not what has taken place. Let us remember that the 20 per cent rebate was to enable products of the maritimes to enter the central markets in competition with similar goods from the central area in those markets.

While that 47 per cent applied straight across the board to the rates in the maritime provinces, the rates in Quebec and Ontario have not advanced proportionately. There has been a very small percentage of increase in rates in the central provinces, because in those provinces the hauls are comparatively short. There is also trucking competition to keep the rates down. Indeed, those central provinces were so undisturbed about freight rates that they did not even bother appearing before the commission to give evidence. They are not concerned at all.

So if we are going to amend the Maritime Freight Rates Act we need something more than the bill now before us. We must have something more if we are to retain the benefits established by the act in 1927. In order to do that I say maritime freight rates cannot be separated from the general railway freight rate problem. For that reason I say it has to go to the same committee. I say further there is no use sending the bill in its present form to the committee, for the simple reason that if in committee one wants to make an analysis of the position of the maritime provinces under the present structure in relation to the 20 per cent rebate, he has to open up the whole question. That right was denied the maritime province representatives in 1948 when they made their submission to the board. When they asked for the opening up of the question, and for information and evidence upon which they could base an opinion, they were denied the right to proceed in that way.

I see no purpose to be served by placing the bill in its present form before any committee, because any committee that may handle it will have at its head a chairman who will stick to the subject matter of the bill, and that is merely the retention of the 20 per cent rebate under the Maritime Freight Rates Act.

In my opinion the bill is here for one purpose: when a general freight rate increase across the board was announced, there was considerable apprehension in the maritimes that it was going to defeat the purposes of the Maritime Freight Rates Act. Statements have been made in the press that rates would go up to the extent of 100 per cent. The government, realizing that its bill with respect to general freight rates, arising out of the report of the royal commission, is rather weak and shaky, places this measure before us for the purpose of assuring or reassuring those who were concerned about the Maritime Freight Rates Act that nothing is going to be done to disturb it. In other words they say the status quo is to be maintained as it was in 1927.

But that is not good enough. As I suggested a moment ago, if we are to retain the position

to which the maritimes were entitled in 1927 under the Duncan commission report it is necessary to go into the whole rate increase problem as it applies to the central provinces and to the maritimes in order to work out another amendment to the Maritime Freight Rates Act respecting the amount of the rebate. On the last occasion I spoke I said I believed that to retain the benefits set up in 1927, instead of the 20 per cent the act should be amended so the rebate would be increased to either 30 or 35 per cent, depending upon the evidence produced. That would be necessary, in order to continue the benefits given under the Maritime Freight Rates Act.

I rose at this time merely to try to sort out some thoughts in my own mind, and to provoke the thought of other members respecting the implications in this bill. First, I want to have the Maritime Freight Rates Act discussed in its relationship to the general freight rates picture. The two cannot be divorced. If hon. members vote to have this bill placed in the hands of the committee on railways, canals, and telegraph lines, then in my opinion they are shelving the problem. They are placing this bill, which means nothing more than a confirmation of the 20 per cent rebate, in the hands of a committee which has nothing to do with the general freight rates discussion. The chairman of that committee, when discussion on the bill is proceeding, will simply read the bill and rule that members of the committee must stick strictly to its subject matter. They can pass it and send it back to the house so that it may be passed here. It does not mean anything, so far as the Maritime Freight Rates Act is concerned. On the other hand if we vote against the amendment it can be construed as voting against the principle of rebate in the Maritime Freight Rates Act.

Mr. Macdonnell (Greenwood): I should like to ask the hon. member a question. I agree so fully with what he has said as to what he desires to come about that I am anxious to ask him this. My understanding is that the amendment proposed this afternoon contemplated a wide discussion of the whole problem. I understand the only change that has been made is that it will now be referred to the standing committee instead of to a special committee. If I am right in that, then does it not mean that the committee will arrive at some conclusions within the terms of reference, that those conclusions will then come back to the house, and that this house will then arrive at any conclusion it sees fit. I am not able to understand what the hon. member means when he says that all that will be discussed is this bill, which I agree is just a useless gesture.

Mr. Gillis: That is all that will be discussed. The committee on railways, canals and telegraph lines is not a legislative body. They cannot recommend anything to the house that would be binding upon the house. If the bill in its present form is referred to that committee, the chairman of the committee has no power to recommend anything beyond the subject matter of the bill. Any hon. members who have been on a committee dealing with legislation passed to them from the house will know that is exactly the procedure followed. That committee could not recommend anything that meant an additional expenditure of money. Their recommendations would mean nothing as far as I am concerned. Any recommendations would simply be tabled in the house and forgotten. Anything that goes before that committee on railways, canals and telegraph lines will simply follow that pattern, and all we will have will be a confirmation of the Maritime Freight Rates Act as at present constituted. That is all that can come back from the committee.

The committee which the Minister of Transport (Mr. Chevrier) suggests is to be set up will discuss the whole freight rates picture. You cannot divorce the Maritime Freight Rates Act from that discussion. The minute any member of the main committee wants to discuss the Maritime Freight Rates Act he will be told by the chairman that that matter is before another committee and is not germane to the discussion of the bill which was given second reading a short time ago.

Mr. Higgins: It is to be the same committee.

Mr. Gillis: It is not to be the same committee. The amendment suggested by the hon. member has been changed so that the Maritime Freight Rates Act is to be sent to the standing committee on railways, canals and telegraph lines. When the Minister of Transport was questioned on that subject he was adamant that Bill No. 12, which implements the recommendations of the royal commission, would not be sent to the standing committee but rather to a special committee. By putting the Maritime Freight Rates Act off in a corner in a standing committee of this house we will be divorcing the discussion of that act from the main discussion on freight rates. They belong together. You cannot adjust one without adjusting the other. Any change in the general freight rates structure affects the Maritime Freight Rates Act.

I want to see this matter handled in a way that will provide the best possible discussion and the greatest benefits to the maritimes. This act should be sent to the committee which is to discuss the national freight rates structure. Every time there is an increase in freight rates there is a disturbance of the base set in 1927 by the Maritime Freight Rates Act. Every time there is an increase in rates an additional tariff is placed against goods from the maritimes moving into the central provinces. That is what happens when there is no compensating increase in the rebates allowed under the Maritime Freight Rates Act. If that policy is followed long enough the products of the maritime provinces will be debarred from the markets of central Canada.

The hon. member for Queens (Mr. McLure) indicated quite clearly just what happens when the rate is increased as it has been. He told us that the rate on potatoes is now so high that it is impossible to market that product in central Canada. It is faced with a tariff in the form of increased freight rates which have been imposed during the last five or six years in particular.

I am going to vote against this amendment because I do not want to see the discussion on the Maritime Freight Rates Act divorced from the general discussion of freight rates. Both matters should be in the same committee. I should like to see the hon. member for Cumberland (Mr. Black) indicate that he does not think it wise to have this happen and agree to withdraw his amendment, so the Maritime Freight Rates Act and all its implications may be discussed along with the general freight rates structure. By having the whole picture before it the committee will be able to arrive at a proper decision.

If the minister will assure us that can be done, then there is no necessity for the amendment. I suggest to the hon. member for Cumberland that he consider again the advisability of divorcing this bill from the main committee. These questions cannot be separated. If we divorce the discussion of this bill from the main committee all that will happen will be a confirmation of the principle. It is not the principle that is wrong, it is the application of that principle over the years as rates have changed from time to time.

Mr. G. F. Higgins (St. John's East): Mr. Speaker, as I listened this afternoon to the hon. member for Cumberland (Mr. Black) and the hon. member for Queens (Mr. McLure) I felt that I was back in 1947 when Newfoundland was discussing the question of confederation with Canada. The words that were used then could very well be used today. It is interesting to look at the discussion that took place in 1867 and compare it with the discussion that is taking place today. It will be quite easy to see the two streams of thought that were running side by side. Apparently that thinking is still going on in the maritime provinces, the same type of thinking that went on when they were discussing the question of joining with Upper Canada and Lower Canada.

It is interesting to try to get the reason for that. After listening to the two senior members it is easy to understand how the problems that faced the maritime provinces back in 1867 were the same which faced Newfoundland in 1947 and 1948. Having heard some of this history I started to delve deeper into it, and I came to the famous Duncan report which has been referred to. The Duncan commission was set up by P.C. 505 dated April 7, 1926. The prime minister referred to therein is the late Mr. Mackenzie King. The following paragraph appears in that order in council:

> The Prime Minister observes that it is most undesirable that any section of the people of the maritime provinces should entertain the opinion that their interests are being knowingly prejudiced, and that the public interest requires that every occasion for the existence of a feeling of grievance should, if possible, be removed.

That was the foundation of the famous Duncan commission report which has been recognized by the maritimes and now by Newfoundland as the cornerstone of their Magna Carta in so far as the rest of Canada is concerned. After hearing the hon. member for Queens speak this afternoon I looked over the report of that commission, and I found the following at page 20:

> We think, however, that a balanced study of the events and pronouncements prior to confederation, and at its consummation, confirms the representations submitted to us on behalf of the maritime governments in regard to the ultimate construction of the railway, viz:
>
> (a) That leading Canadian statesmen in urging the adherence of the maritime provinces to confederation defined the purposes of the railroad to be
>
> (i) A means of affording to Canadian merchandise, and to Canada herself in times of national and imperial need, an outlet and inlet on the Atlantic ocean—available all the year round—and
>
> (ii) To afford to maritime merchants, traders and manufacturers, a market of several millions of people instead of their being restricted to the small and scattered populations of the maritimes themselves, particularly in the light of the disturbance with which their trade was threatened as the result of the discontinuance by the United States of the reciprocal arrangements that had prevailed.
>
> (b) That strategic considerations determined the actual course of the line—making it many miles . . . longer than was necessary—if the only consideration had been "to connect the cities of the maritime provinces with those of the St. Lawrence."

Then I come to the last and most important paragraph. It reads:

(c) That to the extent that commercial considerations were subordinate to national, imperial and strategic considerations, the cost would be borne by the dominion and not by the traffic that might pass over the line.

That referred to the Intercolonial railway, and the Intercolonial railway line was the major line to the maritime provinces at that time. From the point of view of history, going back to the 1867 talks these were the words of Sir John A. Macdonald:

I don't hesitate to say that with respect to the Intercolonial railway it is understood by the people of Canada (Ontario and Quebec) that it can only be built as a means of political union for the colonies. It cannot be denied that the railway, as a commercial enterprise, would be of comparatively little commercial advantage to the people of Canada.

I should also like to refer to the words of Sir Alexander Galt at the same conference. He said:

The railway is not to be looked upon as a question of cost; but as a bond of union that will unite us in peace and in time of need.

That is the basis of the Duncan report. That is the basis of the claim that has had the hon. member for Queens (Mr. McLure) and the hon. member for Cumberland (Mr. Black) on their feet this afternoon speaking in such strong fashion. That is the basis of the attitude of all maritimers and of the newest part of the maritimes in joining this particular battle. Equalization has been explained to us today by the minister; but whether or not we agree with his ideas about equalization all this railway legislation means only one thing, that the people of central Canada, meaning the two central provinces of Ontario and Quebec, are not going to be pinched in any way by railway rates because competition with trucks there is such that the rates will not be raised.

The western provinces are going to have their rates reduced, and I presume that is why western members are so satisfied with this legislation. The railways will not absorb increased costs, and there is no one else to whom to pass them on but the maritimes. I have always had a good opinion of the speeches of the hon. member for Cape Breton South (Mr. Gillis) but tonight he seemed to me to get completely off the track, and I do not mean the railway track. He more or less suggested that we had to look to the bill. The bill itself does not mean a thing. The principles that we are talking about have nothing at all to do with the bill before us this evening, at least in the wording that has been submitted to us. The hon. member said, if I remember rightly, that he was not going to vote for the amendment because it took away power to deal with all matters, and moreover the special committee would not be handling it.

I would ask the hon. member to read the amendment. It is very clear. It reads:

That the said bill be not now read the second time, but that the subject matter thereof be referred to the special committee on railway legislation . . .

That is very positive. There is only one special committee that has been referred to; that is the committee the minister proposes to set up in connection with railway legislation.

Mr. Gillis: No.

Mr. Coldwell: No, it is changed.

Mr. Higgins: Well, the principle is the same. I do not see any difference.

Mr. Gillis: Who is off the track now?

Mr. Higgins: Possibly I may be a little bit wrong in my interpretation. I may not have heard that particular part. At all events, the final part of the amendment of the hon. member for Cumberland reads:

. . . they shall also have power to examine and report upon the extent to which the benefits conferred by the Maritime Freight Rates Act are affected by Canadian transportation policy.

The policy that is now being enunciated as a result of the Turgeon report is suggested as a national policy for Canada. The railway bills that are now being put before the house are a part of that policy. The amendments affecting freight rates are supposed to be part of the implementation of the Turgeon report. There have been various explanations given as to why there is not much interest in some parts of the house in these particular measures. I have heard that the question of equalization of rates is to be referred to the board of transport commissioners, and they are to make a ruling. I have heard that they are to interpret that ruling, that we need not have any worry about the matter, that it is none of our business how the board of transport commissioners interprets the ruling, and that if it is adverse to the maritimes then a certain body of this house will see to it that the ruling is corrected. To me that seems so much poppycock.

As I say, that has been suggested to me, and I hope that when the minister replies, as I believe he will, he will tell us that it is nonsense or that such a proposition has been put forward and that it is correct. As the minister said today, this is probably one of the most important bills that has been brought before the house for a long time. It means so much to the maritimes, so much to the newest part of the maritimes, the province of Newfoundland. It is a question of

life or death as far as the industries of Newfoundland are concerned. We make no apology to anybody for the vehemence with which we speak on this matter because, as has been said in the house in the last couple of days, if the rates submitted to the board of transport commissioners are in fact —and the minister would not deny it—likely to be increased by over 100 per cent in certain cases, then the remaining industries of that part of the maritimes known as Newfoundland are going to be completely wiped out. For that reason I endorse completely, wholeheartedly and in every way the amendment moved by the hon. member for Cumberland.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, it is perhaps rather bold for one who does not hail from the maritimes to rush in, but at any rate it is not exactly a case of rushing in where angels fear to tread because the angels are treading and I shall only be joining them. I shall take only a few minutes. The reason I rise is that I think it is a matter of concern not only to the maritimes but to all of us that there shall not be left a sense of injustice on the part of an element in this community whom we all respect and like.

As for this bill, it seems to me that it is insignificant. You have only to read the explanatory note to see that this bill is merely a little tidying-up operation. It does not change anything. It does not do anything. It is just like a feather duster going over the surface when actually you want something in the nature of a drastic operation. According to the explanatory note, all this bill does is to confirm the present practice of the board of transport commissioners. In other words, if there is a problem this bill does not purport to deal with it. It just puts a legal imprimatur on something which is already being done.

Actually, so far as I can understand it, there is a problem. The extent of the problem we are not very certain about as yet. Some of our fellow members are greatly alarmed about it. They think the proposed rates are going to be ruinous to them. As I understand it the Minister of Transport (Mr. Chevrier) says: Do not worry about these figures that are put out. They may not be nearly as bad as you think. He suggests: Perhaps you are crying before you are hurt.

All right. If it should turn out that way, well and good. On the other hand we have seen a great deal of evidence here already to indicate that people are going to be hurt. For that reason I hope this amendment may carry, whereby this problem can at least have full consideration given it by a competent committee.

[Mr. Higgins.]

I have looked back over the two reports, the names of which are so well known; the Sir Andrew Rae Duncan report and the Sir Thomas White report. In the Duncan report it is made quite clear just why that 20 per cent figure was put in the act. Up to 1912, as I understand it, the maritimes felt they had had a reasonably fair deal. Between 1912 and 1926 railway rates in the maritimes had risen from an index figure of 100 to 192 whereas in the rest of the country they had risen from 100 to 155. By applying the 20 per cent reduction at that time, an equality was arrived at. Since 1926 obviously there have been substantial increases in rates. It is also obvious even to one whose knowledge of mathematics is as small as mine that the application of the original 20 per cent, as the increases have grown broader, will not produce the same equality it produced in 1926.

It would therefore appear on the face of it that, in all probability, there is a problem which should be dealt with. Why we cannot now take steps whereby that problem can be dealt with is something that passes my comprehension. This piffling little bill we have before us, self-confessed, does nothing. As I say, if there is something to be done, then why can we not deal with it?

Just as an indication of the spirit in which I think this thing should be approached I should like to read a short paragraph from the Duncan report in 1926. I read briefly from page 44, under the heading "Conclusion":

> We have approached consideration of the claims and problems of the maritime provinces, not from the point of view of finding palliatives—

I want to stop there for a moment to stress that word "palliatives". My feeling is that it is all wrong to deal in palliatives and that we should try to face squarely whatever problem there is and deal with it not by way of palliatives but on principle. I continue:

> —for the dissatisfaction and political unrest which have been prevailing in that part of the dominion, but with an endeavour to apply equitable correction where we have found their claims to be, in our opinion, well founded, and practical solutions—or the basis of practical solutions—where we have found a set of conditions which call for remedy and it was within our terms of reference, broadly interpreted, to deal with them.

That is the spirit that I believe should be adopted now. I think it is the spirit every decent Canadian will wish to have applied. I cannot believe that we should tolerate a situation where, as I said a moment ago, men whom we respect greatly stand up in this house and say with great conviction and cogency that they are suffering injustices and have been doing so for many years.

I might give another reason, not such a serious reason but one which I put forward;

that is, that it is highly desirable to bring about a spirit of contentment in the maritimes. Otherwise they are going to come up here and take all the good jobs away from us. No one in the central provinces will have a good job, because the maritimers will come and take them all.

But speaking seriously again, I feel we have no right whatever to tolerate a situation in which injustice prevails or where there is even the suspicion that injustice is being tolerated.

I should like to say just a word with regard to this amendment before I sit down. I always follow with respect what the hon. member for Cape Breton South (Mr. Gillis) says, but tonight I could not agree with him. I am going to accuse him of becoming not a sea lawyer or a Philadelphia lawyer but a House of Commons lawyer. I suggest that tonight he was making a distinction which I at any rate could not follow. I suggest to him that if this resolution carries and the bill goes to a standing committee, after all it will be a committee of the same kind of people that are on the special committee. If it goes to the committee with these wide terms of reference, and if that committee reaches conclusions, there is nothing in the world to prevent this house, if it sees fit, adopting those conclusions, just as it could adopt the conclusions of the special committee. I cannot follow him there. If this resolution should pass, its terms are fairly broad. I will not read them again. The committee has wide power. The men on that committee will be just the same kind of men as those on the special committee; and maybe they will be better men. Why their views should not carry weight if they should decide that something should be done, I do not know. As I take my seat, again I say that it seems to me the government might have something better to do than bring forward this piffling little bill that does not mean a thing and does not even in its terms suggest that it is an approach to dealing with a question which has extremely serious implications.

Mr. J. A. MacLean (Queens): Mr. Speaker, as the representative of a maritime constituency I feel obligated to speak on this amendment, for important reasons. I have a feeling that the importance of this whole principle of maritime freight rates is not sufficiently recognized by this house. In order that it should be better understood, or put in its proper light, I think it is perhaps necessary for me to go back a good number of years to try to illustrate why the principle of maritime freight rates was ever brought into being.

In 1864 a group of men representing what are now the four maritime provinces met in my constituency with the idea of forming those four colonies, as they were then, into a country. It was the logical and obvious thing to do, because the four maritime provinces were a natural economic unit. If they were united into one or were confederated, they would be in a position to carry on trade with their natural markets, which are the eastern United States; and they would be in a position to make tariffs, impose excise taxes and so on with respect to their economy, which would allow their economy to prosper as it was prospering up to confederation. As the result of a delegation from what was then the Canadian colonies, Upper and Lower Canada, that original idea was cast to one side and the idea of a larger confederation was entered upon.

The second idea was immediately taken up by Nova Scotia and New Brunswick. Prince Edward Island did not accept it until six years later, and Newfoundland not until quite recently. The maritime provinces recognized that when they forfeited control over their own economy they would be at the mercy of laws brought into being by a larger legislative body in Ottawa, which would affect their economy. Before entering into that confederation, therefore, they made certain they had assurances that their interests would be protected and that they would be put in a position to successfully compete in the markets of central Canada. The population of the maritimes relative to that of central Canada, and its economy relative to that of central Canada, are so small that the markets of central Canada are much more important to the maritimes than the markets of the maritimes are to central Canada. The freight rates which exist between those two areas are of proportionately greater importance to the maritimes than they are to central Canada.

In an attempt to allow the maritimes to compete successfully in the markets of central Canada the principle of the Maritime Freight Rates Act was introduced. In that connection I should like to read from the preamble to that act. It can be found at page 228 of the report of the royal commission on transportation, and reads as follows:

> Whereas the royal commission on maritime claims by its report, dated September 23, 1926, has, in effect, advised that a balanced study of the events and pronouncements prior to confederation, and at its consummation, and of the lower level of rates which prevailed on the Intercolonial system prior to 1912, has in its opinion confirmed the representations submitted to the commission on behalf of the maritime provinces, namely, that the Intercolonial Railway was designed, among other things, to give to Canada in times of national and imperial need an outlet and inlet on the Atlantic Ocean, and to

afford to maritime merchants, traders and manufacturers the larger market of the whole Canadian people instead of the restricted market of the maritimes themselves, also that strategic considerations determined a longer route than was actually necessary, and therefore that to the extent that commercial considerations were subordinated to national, imperial and strategic conditions, the cost of the railway should be borne by the dominion, and not by the traffic which might pass over the line;

In that connection the adjustment, which was the Maritime Freight Rates Act, was brought into being. But even under those conditions the maritime producer was not on an equal basis with the producer in central Canada with regard to the markets of central Canada. The result was that when we had these across the board percentage increases in rates, the discrimination was increased percentage-wise. This is easily understood because actually the increases were a geometric progression, so the greater the increase the greater the difference and the greater the discrimination. The maritime producer has been almost completely squeezed out of the markets of central Canada.

In addition, the situation is aggravated by the fact that the overseas markets for the primary products of the maritime producer have to a great extent been lost. The markets for pit props in Great Britain, apples in Great Britain, potatoes in the United States and fish in Spain are examples of this. It is interesting to note that this type of situation is recognized in the United States and something is done about it. It has been pointed out that the Canadian practice differs from that in the United States, where the interstate commerce commission and the railways provide for exceptions to uniform percentage increases in order to lessen the impact of freight rate increases. That is a principle which I believe should be recognized at this time. This is a very important matter, and one of vital importance to the people of the maritimes. For that reason it is of vital importance to all of Canada. It is not wise for us to assume that Canada as a whole can prosper when one part of her economy is suffering and is not prospering. After all, if the entire country is not prosperous the nation cannot prosper. We must be strong from coast to coast, and every section of our economy must be sound.

Some people have the impression that we in the maritimes are just taking up valuable time of this house to talk about something that is of parochial concern. This is a problem of national importance, and the people in the maritimes recognize that fact. This is illustrated by a letter which I received a few minutes ago from the Charlottetown board of trade which mentions this freight rate problem. It reads in part as follows:

Now therefore be it resolved that this Charlottetown Board of Trade goes on record as strongly opposing any freight rate equalization plan that would adversely affect the existing maritime freight rate structure, unless it can be shown that there can be effected a basis which would not have any detrimental repercussions on maritime economy, and urges that no legislative action be taken that would permit any increase in the existing maritime structure in order to give effect to any freight rate equalization plan.

Mr. G. C. Nowlan (Annapolis-Kings): I should like to speak briefly on this amendment before the debate closes. The hon. member for Cumberland (Mr. Black) opened this discussion so effectively this afternoon, and put so many quotations on the record concerning the historical background of the Maritime Freight Rates Act, that I do not propose to repeat many of the matters which otherwise would have to be put on the record.

When one looks at the report of the Duncan commission, Mr. Speaker, there is perhaps one sentence that should be placed upon the records of this house. It is to be found on page 21 of the report of that commission and reads as follows:

On the broader question, however, of the incidence of the existing rates as a whole upon industry and employment in the maritimes, we have come very definitely to the conclusion that the rate structure as it has been altered since 1912 has placed upon the trade and commerce of the maritime provinces (a) a burden which, as we have read the pronouncement and obligations undertaken at confederation, it was never intended it should bear, and (b) a burden which is, in fact, responsible in very considerable measure for depressing abnormally in the maritimes today business and enterprise which had originated and developed before 1912 on the basis and faith of the rate structure as it then stood.

That is the finding of the Duncan commission, and as a result of that finding the Maritime Freight Rates Act was introduced. It has been said that it was to compensate for this finding made by the commission and, Mr. Speaker, I think it did compensate for it. The Maritime Freight Rates Act, as enacted in this house in 1927, accomplished a great deal for the maritime provinces and went a considerable distance in rectifying the injustices and evils the Duncan commission had found. But the trouble with the Maritime Freight Rates Act was, and is, that it took the rates that applied in 1927 and froze them; it set up new rates and froze them at that level, subject to rises in case of increased costs. The rates remained constant, at least for many years, but conditions changed. You got a reduction through competition in other places; you got lower rates in other parts of Canada because of lake, water and truck

competition; but the maritime rates, having been fixed at that level, remained constant and got no benefit from the act.

Subsequently, as was pointed out by the minister this afternoon, in 1947 the railways received horizontal increases across the board. The maritime freight rate structure had to absorb the increases, less the statutory deduction of 20 per cent. Thereafter the rates were increased materially. Now you have the so-called or suggested national policy which is going to do something else to the freight rate structure of the maritimes. That is why those of us who are speaking in support of this amendment suggest that the time has come when we should revise the whole basis of the Maritime Freight Rates Act, which was excellent in 1927, which as I say did accomplish much, but which is now largely outmoded because of changing conditions. We say that the principle of the act should be studied and changed. Usually I can agree with the hon. member for Cape Breton South (Mr. Gillis), if not entirely at least with a considerable sense of approval, but I cannot do that with the argument he has advanced tonight.

We have, as I said, an amendment to the Maritime Freight Rates Act which is trifling, Mr. Speaker. Actually it is not required at all. The royal commission say that what is proposed in this legislation has been in effect for years. All the government is asking this house to do is give statutory approval to a practice which has developed throughout the years and which would continue regardless of the passing of this legislation. That is all that is contained in the bill. Personally, and I think I am speaking for most of those who are in favour of the amendment, I would not care if the bill never went through. It would not make any difference to the maritime provinces. They would be in the same position they are in now if the bill never passed. What we are saying, and what this amendment suggests and asks this house to do, is that the contents of the bill be sent to a standing committee with instructions to consider the whole background of the act, to bring documents, to bring people to testify, to study it, and to make a report; in other words put life back into the veins of the organization which was created in 1927; to revive it, to bring it up in keeping with existing conditions. That can be done only by an extensive study of the act. Without getting involved in an argument on the rules—I am prepared to take the opinion of the hon. member for Cape Breton South on that because he has been here much longer than I have and knows the rules much better than I do—if the bill respecting the Maritime Freight Rates Act were referred to the committee, as was originally proposed by the minister, and someone in that committee brought up another proposed amendment to the act the chairman would be bound to say: "We are bound by the terms of the bill that we are considering. The fact is that this bill deals only with the inclusion of lake traffic, and we have no power to make a general study of the freight rates act". I am sure, Mr. Speaker, that would be the ruling of the chairman, and I believe that ruling would be right. Therefore it would be impossible to give any consideration to the things we want to have considered unless this house gives the committee instructions to consider them.

To be technical, it might be a little more efficient if the instructions were given to the same committee. I am not going to argue about that. The main thing is that some committee should be given instructions to consider the background of this act, to study it, and to report. Without such an amendment as is now before the house such a study is impossible. That is what we require now. That is why the hon. member for Cumberland (Mr. Black) moved his amendment, and that is certainly why I am supporting it.

There are scores of reasons one could advance and examples one could give to show how the act is outmoded. All one has to do is look at the report of the Turgeon commission. If you start at page 230 you will find suggestions as to amendments to this act. These suggestions, Mr. Speaker, are not made by irresponsible individuals but largely by the governments of the maritime provinces, and in some cases by maritime boards of trade; in others, by the government of New Brunswick, a government not unknown to this government; by the government of the province of Nova Scotia, and the government of the province of Prince Edward Island. I believe also, although on this I am not certain, that the government of Newfoundland made recommendations. They are all set forth on pages 230, 231, 232 and 233. Out of all these suggestions, Mr. Speaker, what do we get? We get the bill that is before us tonight to approve of a practice which has been in effect since 1927. That is all that grew out of the recommendations made to this royal commission by the three maritime governments and boards of trade.

I appreciate the fact that whoever closes this debate will say: What you are asking for is impossible. Do you not realize that you had a royal commission to study this? Do you not realize that the royal commission made a report? Why should you suggest

now that we reopen the whole subject? That is the obvious answer that can be thrown across the house at us. I am prepared to accept that answer, Mr. Speaker, and refute it because, without casting any reflection upon the royal commission, when a royal commission considers as many representations as that commission is supposed to have considered—whether they did or not—from the responsible bodies which proposed them, and ignores them all except one, and that the most trifling, which never was proposed by governments, then I suggest that the supreme court of this land, this parliament, has a direct responsibility here which we are asking it to invoke. We are appealing to its jurisdiction in the matter.

I am not going to go over the changes that were suggested. They cover three or four pages. I shall just mention four. They were asked to give wider powers to the board of transport commissioners. One would think that would be a reasonable request, Mr. Speaker. The minister, and I think quite properly, this afternoon in another debate extolled the board of transport commissioners. He spoke about its qualities, its powers and the ability of its members. The governments of the maritimes asked that the board be given wider powers. The commission refused to give it any additional powers. Some of the governments asked that the geographic area embraced within the act be extended. That was refused. In that connection I should like to point out to the house that the benefits of the act, the so-called preferred areas, apply only to goods originating in the maritimes. It does not apply only to those, but for the sake of this argument it applies only to goods originating in the maritimes and shipped to other places in Canada. You will find from reading the Duncan report that this is based on the fact that when we entered confederation the reciprocal treaty with the United States had been abrogated and our trade with that country was very, very small. Actually today, Mr. Speaker, our trade in the maritimes with the United States is substantial, at least in many products. Fresh fish products go in large quantities to the markets of New England. We ship apples and apple products to the United States market. In a consideration of this act I should like to have some study given to the enlargement of its principles to include goods being shipped to United States markets as well as the markets of Toronto and Montreal. We probably ship more to the United States, and I do not see any reason why the benefits of the act should not be increased to that extent.

[Mr. Nowlan.]

Then another matter was referred to the commission, one of particular importance to my own constituency. The maritime board of trade recommended that this act should be made to apply to the shipments of the *Princess Helene* steamship service connecting Digby and Saint John. That recommendation was made unanimously by the three maritime provinces. It was concurred in and accepted by the two railways. It was refused by the commission. I would like to know why. Some in this house are practising lawyers, and they know that when they come before a court and both sides have agreed, they have a consent judgment and it usually does not require a great deal of argument before that consent judgment is obtained. Here we have this consent judgment, this request by the provinces supported by the railways, refused by the commission. Freight moving over the Canadian Pacific railway to Saint John and then going across to the Annapolis valley does not get the benefit of the Maritime Freight Rates Act. It gets that benefit when it goes to Newfoundland. Some of us will remember the debate which took place two years ago, when the matter was discussed. It gets the rate when it goes to Prince Edward Island or to any other province, except in a movement across the bay of Fundy. Apparently the reason for this refusal is that if it were given to them, then perhaps other steamships would ask that it be extended. At page 235 of the report we find this:

> If an extension of the act were made in this case it would lead to the demand for a similar concession in favour of the steamship services operating from point to point within the area, and this would enlarge the scope of the act beyond, not only what was originally intended, but what is required.

As a matter of fact there are no other steamships operating within that area, or serving the railways, which could make application. I think this would be concurred in by everyone who knows that geographic location.

Reference was made this afternoon and also yesterday to Rand Matheson. I have a statement by Mr. Matheson to the Annapolis valley boards of trade three months ago in which he said the Annapolis valley has the highest freight rate in the maritime provinces. And we in the maritime provinces think our freight rates are fairly high in comparison with the rest of Canada. One reason our rates are high is the fact that we do not get the benefit of the Maritime Freight Rates Act on goods coming into the Annapolis valley via the Canadian Pacific railway. I hope to see the time when the Canadian Pacific will be given the rights and will acquire the facilities so it can move into the Annapolis valley, across the bay of Fundy. I believe that is essential to the

development and prosperity of western Nova Scotia. Until that time comes, what we do require is that the benefits of this act be given in respect of goods which cross the bay from the C.P.R. in Saint John to the subsidiary serving the Annapolis valley.

Those are some of the changes we think should be considered. That is why we are asking that the committee consider the matter tonight. After referring to the disabilities under which the maritime provinces suffered, the Duncan commission states this, at page 9:

> But reasonable balance is within accomplishment if there be periodic stocktaking.

I repeat the words "if there be periodic stocktaking". That statement of the Duncan commission is as true in 1951 as it was in 1927. All we are asking now, after a period of twenty-five years, is an opportunity to have another periodic stocktaking so that the incidence of this act may be brought up to date and adjusted to conditions which obtain today, and which have changed so materially since that time.

Mr. W. J. Browne (St. John's West): Mr. Speaker, as another member from the maritime provinces I should like to say a few words tonight. Although I have spoken twice, there are one or two matters I should like to point out at this time in connection with Newfoundland.

Hon. members may not know this, but in the terms of union with Newfoundland that province was given the benefit of the Maritime Freight Rates Act. Although I recognize the sincerity of the minister in regard to this subject, on that occasion a mistake was made, so that when Newfoundland protested and brought its claim before the board dealing with freight rates it was found that it had been charged excess rates to the extent of $4 million. It seems to me if that could be done between 1949 and 1950 it could still be done. That is one reason why I feel it is necessary that this matter be considered by a committee of the house, so that representatives of the maritime provinces and of Newfoundland could be present to see that a better bargain is given.

Hon. members must know that after union with Canada the secondary industries of Newfoundland suffered considerably. Some of them have been wiped out. There has been a revolution in the trade of Newfoundland. Formerly we dealt principally with the United Kingdom and the United States, though in later years trade with Canada had been increasing. But it was a one-sided trade.

I would say that in the year before confederation trade with Canada amounted to about $60 million, of which about $55 million was from Canada to Newfoundland and $5 million from Newfoundland to Canada. Today the picture is this, that over $100 million of goods is coming from the other nine provinces, and still only $10 million from Newfoundland to the nine provinces.

If the freight rates are going to be increased on that quantity of goods it will bring about a considerable addition to the cost of living in Newfoundland, which at the present time is higher than in Canada. Before confederation we were promised that after confederation the cost of living would go down. I believe the base upon which the figure for the cost of living in Canada was computed was higher as applied to Newfoundland than as applied to the rest of Canada by about 30 per cent. The cost of living is still that much higher in Newfoundland.

It has been pointed out very well by the junior member for Queens (Mr. MacLean) that this across the board percentage increase in freight rates has made a difference in the maritime freight rates structure, so that the rate is not the same as it was in 1927 in comparison with the Ontario freight rate. The gap between the maritime and Ontario freight rates in 1927 was much less than the gap between those two rates today. The maritime people consider that an injustice, and suggest it is one of the subjects which should be considered by the committee. It seems to me this is a proper time to protect the maritimes in regard to freight rates. Here we are considering an amendment to the Maritime Freight Rates Act, which was introduced and passed by parliament as a consequence of the Duncan report. If there is going to be further protection, then I am sure members from the maritime provinces who support the government must agree that this is the proper time to have the protection the maritime people would wish to have inserted in the Maritime Freight Rates Act. They have sat silent while this discussion has gone on for three days, except for the contribution by the senior member for Halifax (Mr. Dickey), which was so highly praised today by the Minister of Transport (Mr. Chevrier). I feel sure, however, that the remaining members from the maritime provinces must feel some qualms about the subject we have been discussing. If they support the proposition we have been putting forward, they will find nothing but gratitude from the people they represent.

Maritime Freight Rates Act

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

YEAS

Messrs:

Balcer	Harkness
Beyerstein	Hees
Black (Cumberland)	Herridge
Blackmore	Higgins
Blair	Johnston
Browne (St. John's West)	Jones
Charlton	Knowles
Churchill	Lennard
Coyle	Low
Diefenbaker	Macdonnell (Greenwood)
Dinsdale	MacInnis
Drew	MacLean (Queens)
Fair	McLure
Fairclough, Mrs.	Meeker
Ferguson	Murphy
Fleming	Nowlan
Fraser	Quelch
Fulton	Ross (Souris)
Gibson	Tustin
Graydon	White (Hastings-Peterborough)—41.
Green	

NAYS

Messrs:

Anderson	Gillis
Argue	Gingras
Ashbourne	Gingues
Balcom	Gourd (Chapleau)
Bater	Harris (Grey-Bruce)
Beaudoin	Harrison
Benidickson	Hetland
Blanchette	Jutras
Blue	Kickham
Boisvert	Kirk (Antigonish-Guysborough)
Boivin	Kirk (Digby-Yarmouth)
Boucher	Lafontaine
Bradette	Laing
Bradley	Langlois (Berthier-Maskinonge)
Brisson	Langlois (Gaspe)
Brown (Essex West)	Leger
Bryce	Lesage
Byrne	Little
Cameron	MacDougall
Campney	MacLean (Cape Breton North and Victoria)
Carroll	MacNaught
Cauchon	McCulloch
Cavers	McCusker
Clark	McDonald (Parry Sound-Muskoka)
Cleaver	McIlraith
Cloutier	McLean (Huron-Perth)
Coldwell	McMillan
Corry	McWilliam
Cote (St. Jean-Iberville-Napierville)	Major
Croll	Masse
Darroch	Murray (Oxford)
Decore	Mutch
Dewar	Pouliot
Dion	Proudfoot
Dube	Richard (St. Maurice-Lafleche)
Dumas	Riley
Eyre	Roberge
Ferrie	Robertson
Follwell	Rochefort
Fournier (Hull)	Rousseau
Gagnon	St. Laurent
Gardiner	Simmons
Garson	Sinclair
Gauthier (Lake St. John)	Sinnott
Gauthier (Lapointe)	Smith (Moose Mountain)
Gauthier (Portneuf)	Smith (Queens-Shelburne)
George	Stick
	Stuart (Charlotte)
	Studer
	Tremblay
	Valois
	Viau
	Weaver
	Weir
	Whiteside
	Winters
	Wood
	Wright—109.

Mr. White (Middlesex East): I was paired with the hon. member for Middlesex West (Mr. McCubbin). Had I voted, I would have voted for the amendment.

Mr. Catherwood: I was paired with the hon. member for Kent, Ont. (Mr. Huffman). Had I voted, I would have voted for the amendment.

Motion agreed to, bill read the second time and referred to the special committee on railway legislation.

NORTH FRASER HARBOUR COMMISSION

AMENDMENT OF ACT TO PROVIDE FOR TWO ADDITIONAL COMMISSIONERS, ETC.

Hon. Alphonse Fournier (for the Minister of Transport) moved the second reading of Bill No. 8, to amend the North Fraser Harbour Commissioners Act.

Mr. Green: Will the parliamentary assistant explain the bill, please?

Mr. W. M. Benidickson (Parliamentary Assistant to the Minister of Transport): Mr. Speaker, this is quite a simple bill. It has two objectives, one to increase the number of harbour commissioners from three to five, and the other to clear up any ambiguity as to whether or not compensation can be paid to them. The bill provides that compensation can be paid to the commissioners provided approval is obtained from the governor in council. I might say that this is one of the great waterways of Canada. Business has increased tremendously and it is felt that an increase in the number of commissioners would greatly broaden the experience of the board.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, I should like to emphasize the words just used by the parliamentary assistant when he said this is one of the great waterways of Canada. The area involved is that of the north arm of the Fraser river which, as most hon. members know, forms the southern boundary of the city of Vancouver, also of the municipality of Burnaby and, I believe, the northern boundary of the municipality of Richmond. As the city of Vancouver has grown, many of the sawmills and other industries have moved from an inlet in our city known as False creek around to the north arm of the Fraser river, and there is now a great deal of business done

on that north arm. Hundreds of thousands of dollars worth of logs—in fact, I would not be surprised if at times there are millions of dollars worth—are tied up in the north arm. There are many tugs plying the waters and the area is now an extremely important industrial one, but the growth has really only begun. It will become more and more important as time goes on.

If this change in the North Fraser Harbour Commissioners Act will be of benefit to the industries established in that area, to the city of Vancouver and the other municipalities, then, of course, we are heartily in favour of the measure; and may I say that I believe it is beneficial. But when the bill comes into the committee stage I would ask the parliamentary assistant to give us some details of the plan. Why is the number of commissioners being increased from three to five? Is it in order that industries may be represented on the commission, or just what is the purpose?

In addition, this bill gives one the opportunity to point out to the government the intolerable situation which exists on this waterway which the parliamentary assistant himself has just said is one of the great waterways of Canada. Across that waterway we have an old low-level bridge—and it is many years old—which has to be opened for tugs many times a day. It is a great nuisance and a great handicap in the further development of the area. It is not only a great handicap in the industrial development of the area; in addition, the Vancouver international airport lies across that bridge. Everyone going from the city of Vancouver to the airport or vice versa is obliged to go over that bridge. If the bridge is open they cannot get across. There you have perhaps the most important airport in Canada with the bottleneck of this old bridge. It might easily happen that one day a boat may knock out a span of that bridge; then all this traffic will be held up. People will have to go across this waterway by ferry, or in some other way. We had a similar experience with the bridge over the second narrows in Vancouver harbour. The lift span originally was located in the wrong place, and one fine day a freighter came in, ran into another span and knocked it out. The bridge was out of commission for many months. That may well happen with this old bridge which is known as the Marpole bridge.

The reason I stress this matter this evening is that I believe the dominion government is largely responsible for the failure to replace that bridge. For many years now there has been a failure to reach agreement among the city of Vancouver, the province of British Columbia and the dominion government. I have here a press dispatch dated September 18, 1946, over five years ago, which reads as follows:

> Marpole Span Cost Split Three Ways
> Ottawa to Aid City on Bridge to Airport
>
> The federal government will share in the cost of a new high level bridge at Marpole—to serve the municipal airport—with the city and Richmond, Reconstruction Minister C. D. Howe told city council at a private meeting this morning.
>
> A report covering the proposed location, type and clearance of the span is to be prepared by civic, provincial and dominion engineers.

Then I have a dispatch here of November, 1947:

> British Columbia Seeks New Span
> Ottawa Parley on Fraser Arm Bridge
>
> Victoria, Nov. 21—Move to push ahead with the project for a multi-million dollar high-level bridge over the north arm of the Fraser river to Lulu island was revealed here today when Public Works Minister E. C. Carson said he will fly to Ottawa Saturday to discuss the bridge scheme with Reconstruction Minister Howe.
>
> Mr. Carson will put before the federal minister a report compiled by a special committee of Vancouver, provincial and dominion engineers.
>
> The report favours the building of the bridge from the end of Oak street, across the channel to Lulu island, with a cloverleaf sweeping to the right across a small bridge onto Sea island.

There has been a similar failure to get action right down through the intervening years: 1948, 1949, 1950 and now down to October, 1951. I have here an editorial from the Vancouver *Sun* which, as the Minister of Public Works (Mr. Fournier) knows, is a strong supporter of the government. This editorial is dated October 3, 1951. It is headed "Surly, as Usual" and it refers to the Vancouver airport. There is trouble now about the dominion taking over the Vancouver airport. But in dealing with the airport the editorial refers to several other projects which have been held up by the dominion. In dealing with this bridge it says:

> Oak street bridge: The city and the provincial government propose to put up one-third each of the probable $7 million cost of a new high-level span over the navigable Fraser to provide modern access to the international airport and open a new southern exit from the city. Rather than put up its share, Ottawa offers $400,000 towards rebuilding the inadequate low-level bridge at Marpole.

The *Sun* may not have the facts exactly right in their statement of what Ottawa is prepared to do, but certainly we seem to be no further ahead now than we were five years ago, in 1946. They have just been fooling around with this bridge. If it had been a bridge over the Ottawa river or over the St. Lawrence river it would have been built four and a half years ago.

Mr. Fournier (Hull): Do not say that to the people of Pontiac.

Mr. Green: There are not half a million people in the vicinity of Pontiac, but there

are in the vicinity of this bridge to which I refer, and they are all being seriously handicapped by the failure to get something done about putting in a high-level bridge. As I said before, this is an intolerable situation. While the bill now before the house may help the north Fraser area, it is just a drop in the bucket compared to the help that would follow from the erection of a high-level bridge. I would appeal to the Minister of Public Works (Mr. Fournier) under whose department this matter comes, of course, to look into this situation without delay. I hope we shall not have to wait for another four or five years before the dominion government realizes that something has to be done about putting a high level bridge across the north arm of the Fraser river.

Mr. Fournier (Hull): I would certainly answer the hon. member for Vancouver-Quadra (Mr. Green), but I know I would be out of order. I did not interrupt him, but he has been out of order for the last five minutes. On some other occasion if he wants to put the same question, I shall give him all the facts.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Beaudoin in the chair.

On section 1—*Commissioners.*

Mr. Green: Wide latitude is allowed in the discussion on the first section of the bill.

Mr. Fournier (Hull): I wish the member would follow the rules, even in committee. It is all right to have a discussion on second reading, but in committee the discussion must be relevant to the item. I hope we are not going to speak about all the problems of Vancouver and British Columbia at this stage.

Mr. Knowles: We want a bridge at Winnipeg, too.

Mr. Green: As you know, latitude is given in discussing the first section of a bill. Here is a bill calling for changes in the set-up of the North Fraser harbour commission. In this first section there is provision for increasing the number of commissioners from three to five. I want to know why the number is being increased. I was very much in earnest when, on second reading of the bill, I pointed out that this situation is extremely serious. I hope the Minister of Public Works will explain to the committee why there has been this delay in doing something about the bridge, because nothing affects the work of the North Fraser harbour commission—

Mr. Langlois (Gaspe): Order.

[Mr. Green.]

Mr. Green: Get up and raise your point of order, if you have one. Nothing affects the work of the North Fraser harbour commission more than the problems they encounter because of this low-level bridge. The matter is not a joke.

Mr. Fournier (Hull): I never joke when I have a discussion with the hon. gentleman. I am not fully informed on this question. The hon. member has quoted the Vancouver *Sun*, reporting what the Minister of Trade and Commerce is supposed to have said. He has not mentioned my name, and I was waiting to see if he would get something on me. I have not heard anything yet. If I have not committed myself, I do not think I should give out government policy which has not been completely decided. I would rather wait and announce government policy in the usual way. Do you not think that is satisfactory?

Mr. Green: Will there be a chance of an announcement at an early date, because this situation is really serious.

Mr. Fournier (Hull): I have heard about this case. I understand that the need is there. The Department of Public Works cannot do everything the same day, the same month or the same year. We have many public works going on all over the country, and no one realizes the trouble I am having to get steel. If that is a high-level bridge it will need steel, and just the thought of it makes me shiver.

Mr. Green: I have another clipping here in which the minister of public works for British Columbia states that steel is available, so there would be no trouble about that. The province and the city are prepared to go ahead with their share, and I think the delay is largely, not altogether but largely, the fault of the dominion government. I hope the Minister of Public Works will look into the situation right away, and perhaps let us have an announcement before the end of this session.

Mr. Fournier (Hull): Mr. Chairman, that is pressing me a little too much. I certainly will take it into consideration, and I shall speak about it in the cabinet. I do not like to be pressed so that I will have to give a decision on a $7 million job when materials—

Mr. Green: Have you not been thinking about it for the last five years?

Mr. Fournier (Hull): Well, not only about that, but also many other things. My estimates cover more than that bridge. I believe that if the two of us discussed this outside the house there would not be the publicity, and I could explain why we cannot go ahead

with projects of this nature. It is government policy, supported by the opposition, that our defence program shall come first; and it takes up a large portion of the materials that would go normally into civilian use. I know the hon. member is quite reasonable, even when we discuss Vancouver matters. I believe that, after some time, we would come to some agreement about this bridge.

Mr. Laing: I believe a considerable amount of latitude has been permitted other people in discussing this matter, so I hope it will be extended to me. There seems to be a short memory here in discussing this bridge. A year ago the representatives of the provincial government and the city attended in Ottawa to make representations toward the construction of a bridge with federal participation. The minister who has just spoken met that delegation. They said they would go back and apportion their contribution between them, then return to the federal government. Mr. Chairman, they have not been back yet.

The primary responsibility for the particular bridge of which the member speaks—of course he was out of order and so am I, because it has very little if any relationship to the bill we are discussing—was accepted under a provincial statute in 1922. He is aware that the full responsibility for maintenance and reconstruction of that bridge is upon the provincial government. If the airport, which is now jointly owned by the city and the federal government, were to become solely a federal responsibility, then that aspect of the connecting link would change. We shall cross that bridge, I hope, when we come to it.

To return to the subject under discussion, I want first to compliment the parliamentary assistant. I believe this is the first bill he has taken for his minister. I have every confidence, which I know is shared by all hon. members of the house, that he will guide it well. The member for Vancouver-Quadra did not do a particularly good job of emphasizing the importance of that particular area. He represented it at one time, but he does not do so now, because I do. In that little river 35 per cent of the total log cut of the province passes. At the present time the payrolls on that river are about $35 million a year.

Mr. Drew: We are quite in order now.

Mr. Laing: Yes, I am in order because it is a very important waterway. When the commission was first founded in 1913 the chief interest was the protection of the land from erosion. It was a matter of municipal lands then. All the industrial development has come since, and today there is not a single water lot left on that river. Values have gone up very much indeed. It is important therefore that the representatives on this board be taken not only from the municipality where river erosion is still of primary importance, but from the industries as well. I think that is in the minds of the minister and his assistant in the proposal to add two members to the commission.

Again I want to say how thankful I am for the introduction of this bill. I would not like to see us spend too much time dealing with such matters as bridge connections, and so on, which have little or nothing to do with the operation of the harbour board, though I will admit to the hon. member for Vancouver-Quadra that the bridge opens thirty-seven times a day on the average and is a great hindrance to the operation of tugs, scows and logs going through that river. It is of very great importance to them; but the responsibility for that bridge, I reiterate, was accepted one hundred per cent by the provincial government in 1922. That goes back to a legal case. My hon. friend should have as good a memory in respect of all affairs in Vancouver as I have, but he does not seem to have tonight. At one time Richmond operated these bridges. On a very dark night in 1919 a taxi coming from Woodward's Landing into Vancouver went through the Fraser avenue bridge. There was a lawsuit which I think would have bankrupted the municipality of Richmond had not the provincial government at that time come to their aid and said: "We will accept responsibility in respect of those connecting links." Thank you.

The Deputy Chairman: Before any other hon. member speaks to this amendment perhaps I might have a word to say.

Mr. Knowles: About the bridge?

The Deputy Chairman: Hon. members have indicated that while they were speaking they were somewhat out of order, particularly with respect to the building of a bridge. I therefore feel that it is my duty to remind hon. members that this is an amending bill, particularly to increase the number of commissioners and second to remunerate them. Therefore since one hon. member on the opposition side has had an opportunity to use the latitude which is provided in a discussion of clause 1, and since other hon. members on the government side have had an opportunity to offer explanations, I would ask hon. members to confine their remarks from now on to the clauses under discussion, unless unanimous consent is given to a wider discussion.

Mr. Macdonnell (Greenwood): Mr. Chairman, I have great interest in this bridge in spite of myself, and I am hoping you will allow me the same latitude that other hon. members have had, but I will be very brief.

The Deputy Chairman: I would certainly like to give the hon. member as much latitude as possible, but I think hon. members will agree that so far perhaps too much latitude has been afforded.

Mr. Green: No.

The Deputy Chairman: Perhaps I should not say it is rather annoying, but it puts the chairman in a very difficult position when he sits here presiding over the deliberations and hears an hon. member say: "Well, of course what I am saying now, sir, is out of order"; and then he carries on.

Mr. Green: I did not say that.

The Deputy Chairman: The rules exist for everybody. The chairman realizes that sometimes it is important for an hon. member to avail himself of what he considers to be an opportunity to put forward certain points. I think that has been done sufficiently by, I would say, the most interested parties, namely those who come from Vancouver. If the hon. member for Vancouver East felt that he should take advantage of the same latitude the other members from Vancouver have already enjoyed I would feel bound to let him go ahead, but I would think that it should be limited to that. I think the hon. member, who is most co-operative, will agree with me that we must now confine our remarks to the clause under discussion no matter how interesting it may be to discuss the bridge.

Mr. Macdonnell (Greenwood): I will of course bow to your ruling, but this is the first time that the relevancy of remarks has been put on a geographical basis.

The Deputy Chairman: I would certainly like to comment on that. I quite understand that when an hon. member becomes representative of one riding he represents the whole of Canada. I quite realize that, but it is not on that basis I have made my ruling. If I did that I would have seen to it that the rules were observed from the beginning, and there would not have been a single word said about that bridge. I hope hon. members will not make me bear the responsibility of allowing any longer a discussion which is admittedly out of order.

Mr. Drew: Mr. Chairman, there seems to be a point that has been overlooked in discussing the relevancy of what has been put forward. After all, this is a proposal to increase a commission of three to a commission of five and to provide remuneration for the two extra commissioners—in fact, not only for the two extra commissioners, but for all the commissioners. Of course that immediately implies that there is some very substantial new responsibility falling upon this board. Naturally it would be very important for the members to know whether they are going to deal with this bridge or not, because if they are, then it is an added responsibility. If they are not, we have not heard anything yet, so far as I am aware, to explain why it is necessary to increase the board from three to five and why for the first time it is necessary to pay not only the first three but the five. If it is not the bridge, what else is it?

Mr. Benidickson: I can assure the leader of the opposition that the bridge will not be one of the responsibilities of this commission. You have heard from the hon. member for Vancouver-Quadra and the hon. member for Vancouver South, both of whom have outlined the extent of the commerce for which this commission is responsible. When Mr. Speaker was in the chair the hon. member for Vancouver-Quadra asked why the commission was being increased. I would say the answer is this: It has been felt that more minds should be on the commission, providing wider backgrounds, because today they have to cope with very large commerce indeed. I know representations have been made to the hon. member for Vancouver South, to the minister and to many others, by many of the associations that conduct business in that area. In their opinion it would be a healthy thing to have a larger board, bringing to that board a wider range of experience in the business and commerce which is so diversified in that area.

Mr. Drew: May I have the figures of the increased commerce say for the last five years, year by year?

Mr. Benidickson: I cannot give that to the leader of the opposition, but shall I say it has been felt probably for some time that this is a desirable move. Like so many other things, it comes to a focus, the suggestion is now being made, action is being taken upon it and legislation brought down.

Mr. Drew: I happen to know this area very well, Mr. Chairman, although I am not a resident of it. The reason I say that is that I have had many occasions to cross the bridge which is under discussion, and for which I must emphasize the dominion government is responsible no matter what arrangements are made with the provincial government. One of the reasons it has a very direct concern is that it is the way one must go to the airport

which is maintained by the Department of Transport. That extremely important airport is at times handicapped—

Mr. Benidickson: It is maintained by the city of Vancouver.

Mr. Croll: You are in the wrong airport.

Mr. Drew: No. That airport is maintained wholly by the Department of Transport, as the hon. member will find out if he checks.

Mr. Sinclair: No.

Mr. Drew: Certainly it is, and the hon. member knows it perfectly well. There are services there—

Mr. Sinclair: Radio, yes.

Mr. Drew: —under the Department of Transport. The government is responsible for the maintenance of the services at that airport. For that reason the government has a direct responsibility for the access to the airport, and that road is over the bridge in question. I am not simply trying to extend the discussion, but I do think everyone believes that when we are told that for the first time the government proposes to pay the commission, and the number of commissioners is to be increased from three to five, there should be an assurance at the same time that the government will accept responsibility, in co-operation with the other authorities, for completing an adequate bridge to provide for access to that airport.

Mr. MacInnis: I am not going to talk about a bridge, because I do not think it comes properly into this discussion. However, if I were going to talk about it, and knew that in doing so I would be out of order, I would not say anything about it until I had finished. I am sure, however, that no one knows the bridge better than I do, because forty-three years ago I drove a milk truck over it; and one was allowed only to walk his horse over it at that time.

The point I wish to mention was one to which reference has been made by the leader of the opposition. I refer to the necessity for increasing the number of commissioners. I presume the function of the commissioners is to decide on policy. After they have decided on policy, they have a staff to carry it out. There is no doubt in the world that since the end of the war—perhaps more particularly in that time—the business done by the North Fraser harbour commissioners has increased tremendously. I think that goes without saying. Anyone who knows anything about the lumbering industry in British Columbia, and the way the export trade has increased, must realize that fact. But when the government is asking everyone to economize, I do not see why in the world two more commissioners should now be appointed to this harbour commission. There is no reason in the world for it, except to make jobs for some people. I suggest the government should consider even now that more commissioners are not required to deal with that business. Three intelligent commissioners can handle the situation as well as five intelligent commissioners, and much better than five unintelligent commissioners.

So I say to the committee and the government that at a time when they are asking housewives who have to feed families to look at every penny before it is spent, the government ought to look at every dollar before it is spent; that is, if the government is going to apply to itself the same restrictions it is applying to the citizens of this country.

Mr. Macdonnell (Greenwood): Am I correct in believing that up to the present the existing commissioners have not been paid, and that it is now proposed to change the arrangement and pay them?

Mr. Benidickson: No; I said that it was to clear up any ambiguity as to the legality of payment. Actually for some years the commissioners have been paid out of the income of the corporation. They themselves have, by bylaw, received certain fees for their services. In some other harbour legislation on our statute books there is a particular section providing for payment subject to approval by the governor in council. That has not existed in the North Fraser Harbour Commissioners Act. So there will be no question as to the propriety of what is being done, we are just confirming the practice. From now on the governor in council will have clearly a means of approval.

Mr. Fraser: Could we have a figure as to what was paid to them last year? What was the net revenue last year, and what has it been thus far this year?

Mr. Benidickson: I have not the figure for this year, but last year, 1950, there was an operating surplus, after paying salaries of $7,100, which amounted to $3,786. This was an operating surplus from the income of the corporation.

Mr. Fraser: The new commissioners would be paid on the same basis as the old ones?

Mr. Benidickson: Not necessarily. I think, for the first time, as the measure states, the governor in council will be able to determine the proper remuneration for these commissioners. There has been some uncertainty in this respect in the past. I would not want to say what remuneration would be approved.

North Fraser Harbour Commission

Mr. Fraser: The parliamentary assistant has given us the amount of the surplus after the payment of salaries. What were the gross receipts?

Mr. Benidickson: The addition of the two figures would give that.

Mr. Fraser: No; that would be only the total of surplus and salaries.

Mr. Benidickson: The hon. member is referring to other operating expenses?

Mr. Fraser: Yes, the total gross receipts.

Mr. Benidickson: From the information before me I could not give that figure.

Mr. Ferguson: Here we are asked to pass a bill to increase expenditures in Canada. Whether it is for the appointment of more commissioners for a harbour board in Vancouver, or for one in Halifax, it is just the same thing. What was the surplus in 1949?

Mr. Benidickson: On the same basis, there was a deficit of $2,860.

Mr. Fraser: What was paid in that year?

Mr. Ferguson: We now find we have a surplus of something more than $3,700, and this encourages the government to go ahead with the appointment of two more commissioners. With the slightest degree of encouragement, this government will squander the people's money. It will grab it with both hands; and here is a clear-cut instance. At a time when the government is calling on everybody in Canada to save in order to have money to buy bread and butter, this government makes provision for two more positions in the Vancouver harbour organization. From Liberal members from Vancouver we hear about the millions of dollars in trade along their coast. Yet the figures for this harbour in one year have shown a loss, rather than a profit. There was a slight profit in 1950; and, after it, all hands are getting on board. They say, "Go ahead; the country will have to pay for these gentlemen." When will this government stop that kind of nonsense?

Mr. Fournier (Hull): When you stop asking for bridges.

Mr. Ferguson: Oh, the Minister of Public Works must economize. "You cannot have this building". "You cannot have that building". "There is a war on". That is one of the reasons I am on my feet tonight. I agree with the Minister of Public Works—

Mr. Fournier (Hull): Thank you.

Mr. Ferguson:—that we should not be squandering money when there is a real war in Korea.

Some hon. Members: Hear, hear.

[Mr. Benidickson.]

Mr. Ferguson: There is laughter from my hon. friend over there. It is a wonder most Liberal members in the house do not burst out in laughter, with a real war in Korea, and men giving their lives for the British empire and the United Nations. Still we hear laughter from these members in the House of Commons, when matters are brought to their attention. There is a continuous squandering of public funds. The Minister of Public Works has intimated that hon. members should ask only for such things as are absolutely necessary in their constituencies. I believe most hon. members have done just that. But here we have a bill providing for two more salaries to be paid at this beautiful location in British Columbia. I warn the Minister of Public Works that from now on I shall ask for many things for my constituency for which I have refrained from asking. I shall do this because I see this bill which provides for salaries to two more men who are to idle their time away on a board, those salaries to be paid by the taxpayers of Canada.

Mr. Sinclair: Mr. Chairman, my riding does not abut that part of the Fraser river which comes under the jurisdiction of this harbour board, but it is closer to it than the ridings of some hon. members who have been speaking with such authority. Like the hon. member for Vancouver East, I have known this part of Vancouver for many years. I was raised close to the banks of this part of the river and I have been able to watch the changes that have taken place in the last thirty years. This is not the main mouth of the Fraser river we are dealing with, that mouth farther to the south where the British Columbia steamers pass on their way to Westminster. This is a small arm of the Fraser which empties on the boundary between Vancouver and Richmond. When this harbour board was set up the primary idea was to protect farmers on either side from damage done by the small craft plying these waters. This area is heavily diked, and that is the main reason there is municipal representation on this little board. During the last fifteen years the whole character of this stream has changed, as has been mentioned by the hon. member for Vancouver-Quadra who used to have it in his riding.

Mr. Green: It is in my riding now.

Mr. Ferguson: They are trying to push you right out of the province.

Mr. Sinclair: One of the main problems in the lower mainland right now is the industrial development on this branch. As the hon. member for Vancouver-Quadra said, twenty years ago all the industry was located

in False creek. The whole character of the stream has changed and most of the traffic is logging traffic from such ridings as Comox-Alberni and my own riding. Logs are towed down to the sawmills and plywood plants, and one of the great problems is navigation of great log booms in the narrow river.

This is not the case of a Liberal government squandering money, it is a matter of looking after this primary industry. The logging industry have asked for better administration of this stream, in view of its changing character. The industry which is paying the shot wants representation. The towboat men who bring down these enormous booms of logs will also have representation. Far from it costing the federal government any money, the cost will be paid out of the charges levied on this increased traffic.

I speak with some fervour on this because I am the member for Vancouver harbour. The Lions gate bridge and the second narrows bridge, much bigger bridges, have no connection with the national harbours board at Vancouver, any more than this small bridge has any connection with the North Fraser harbour commission. I recall the present senator for Halifax, the former senior member for that riding, speaking in this house and agreeing with me that the national harbours board in Vancouver, as well as in Halifax, could be helped considerably by men who knew the traffic conditions that prevailed, that is, representatives of the logging and shipping industries, fishing and so on. Even though this practice is not followed with the national harbours board, we were particularly happy to have that advice. I am delighted to see the government expanding this North Fraser harbour board to allow the industry which is carrying on there to be represented.

Mr. Green: If the hon. member for Coast-Capilano will look back I know he will recall that the Vancouver harbour commission was closely identified with the second narrows bridge for a long time. I should like to ask the parliamentary assistant why these new appointments are to be made by the governor in council. Under the present set-up of three members, two are appointed by the governor in council and one by a delegate from the municipality of Richmond, a delegate from the municipality of Burnaby and a delegate from the city of Vancouver. Why are the members not appointed, two by the governor in council, one by the city of Vancouver, one by the municipality of Burnaby and one by the municipality of Richmond? Would not that be a better way to make the appointments?

Mr. MacInnis: I have been under a misapprehension in connection with this bill, as I understood that it was to go to a committee along with the other bills we have been discussing. When the parliamentary assistant did not appear to have the information requested I was not greatly concerned, because I thought we would be able to get it in the committee. But I realize now that if we do not get the information now we will not get it at all. There is considerable information that we should have. The parliamentary assistant has told us that the remuneration for the three commissioners amounted to $7,100 and that there was a surplus of $3,700, making a total revenue of $10,800. Is that the total revenue in fact? If there is not more revenue surely three commissioners could handle the business. Are you going to appoint two more commissioners so that they will have a business of $2,000 each to deal with? We ought to have more information than has been given to us. I should like to know the total revenue of the North Fraser harbour board for 1950.

Mr. Fournier (Hull): I should like to move that the committee rise, report progress and ask leave to sit again. When we are again in committee I am sure the parliamentary assistant will have all the information required.

Section stands.

Progress reported.

TORONTO HARBOUR COMMISSION

AMENDMENT OF ACT TO DEFINE LIMIT OF THE PORT AND AUTHORIZE COMMISSIONERS TO CONTROL CONSTRUCTION OF PIPES OR PIPE LINES

Hon. Alphonse Fournier (for the Minister of Transport) moved the second reading of Bill No. 9, to amend the Toronto Harbour Commissioners Act.

He said: After this bill has received second reading it will be referred to the committee on railways, canals and telegraph lines.

Mr. Hees: Is the parliamentary assistant going to make a statement?

Mr. W. M. Benidickson (Parliamentary Assistant to the Minister of Transport): Mr. Speaker, this bill which is being presented on the recommendation of the Toronto harbour commission has three objectives. The first is to define in metes and bounds the present north limit of Toronto harbour. As hon. members who have been there will know, over quite a number of years a great many acres of land have been reclaimed. The original bill of 1911, when it referred to the shore line, referred to what is the north boundary of this area, and it is now to be accurately described by metes and bounds.

Toronto Harbour Commission

The second point in the bill refers to a clarification of the authority of the harbour commissioners to regulate and indeed make assessments for services in the transshipment of products across harbour lands. Actually I am informed that in practice they have been charging dues for transshipment, and this is for the purpose of clearing up any ambiguity or lack of authority. While authority actually has not been challenged, it is suggested that section 3 be provided. The third point is to provide for an increase in penalties. In the old act of 1911 there was a $50 fine provided for violation of the regulations of the harbour commission. When I tell hon. members that violation of one of the regulations of the commission might involve the pollution of that important harbour with oil you can imagine that a $50 penalty is more in the nature of a licence to repeat the offence than an actual deterrent in these days.

As the Minister of Public Works (Mr. Fournier) has said, in view of the fact that it is thought that in the near future petroleum products may be coming into Toronto harbour in substantial quantities by means of a pipe line, and in view of the fact that natural gas distribution for Toronto is talked about by some, it is felt that the bill should be referred to the committee which is familiar with our pipe lines legislation, the standing committee on railways, canals and telegraph lines. I understand that those who have any representations to make concerning the effects of the legislation can be heard by that committee.

Mr. George H. Hees (Broadview): Mr. Speaker, I feel sure that all members who were guests of the Toronto board of trade during the last session of the house, and who were fortunate enough to see Toronto harbour, will agree that it is undoubtedly the finest fresh water harbour in the country. As soon as the St. Lawrence seaway project is completed Toronto will take its place among the really important harbours of the world. I think all Toronto members sincerely hope the government will take all necessary steps to ensure that the St. Lawrence seaway project is proceeded with as soon as possible.

As the parliamentary assistant has said, one of the purposes of the bill is to grant the harbour commissioners the right to levy tolls on oil and gas to be delivered in future by pipe line, instead of by cargo ship as at the present time. In 1950, total dues collected by the Toronto harbour commission amounted to $307,000, of which $140,000 came from oil deliveries and $118,000 from coal. When the pipe lines are laid oil deliveries by tanker will, of course, cease; and deliveries of coal will diminish to quite an extent.

One of the purposes of the bill is to ensure that the commissioners are able to levy tolls for the use which will be made of harbour property and dockage facilities by the pipe line companies. It is a perfectly fair request, and I think one that should be acceded to. Some people might be worried about excessive charges being levied as a means of preventing the delivery of oil and gas to the city of Toronto by pipe line. I am assured by the Toronto harbour commissioners that such fears are unfounded, because any schedule of rates will have to be approved by the governor in council before becoming effective. That is an assurance that there will be no blocking of pipe line delivery of oil or gas to the city of Toronto.

With respect to the increase in the amount of penalty that can be levied, the maximum penalty as laid down in 1911 is $50. Two summers ago an oil company dumped a great deal of oil in Toronto bay, which fouled the waters of the bay and all the bathing beaches for the entire summer. It was a tremendous mess. I think anybody would agree that a fine of $50 is not much of a deterrent for that kind of abuse. The Toronto harbour commissioners feel that an absolute minimum of $1,000 is the only kind of deterrent which would make the oil companies more careful in the future. In conclusion, I think the measures outlined in the bill are in every way fair and reasonable. Therefore, as one of the Toronto members, I sincerely hope the bill will be passed.

Mr. David A. Croll (Spadina): Mr. Speaker, it was with some restraint that I did not discuss the bill concerning the North Fraser harbour commissioners. However, I thought an opportunity would present itself when the bill now before us was reached. I would probably know a little more about the situation. I think the house will be very happy to know that in this case there are five commissioners and none of them is paid. Nevertheless they are imaginative and competent men who have done the work there for a great number of years. Some of us were fortunate enough to visit Toronto last year and be guests at the luncheon at the Granite club, at which the harbour commissioners were the hosts. It is interesting to note that many of these people have served on the harbour commission for a great number of years. The chairman is W. H. Bosley. Other members are Dr. Michael

Kinsella, Charles Morrow, George A. Wilson and Alexander Dawson. Mr. E. W. Griffiths is the general manager.

I said that the commissioners were both imaginative and competent. They have done a great deal of work in reclaiming land and have assisted the tremendous industrial growth of the city. They have been imaginative in that they have made whatever preparations were possible under the circumstances so that when the St. Lawrence waterway project is completed they will be able to cope with the situation. They too are living in hopes.

The bill provides for certain assessments on pipe lines. In that way they will be able to obtain revenue. The reason I am speaking to the matter now is that I am not a member of the standing committee. It seems to me that is the only source of revenue they have. They need that source of revenue. I am sure the committee will deal with the matter in that light. There is one important aspect of the bill with which I disagree. I think I should say that in order to worry the parliamentary assistant a little bit. A couple of years ago we had a very bad situation in the summer when the oil companies were most careless and messed up the waterfront for almost a month. Somebody slapped them on the wrist. There was a great hullabaloo, but it was finally ascertained that all that could be done under the law was to impose a $50 fine. They were glad to pay the fine as long as they were not bothered any more, and I suppose they continued to mess up the waterfront by being careless. It is all very well to talk about fining them $1,000, but when you realize that they may well pollute the water during the months of June, July or August, when the people of the city need a clean waterfront, $1,000 is an inadequate fine. They ought to be really soaked if they are careless enough to do it again, because it is not necessary.

Mr. Knowles: Soak them in the polluted water.

Mr. Croll: I think the fine ought to be adequate. I do not think it will happen again, but there is the possibility; and since we do not deal with this matter of the harbour commission every year I hope the committee will give consideration to the imposition of penalties that will be sufficiently imposing and sufficiently important to cause these people to take the ordinary precautions which they ought to take under those circumstances. With that observation, may I say that I support the bill.

Motion agreed to, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

PUBLIC PRINTING AND STATIONERY ACT

AMENDMENT PROVIDING FOR ADVANCES TO KING'S PRINTER FOR PURCHASE OF MATERIALS, ETC.

Hon. F. G. Bradley (Secretary of State) moved that the house go into committee to consider the following resolution:

That it is expedient to amend the Public Printing and Stationery Act in relation to advances authorized to be made to the king's printer for the purchase of materials to execute orders and requisitions and payment of wages, and to provide that the total amount of such outstanding advances shall at no time exceed the sum of four million dollars.

Mr. Knowles: Is the Secretary of State not going to make a statement?

Mr. Drew: I assume that we are going to have an explanation from the Secretary of State before the motion is considered.

Mr. Bradley: Mr. Speaker, hon. members are no doubt aware of the fact that, within the limits of the public service, the public printing and stationery bureau operates to a large extent in the nature of a production and sales organization. Its grants from this house do not include anything for the purposes of these operations but are confined in the main to administrative expenditures. Obviously some working capital is essential in order that the department may carry on its activities, which consist of the purchase of stock and raw materials, and paying the necessary labour for production work. These funds are provided by a credit authorized by the Minister of Finance (Mr. Abbott) and provided out of the consolidated revenue fund. The amount, of course, varies with the necessities of the department, which have been growing year by year. At the present time we find that with the limit upon that credit of $2 million which has existed, I think, since 1946, it is insufficient; and we are asking that it be increased to $4 million.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I think we should have a detailed explanation of why this larger sum is required. The $2 million is for what is described as a revolving fund and is or should be adequate for substantial transactions. There is nothing yet before the house to suggest why that amount should be doubled. The minister has simply stated that the amounts required have been growing from year to year. We really have nothing else before us.

I am sure this is a time when we should be looking for ways of limiting expenditures on matters of this kind. After all, the amount of the revolving fund required will, of necessity, relate to the amount of printing that is done. I think the first thing we should

have is the figures for printing for the past several years, the anticipated amount for the coming year, and why there would be anticipated for this coming year the necessity for a revolving fund of double the amount that was adequate for the substantial printing requirements of last year.

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

Mr. Drew: No, Mr. Speaker, I would hope that the minister would give us that information.

Mr. Bradley: I can give some figures, Mr. Speaker.

Mr. Macdonnell (Greenwood): May I add one additional question to those the leader of the opposition (Mr. Drew) has asked. May we be informed under what authority provision was made for the $2 million which apparently was previously allowed to the department for working capital?

Mr. Bradley: The authority is an act of parliament of the year 1946. It was an amendment to the Public Printing and Stationery Act, chapter 28, 10 George VI, assented to on July 26, 1946.

Mr. Macdonnell (Greenwood): Thank you.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, I should like to associate myself fully with the request by the leader of my party for further facts and figures from the minister to explain why it is necessary to double this figure from $2 million to $4 million. I can appreciate the fact that the department is to some extent in the business of printing and publishing. If one looks at the summary of standard objects of expenditure and special categories provided by the Minister of Finance with this year's estimates, one will see that the total under the item "Printing of departmental reports and other publications" for this year is $6,174,309. It is exceedingly difficult indeed to understand why, of that total of $6 million—I am not going to say it is a small total, but by comparison only, it is small—it is necessary to have a revolving fund of $4 million or two-thirds of the total amount. Working capital is usually a much smaller proportion than two-thirds of the total business done by a commercial concern. I do not see why that same general rule of thumb should not be applied in a concern of this type. I think we should get to the point of efficiency where the working capital might be a smaller proportion than two-thirds of what appears to be the total volume of business done. I should like to hear a great deal more explanation than was given.

[Mr. Drew.]

Mr. Bradley: Mr. Speaker, my hon. friend leaves out of consideration altogether the fact that the activities of this department are not confined solely to printing. In addition we supply large quantities of stationery. In 1946 the total for printing was $6,260,000. In 1950-51 it was $9,736,000. Our stationery sales in 1946 were slightly over $4 million. In 1950-51 they amounted to nearly $7 million. The total in 1946 was $10,300,000, roughly. In 1950-51 it was $16,626,000.

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

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, apart from the fact that the house seems to be acting as though we were in committee rather than with Your Honour in the chair, it might also be said that we on the opposition side of the house do not feel satisfied with the explanation we are getting for this resolution. I for one think we are entitled to a complete statement as to the reason for bringing in a resolution of this kind. Since the Secretary of State told us of that amending act of 1946 I have sent to the library for the statutes of that year, but they have not yet reached my desk. I should like to know whether the bill to be based upon this resolution merely changes in some statute a figure which now reads $2 million to the figure of $4 million, or whether it will introduce some new principle.

As I read through the resolution, it seems to be fairly wide in its terms. While it refers to the setting up of a fund which shall at no time exceed $4 million, it also relates to the purchase of materials, the execution of orders and requisitions, and further it relates to the payment of wages. I have a particular interest in that latter reference, namely the payment of wages at the printing bureau, and the question of hours and working conditions. I should like to know to what extent this legislation is or is not introducing any new principle so far as parliamentary control over those matters is concerned.

Even while I have been on my feet the statutes of 1946 have been brought to my desk. The hon. member for Kamloops (Mr. Fulton) has been kind enough to turn up the proper statute, which is chapter 28 of the statutes of that year. I find that is an act which amended the Public Printing and Stationery Act by adding a new section 38. I shall not take the time to read it all now, but it seems that it did set up a revolving fund with a limit of $2 million. If the purpose of the bill that is to be brought in on the basis of this resolution is merely to change the figure of $2 million to the figure

of $4 million, without introducing any new principle, that makes it one that we can take on those terms. But if it is going to involve any other change in relation to the questions of purchasing materials, executing orders and requisitions or the payment of wages, I believe we should have a more complete statement.

I realize the difficult spot in which you, sir, are put in respect to this matter. The Secretary of State (Mr. Bradley) has already spoken two or three times, so we can hardly ask him to speak again until we get into committee on the resolution. But I do feel that before we are asked to pass this resolution we should have a more complete explanation of what the policy now is with regard to any revolving fund for the printing bureau, and what it is intended that policy shall be from now on. I am really quite serious in my concern. I want to know who has control of matters relating to the wages of employees at the bureau, and similarly who has control of the hours and working conditions for those employees. I need not take longer at this time, Mr. Speaker, but I feel the house should not be asked to pass this resolution tonight before we have had a more complete explanation of the whole matter.

Mr. Jean François Pouliot (Temiscouata): Just before the minister answers the hon. member, may I say that he must know that the rate of wages is fixed by statute.

Mr. Knowles: No.

Mr. Pouliot: I refer him to chapter 162 of the Revised Statutes of Canada.

Mr. Knowles: I have it on my desk.

Mr. Pouliot: Paragraph 3 of section 16 states:

> No increase of any such rate of wages shall be made so as to raise the rate above that which is, at the time of such increase, paid for similar work in the cities of Montreal and Toronto.

Mr. Knowles: That does not fix the wages; it merely fixes a ceiling.

Mr. Pouliot: What are the rates in Montreal and Toronto?

Mr. Knowles: Higher than at the bureau.

Mr. Pouliot: My hon. friend knows, and he knows that the wages paid at the printing bureau are exactly the same, $1.65 per hour.

Mr. Knowles: No, they are not the same.

Mr. Pouliot: My hon. friend knows it, and I shall tell him something more. One of his friends probably ran for office in the union, but he was not successful. He was defeated by 3 to 1. He knows it, and I need not be any more specific about it. He ran on the very same issue, and he was defeated by the men he was supposed to fight for, who were not interested in his policy. I say that in the friendliest way to the hon. member, because I have the deepest admiration for the printing bureau, for the king's printer, and for the personnel. I find that they do a splendid job. I shall not give any piece of advice to the hon. member for Winnipeg North Centre (Mr. Knowles), but I know whereof I speak. I am going to suggest to him that he let sleeping dogs lie, and he will derive great benefit from it.

Every day we see the results of the work at the printing bureau. We have *Hansard* and we have the papers of the house. It is very seldom that there are clerical errors. The work is splendidly done, in legible type. Let the hon. member look at the mass of printing matter that comes from the bureau, and the quality of it.

Mr. Knowles: It is good.

Mr. Pouliot: The member agrees with me. Let him agree with the rest of what I have said, and he will not regret it.

Mr. Solon E. Low (Peace River): I believe the house should have considerable more information on this resolution before it is passed or any vote is taken. Since it is eleven o'clock I should like to move the adjournment of the debate.

On motion of Mr. Low the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we shall resume the debate on the address.

At eleven o'clock the house adjourned, without question put, pursuant to the order of the house passed on October 26, 1951.

HOUSE OF COMMONS

Wednesday, October 31, 1951

The house met at 2.30 p.m.

THE LATE LIAQUAT ALI KHAN

REPLY TO MESSAGE OF SYMPATHY IN DEATH OF PRIME MINISTER OF PAKISTAN

Mr. Speaker: I should like to inform the house that I have received a telegram from Mr. Tamizuddin Khan, president of the constituent assembly of Pakistan. This cablegram is dated this morning, 11.25 at Karachi, and reads as follows:

Mr. Speaker,
House of Commons,
Ottawa

Intimation has been received from our foreign office of the tribute paid to the memory of our beloved prime minister, Liaquat Ali Khan, by you, Prime Minister, Leader of the Opposition and members of the Canadian House of Commons.

Please convey our heartfelt thanks and deep appreciation to them for their sympathy in our great loss.

QUESTIONS

NATIONAL RESEARCH COUNCIL—EMPLOYEES OTHER THAN BRITISH SUBJECTS

Mr. Gagnon:

1. Are there any employees in the national research council who are not British subjects?

2. If so (a) what are their names; (b) respective positions; (c) nature of their work; (d) salary of each; (e) place of origin; (f) by whom, and on what date was each recommended?

Mr. McIlraith:

1. Yes.

2. (a) As detailed below. (b) As detailed below. (c) As detailed below. (d) As detailed below. (e) As detailed below. (f) As detailed below. All recommendations for appointment are made by the standing committee of the honorary advisory council for scientific and industrial research.

(a) Blachut, T. J., (b) Assistant research officer, (c) Photogrammetric research, (d) $5,000, (e) Switzerland, (f) 26 January, 1951.

(a) Doucette, J. H., (b) Research craftsman V, (c) Model, pattern and cabinet making, (d) $1.43 hourly, (e) U.S.A., (f) 8 February, 1947.

(a) Fischer, R., (b) Short term temporary, (c) Cytochemical investigations on halophilic bacteria, (d) $250 monthly, (e) Hungary, (f) 20 August, 1951.

(a) Liang, S. C., (b) Assistant research officer, (c) Research in catalysis and surface chemistry, (d) $4,300, (e) China, (f) 21 September, 1951.

(a) Lukasiewicz, J., (b) Assistant research officer, (c) High speed and supersonic research, (d) $3,850, (e) Poland, (f) 21 May, 1948.

(a) Makow, D., (b) Junior research officer, (c) Fundamental research in radiophysics, (d) $3,060, (e) Poland, (f) 21 September, 1951.

(a) Mordasewicz, Z., (b) Assistant research officer, (c) In charge of divisional drafting room, (d) $4,150, (e) Poland, (f) 6 October, 1948.

(a) Morel, P. G., (b) Designer I, (c) Ship design and calculations on ship model tests, (d) $3,420, (e) Netherlands (f) 30 May, 1949.

(a) Moser, C., (b) Assistant research officer, (c) Optical design, (d) $4,300, (e) Switzerland, (f) 11 July, 1949.

(a) Murphy, D., (b) Assistant research officer, (c) Fundamental study of the structure of bacterial polysaccharides, (d) $4,750, (e) Eire, (f) 22 November, 1946.

(a) Romanowski, M., (b) Associate research officer, (c) Electrical standards, (d) $5,600, (e) Russia, (f) 27 April, 1948.

(a) Schott, G. J., (b) Assistant research officer, (c) Development of high pressure hydraulic fatigue machines, (d) $3,780, (e) Netherlands, (f) 9 November, 1950.

(a) Schriever, W. R., (b) Assistant research officer, (c) Soil and foundation studies, (d) $4,450, (e) Switzerland, (f) 6 October, 1948.

(a) Shu, P., (b) Assistant research officer, (c) Microbiological research in fermentation pilot plant, (d) $4,150, (e) China, (f) 30 May, 1949.

(a) Sunne, A., (b) Technical officer I (C), (c) Test and development work on prototype aircraft structure, (d) $2,800, (e) Estonia, (f) 2 June, 1950.

(a) Van Arkel, A. E., (b) Visiting professor, (c) Research in inorganic chemistry, (d) $5,600, (e) Holland, (f) 13 March, 1951.

(a) Van Asselt, B. J., (b) Temporary summer employee, (c) Research in low speed aerodynamics, (d) $200 monthly, (e) Netherlands, (f) 20 December, 1950.

(a) Van Der Bliek, J. A., (b) Temporary summer employee, (c) Research in low speed aerodynamics, (d) $200 monthly, (e) Netherlands, (f) 20 December, 1950.

(a) Van Der Maas, G. Y., (b) Assistant research officer, (c) Fundamental research in radiophysics, (d) $4,450, (e) Netherlands, (f) 2 June, 1950.

(a) Wu, Ta-You, (b) Senior research officer, (c) Theoretical physics, (d) $6,050 (e) China, (f) 16 August, 1949.

Questions

CHALK RIVER—EMPLOYEES OTHER THAN BRITISH SUBJECTS

Mr. Gagnon:

1. Are there any employees working at Chalk River who are not British subjects?

2. If so (a) what are their names; (b) respective positions; (c) nature of their work; (d) salary of each; (e) place of origin; (f) by whom, and on what date was each recommended?

Mr. McIlraith:

1. Yes.

2. (a) Heringa, C.F., (b) Clerk III, (c) Hotel desk clerk, (d) $2400, (e) Holland, (f) Transferred to the national research council as a member of Central Mortgage and Housing staff when the council took over the operation of Deep River village, 1 April, 1951.

BALANCE OF MONEY HELD BY FEDERAL GOVERNMENT TO CREDIT OF NEWFOUNDLAND

Mr. Browne (St. John's West):

What is the amount of the balance of money held by the federal government to the credit of the government of Newfoundland on account of the surplus taken over on confederation?

Mr. Sinclair: In holding these balances on deposit for the province of Newfoundland, the government of Canada is acting in the relationship of banker to customer. Accordingly, it is not considered that the information asked in this question should be made public by the government of Canada.

NEWFOUNDLAND—PROGRESS IN RADIO INSTALLATIONS

Mr. Browne (St. John's West):

What progress has been made in regard to the installation of radio transmitters and receivers for the various places in Newfoundland for which provision was made in the estimates of the current year?

Mr. Benidickson: The Canadian National Railways, who operate the Newfoundland telecommunication system, advise that orders have been placed for communication equipment in certain isolated settlements in Newfoundland and that if deliveries are made within three to four months installations should commence on a progressive basis in about six months' time.

VEGETABLE OILS IMPORTED AND PRODUCED—COMPARISON IN PRICE

Mr. Follwell:

1. What vegetable oils have been imported during the past five years?

2. What quantity of the several types of vegetable oils was imported in each of the years, 1945 to 1950, inclusive?

3. What quantity of vegetable oils was produced in Canada during each of the above years?

4. What was the comparative price between imported vegetable oils and such oils produced in Canada in each year, 1945 to 1950, inclusive?

Mr. McIlraith:

1 and 2.

Imports of Vegetable Oils into Canada, 1945-1950

Item	Calendar years 1945 Cwt.	1946 Cwt.	1947 Cwt.	1948 Cwt.	1949 Cwt.	1950 Cwt.
Coconut oil, edible	.....	20	86	29	10,319	12,244
Cottonseed oil, edible	749	1,270	803	1,951	87,176	78,714
Olive oil, edible	820	3,706	5,519	14,034	7,214	17,861
Peanut oil, edible	760	173	8,786	266	8,919	2,877
Soya bean oil, edible	34,929	120,972	79,636	57,697	84,967	46,670
Cashew nut shell oil	1,101	1,588	1,190	1,744	1,020	1,577
Castor oil	97,504	54,864	60,585	55,414	58,809	66,468
Chinawood oil	3,608	11,197	59,358	84,825	76,400	72,540
Coconut oil, not edible	980	2,594	25,767	52,438	51,673	210,688
Cottonseed oil, crude	244,814	82,555	49,321	120,758	593,353	842,854
Flaxseed or linseed oil	1,769	1,180	2,873	897	974	6,053
Oiticica oil	3,698	6,452	1,972	966	1,724	1,962
Olive oil for soap, tobacco and textile finishing	1,252	32	42	780	273	2,166
Palm oil	296,426	236,930	141,775	180,191	127,248	148,040
Peanut oil, not edible	162	10,531	89,866	225,599	46,037	77,631
Rapeseed oil	6,952	86	17	5	.....	732
Resin oil	5,600	7,568	10,611	5,092	5,452	13,823
Sesame seed oil	4	67	10	159	226	208
Soya bean oil, for manufacturing purposes	595	554	1,278	1,288	19,026	39,344
Sunflower seed oil	160,500	148,663	329,480	288	.....	163,320
Vegetable oil, n.o.p., not edible	5,448	5,452	5,497	1,106	212,661	79,601

Questions

3. Production of Vegetable Oils in Canada, 1945-1950

Calendar Year	Linseed oil Imp. gals.	Soya bean oil Tons	Other vegetable* oils Tons
1945	10,029,517	4,573	23,220
1946	11,310,076	8,038	32,574
1947	10,362,951	12,071	30,068
1948	13,287,866	12,410	31,774
1949	10,097,822	22,101	34,568
1950	10,123,342	25,967	20,291

*Includes peanut, rapeseed, coconut, sunflower and mustard seed oils, each of which was produced by only 1 or 2 companies and details cannot be divulged (Statistics Act, S. 15).

4. Wholesale Price of Vegetable Oils, Domestic and Imported, 1945-1950

(Average of Monthly Quotations)

Calendar Year	Domestic Coconut oil, crude, Canadian, in tank cars, delivered Toronto per 100 lbs.	Imported Coconut oil, crude, Ceylon, in tank cars, delivered Toronto per 100 lbs.
1945	$ 8.10	$10.25
1946	8.10	10.25
1947	10.67	14.33
1948	17.81	17.25(a)
1949	17.56	—
1950	18.29	19.56(b)

(a) January-April.

(b) April-December.

NOTE: For vegetable oils other than coconut oil comparative prices of domestic and imported are not available.

IMMIGRATION—NUMBER OF IMMIGRANTS, ASSISTANCE IN SATISFACTORY SETTLEMENT, ETC.

Mr. Laing:

1. How many immigrants entered Canada from January 1, to September 30, 1951?
2. By numbers, what was their country of origin?
3. By numbers, what provinces were given as declared destinations?
4. Has the federal government entered agreement with any of the provinces for the furnishing of language classes for new immigrants?
5. Which provinces, if any, have embarked on colonization plans to assist settlement of new immigrants?
6. Are provincial labour departments assisting the satisfactory settlement of new immigrants?
7. What is the estimated total of new immigrants for the entire year 1951?

Mr. Harris (Grey-Bruce):

1. The latest available figures are to August 31, 1951. During the period January 1 to August 31, 1951, 116,657 immigrants entered Canada.

2. See statement following.

3. See statement following.

4. No. The organization of language classes for new immigrants is under the jurisdiction of the provincial departments of education. In 1948 they requested, through the Canadian education association, that the federal government provide free written and visual teaching aids for use in language classes. These teaching aids were provided and are still being provided.

5. The province of Nova Scotia and the province of Quebec have colonization plans to assist in the settlement of immigrants.

6. Such assistance is provided by various provincial departments.

7. 150,000 approximately.

Immigration to Canada showing country of last permanent residence, for the period January 1, 1951 to August 31, 1951: Africa (British), 107; Africa (not British), 79; Albania, 24; Arabia, 2; Australia, 263; Austria, 1,513; Belgium, 3,395; Bermuda, 37; Bulgaria, 199; Central America, 25; China, 1,967; Czechoslovakia, 2,266; Denmark, 3,190; Eire, 422; Esthonia, 3,174; Finland, 1,729; France, 4,315; Germany, 13,047; Greece, 1,598; Holland, 15,550; Hong Kong, 55; Hungary, 2,546; Iceland, 21; India, 81; Israel, 466; Italy, 14,167; Japan, 15; Latvia, 1,441; Lithuania, 650; Malta, 1,079; Mexico, 31; New Zealand, 131; Norway, 525; Poland, 8,612; Portugal, 7; Roumania, 1,093; Russia, 1,160; St. Pierre

and Miquelon, 11; South America, 534; Spain, 80; Sweden, 1,311; Switzerland, 935; Syria, 137; Turkey, 21; Ukraine, 211; United Kingdom, 19,986; United States, 5,249; West Indies (British), 394; West Indies (not British), 91; Yugoslavia, 2,581; others, 134; total, 116,657.

Source: Statistical Unit, Immigration Branch.

Immigration to Canada showing province of intended destination, for the period January 1, 1951 to August 31, 1951: Newfoundland, 141; Nova Scotia, 1,235; New Brunswick, 939; Prince Edward Island, 160; Quebec, 24,036; Ontario, 65,295; Manitoba, 5,281; Saskatchewan, 2,632; Alberta, 8,354; British Columbia, 8,568; Yukon and Northwest Territories 16; total, 116,657.

Source: Statistical Unit, Immigration Branch.

JOINT AIR TRAINING CENTRE, RIVERS, MAN. —CONSTRUCTION OF ROAD

Mr. Dinsdale:

1. Is the Department of National Defence proceeding with the construction of a road into the joint air training centre at Rivers, Manitoba?
2. If so, when did the work commence?

Mr. Blanchette:

1. No. The Department of Public Works of the province of Manitoba is constructing a new road to the C.J.A.T.C., Rivers.

2. Not applicable.

UNEMPLOYMENT INSURANCE—CHAIRMAN OF COURT OF REFEREES, CHICOUTIMI

Mr. Gagnon:

1. What is the name of the chairman of the court of referees established under the Unemployment Insurance Act, in the district of Chicoutimi?
2. What are his duties?
3. What salary does he receive?
4. What allowance does he receive for his travelling expenses?
5. How old is he?
6. What are his qualifications?

Mr. Cote (Verdun-La Salle):

1. Mr. Charles-Henri Desbiens.

2. The duties of the chairman are to act as chairman of a court of referees, consisting of a representative of employers and a representative of insured persons, and to adjudicate upon all claims and questions in connection therewith which are appealed by the claimant or referred by an insurance officer.

3. The chairman receives no salary but is paid a per diem allowance of twenty dollars for a full day session and one of fifteen dollars for a half day session.

[Mr. Harris (Grey-Bruce).]

4. None, but he receives the usual allowance for travelling expenses if called upon to sit as chairman of a court in a place other than his own district.

5. This information is not available here.

6. University graduate; social worker; forestry engineer.

MR. ALFRED VALDMANIS

Mr. Higgins:

1. When was Alfred Valdmanis, one-time minister of finance in the government of Latvia and presently director general of economic development for the province of Newfoundland, admitted to Canada?
2. Has he become a naturalized Canadian citizen?
3. Under whose sponsorship did he enter Canada?
4. What was his history prior to entering Canada?
5. Was he employed by the government of Canada since entering Canada?
6. If so, in what positions, and at what salaries?
7. By whom was he recommended to the government of Newfoundland?

Mr. Harris (Grey-Bruce):

1. October 13, 1948.

2. No. On June 3, 1949, he filed a declaration of intention to become a Canadian citizen, but he will not be eligible for citizenship until he has resided in Canada for five years.

3. Lady Davis foundation.

4. From information provided department prior to entry, it would appear that Dr. Valdmanis' history is, briefly:

Name—Alfred Arthur Alexander Valdmanis; Nationality—Latvian; Born, 11 September, 1908, Ziemupe, Latvia; Education—Academic degrees—Master of Philosophy, university of Latvia; Master of Economics, university of Latvia; Doctor of Jurisprudence, university of Frankfurt.

Experience—1932-35—Legal adviser, ministry of finance, trade and industry of republic of Latvia; 1936-38—Principal adviser of Latvian government on economics, finance, industry and trade, with rank of undersecretary; 1938-39—Minister of Economics, Finance, Trade and Industry of Latvian government, and president of Latvian Bank of Credits Limited; 1939-40—President and director of Latvian Electric Trust Corporation; 1940—Imprisoned by Russians; 1943-45—Imprisoned by Germans; 1945-47—Employed by headquarters of British and United States occupation forces in Germany; September, 1947, joined headquarters staff of preparatory commission for international refugee organization.

5. Yes.

6. Was employed from December 13, 1948, to December 13, 1949, on a part-time basis by the Department of Mines and Resources at a salary of $100 per month. During part

of the same period he filled a post of visiting professor of economics at Carleton college, Ottawa.

7. No information.

IMMIGRATION—ENTRIES MAY 30-SEPTEMBER 30, 1951, THROUGH VARIOUS PORTS

Mr. Riley:

1. How many immigrants entered Canada from May 30, to September 30, 1951, through the following ports: (a) Quebec; (b) Saint John, New Brunswick; (c) Halifax?

2. By what steamship lines did these immigrants arrive at the above-mentioned sea ports?

3. What were the names of the ships on which these immigrants arrived?

Mr. Harris (Grey-Bruce):

1. (a) Quebec, 16,832; (b) Saint John, 22; (c) Halifax, 26,567; Total 43,421.

2. American Export Line; Canadian Pacific S.S. Co.; Caribbean Land and Shipping Co.; Cunard S.S. Co. Ltd.; Greek Line; Holland American Line; Home Lines Inc.; Incres Shipping Co., Italian Line; Norwegian American Line; Salen Line; Swedish American Line; United States Line; United States government.

3. See statement following. The names of the ships given are those of passenger vessels only.

Passenger vessels carrying immigrants arriving at the ports of Quebec and Halifax, for the months of June, July and August, 1951.

S.S. *Anna Salen, Argentina, Ascania, Atlantic, Beaverbrae, Canberra, Columbia, Conte Biancamano, Empress of Canada, Empress of France, Empress of Scotland, Europa, Franconia, General Blatchford, General Taylor, Georgic, Gripsholm, Homeland, Italia, La Guardia, Laurentia, Lismoria, Nea Hellas, Nelly, Neptunia, Samaria, Saturnia, Scythia, Stockholm, Stavangerfjord, Volendam, Vulcania, Washington, Zuiderkruis.*

NOTE: There were no passenger vessels arriving at Saint John, N. B.

PRINCE EDWARD ISLAND—UNEMPLOYMENT INSURANCE ACT—OFFICES AND EMPLOYEES

Mr. Kickham:

1. What are the locations of the offices administering the Unemployment Insurance Act in the province of Prince Edward Island?

2. What are the names of the persons employed, their positions and respective salaries?

Mr. Cote (Verdun-La Salle):

1 and 2. Charlottetown local office.

Name—Classification—Salary.

Murley, J. B., Manager, E. & C. O. 2, $3,576; Murphy, J. A., E. & C. O. 3, $3,108; Cheverie, G. W., E. & C. O. 2, $2,772; MacLeod, W. S., E. & C. O. 2, $2,772; Bruce, Mrs. E., E. & C. O. 1, $2,436; Corrigan, Mrs. L. M., E. & C. O. 1, $2,436; Davey, W. C., E. & C. O. 1, $2,364; Orford, C. A., Clerk 2B, $2,292; Peters, W. B., Clerk 2B, $2,292; Carroll, E. J., Clerk 2A, $2,088; Martin, Miss M. E., Clerk 1, $1,668; Ross, Miss M. E., Clerk 1, $1,392; Murphy, Miss M. F., Steno 2B, $2,292.

Summerside local office.

Name—Classification—Salary.

Cannon, E. G., Manager, E. & C. O. 1, $3,240; Hogan, J. C., E. & C. O. 2, $2,772; Hogg, Miss B. B., E. & C. O. 1, $2,364; MacGuigan, W. C., E. & C. O. 1, $2,436; McLeod, N. E., E. & C. O. 1, $2,436; McNeil, D. T., Clerk 2B, $2,292; Philipson, R., Clerk 2A, $2,088; Crosby, Miss M. D., Steno 1, $1,668; Simmons, Miss N. G., Typist 2A, $1,776.

JACQUES CARTIER BRIDGE—BALANCE DUE ON CAPITAL ACCOUNT

Mr. Dupuis:

What is the balance due on the capital account, in amortization fund and interest, in connection with the cost of the Jacques Cartier bridge?

Mr. Benidickson:

As at September 30, 1951: Capital debt $19,226,000; accrued interest thereon, $133,663.

There is no debt amortization fund, debt repayment being effected from time to time as earnings permit.

PASSPORTS ISSUED FOR TRAVEL TO U.S.S.R., POLAND AND HUNGARY—PERSONS NOT RETURNED TO CANADA

Mr. Diefenbaker:

1. How many passports have been issued, month by month, since the first of January, 1950, to persons desiring to travel to, or through (a) U.S.S.R; (b) Poland; (c) Hungary?

2. How many of the persons to whom such passports have been issued have not returned to Canada?

Mr. Lesage: Mr. Speaker, may I point out that it is impossible to give a direct answer to this question which, in part, reads as follows:

How many passports have been issued, month by month, since the first of January, 1950, to persons desiring to travel to, or through (a) U.S.S.R.; (b) Poland; (c) Hungary?

I might say that it is the general practice to issue Canadian passports valid for travel to all countries. Passports are not limited for travel to particular countries except in special circumstances and at the requests of applicants.

However, by regulation which came into force on June 30, 1951, holders of Canadian passports who intend to visit, among other countries, the U.S.S.R., Poland or Hungary, are required before undertaking such visits to notify the passport officer, 38 Bank street,

Ottawa, or the nearest Canadian diplomatic or consular officer abroad, of their travel plans and of the length and purpose of their visits. Since this regulation came into force there is record of a notification having been received of travel to the countries named as follows: U. S. S. R., 1; Poland, 9; Hungary, 8.

Mr. Graydon: What are they doing over there anyway?

Mr. Lesage: This is a free country.

Mr. Diefenbaker: Even in its limited form the second part of the question has not been answered.

Mr. Lesage: It is impossible to give an answer to the second part of the question because no records are kept. The regulations to which I just referred do not require that such records be kept. I would point out to my hon. friend that if he went to Hungary or Poland or Russia and returned via the United States, say through New York, and then took a train or plane to Montreal, the only thing he would have to do on entry into Canada would be to prove he is a Canadian citizen; he would not even have to show his passport.

ATLANTIC SALMON FISHING

Mr. McWilliam:

1. Do Atlantic salmon bound for maritime provinces and Quebec waters pass close enough to Port aux Basques to be subject to exploitation?
2. Do Atlantic salmon which pass through Port aux Basques follow four definite routes to the mainland, one leading to the Miramichi river?
3. What approximate percentage of the Atlantic salmon passing Port aux Basques reach the area off the mouth of the Miramichi river?
4. Do Atlantic salmon after leaving the Miramichi proceed to bay of Chaleur and rivers on the south coast of Gaspe peninsula?
5. Has the salmon catch of the Miramichi increased (a) commercial fishing; (b) angling?
6. Have the numbers engaged in salmon fishing increased (a) commercial; (b) angling?
7. What is the Department of Fisheries policy regarding restrictions of Atlantic salmon (a) net fishing; (b) angling?

Mr. MacNaught:

1. Yes. Migration routes are established through the medium of tagging programs. A number of separate experiments of this type have been carried out with salmon captured in the net fishery off Port aux Basques, Newfoundland. These all indicate that the fish in question do in fact reach the mainland rivers but many travel to streams on the west coast of Newfoundland. There are no data to prove that there are not other runs, for instance farther offshore or through the strait of Belle Isle, which eventually reach the mainland rivers.

2. Not proven. The fact that the salmon were concentrated in four definite migration routes between Port aux Basques and the mainland, could only be established by recaptures of fish en route to the mainland. Such recaptures as were made were chiefly from the shore areas and the rivers. There is no doubt that one of the principal travel routes leads from Port aux Basques to the Miramichi area. In the largest tagging program in the year 1937, tags were affixed to 599 salmon. Of these, 80 (about 13 per cent) were later recaptured. Thirty-two individuals were retaken by Newfoundland netters. Of the remaining 48, 20 eventually reached the vicinity of the Miramichi.

3. On the basis of limited tagging experiments approximately 42 per cent. Even if we could accept as accurate and final the figures given in (2) above, only 20 out of 48 or approximately 42 per cent reached the Miramichi area. It must be remembered that 519 or 87 per cent of those originally tagged were not recaptured. Part or all these might have migrated to other areas for which no recaptures are shown. Calculation of percentage returns from any area on the basis of tagging are inaccurate since they are definitely affected by location and intensity of the fisheries as well as by the type and efficiency of the collection system.

4. Some do and others seek the Miramichi river and its tributaries. Tagging experiments off the mouth of the Miramichi river in which tags were affixed to 411 salmon produced 72 recaptures. Of these 25 were retaken in the drift net fisheries near the area of tagging, 25 in the bay of Chaleur and 22 in the Miramichi river itself. It is evident that all certainly do not eventually reach the rivers on the south coast of the Gaspe peninsula. In fact almost half may be headed for the Miramichi river itself.

5. (a) No. Considering the period between 1942 and 1950, the total annual commercial catch by drift nets and trap nets ranged between 3,129 and 5,189 cwt. This was similar to catches in other years back to 1920. There are no indications of significant long term trends either upwards or downwards. The catch by drift nets alone between 1942 and 1950 fluctuated between 2,320 and 4,050 cwt. per year, with the highest catch occurring at the middle of the period.

(b) Yes. From 1942 to 1950 the annual catch of bright salmon by anglers ranged from 8,972 to 34,456 fish. In 1948, 1949 and 1950 the catches were 20,825, 34,456 and 33,378 respectively; the highest recorded for the Miramichi.

6. (a) No. Since 1930 there has been no significant change in the number of drift nets or trap nets operated.

(b) Yes. The number of tourist anglers who often fish for only a few hours in any one area has increased greatly. Much more effort in rod-days of angling is now being expended than in earlier years and this is reflected in the better catches.

7. (a) The Department of Fisheries has for some years set a quota of 175 drift net licences for the Miramichi area. Actually fewer than this number are used annually.

Trap net licences are issued under a series of rules which have the effect of maintaining the present number or even decreasing it.

(b) There are no restrictions on the number of anglers.

COMPULSORY SAVINGS ACCOUNTS

Mr. Lennard:

1. How many compulsory savings accounts have not been paid by the government?
2. What is the total value of these amounts?
3. To whom should one apply in connection with an unpaid account?

Mr. McCann:

1. As of the 29th October, 1951, there were 66,313 undeliverable cheques for refundable savings portion of tax in respect of the 1942, 1943 and 1944 taxation years.

2. $3,176,334.51.

3. The district taxation office where the individual filed his income tax return for 1942, 1943 or 1944.

ERIEAU BEACH, ONT.—CONTRIBUTIONS TO DRAINAGE SCHEME

Mr. Lennard:

1. Is the government contributing towards the Erieau beach, Burke drainage scheme, Kent county, Ontario?
2. If so, what is the amount of this contribution?
3. What percentage is this of the estimate's total cost?
4. What other governing bodies are contributing to the balance of the cost?

Mr. Gardiner:

1. Yes.

2. Approximately $90,000.

3. 50 per cent.

4. Province of Ontario.

QUESTIONS PASSED AS ORDERS FOR RETURNS

STEEL IMPORTS AND PRODUCTION—ALLOCATION FOR VARIOUS PROJECTS

Mrs. Fairclough:

1. What quantities of steel were (a) imported from the United States; (b) produced in Canada, in each of the months of January to September, 1950 and 1951?
2. Of steel imported and produced in Canada over the above periods, what quantities have been allocated under dominion government authority, and of steel so allocated, what quantities have been allocated to: 1. (a) buildings; (b) highways, bridges, culverts, etc.; (c) defence; (d) production other than defence production. 2. (a) public buildings; (b) private buildings other than dwellings; (c) multiple dwellings such as apartment blocks; (d) single dwellings?

ROYAL CANADIAN AIR FORCE—OFFICERS ABOVE RANK OF SQUADRON LEADER—FRENCH-CANADIAN OFFICERS

Mr. Balcer:

1. What is the total number of officers above the rank of squadron leader in the Royal Canadian Air Force?
2. Of these, how many are French Canadian?

DEPARTMENT OF NATIONAL DEFENCE—EXPENDITURES FOR RECRUITING

Mr. Balcer:

How much money has been spent in the province of Quebec by the national defence department between January 1 and June 30, 1951, for recruiting in (a) newspaper advertising; (b) radio advertising?

ROYAL CANADIAN NAVY—OFFICERS ABOVE RANK OF LIEUTENANT COMMANDER—FRENCH-CANADIAN OFFICERS

Mr. Balcer:

1. What is the total number of officers above the rank of lieutenant-commander, in the Royal Canadian Navy?
2. Of these, how many are French Canadian?

ARMY HEADQUARTERS—OFFICERS ABOVE RANK OF MAJOR—FRENCH-CANADIAN OFFICERS

Mr. Balcer:

1. What is the total number of officers above the rank of major at army headquarters in Ottawa?
2. Of these, how many are French Canadian?

ROYAL ROADS SERVICE COLLEGE—TOTAL NUMBER OF CADETS—FRENCH-CANADIAN CADETS

Mr. Balcer:

1. What is the total number of cadets at the Royal Roads service college at the present time?
2. How many in each grade year?
3. In each grade how many are French Canadian?

ROYAL MILITARY COLLEGE—TOTAL NUMBER OF CADETS—FRENCH-CANADIAN CADETS

Mr. Balcer:

1. What is the total number of cadets at the Royal Military College at the present time?
2. How many in each grade year?
3. In each grade how many are French Canadian?

CANADIAN FORCES—ENLISTMENTS IN PROVINCE OF QUEBEC, SEPTEMBER 1, 1950—AUGUST 31, 1951

Mr. Balcer:

What is the total number of recruits that have enlisted in the three services in the province of Quebec, each month, during the period between September 1, 1950, and August 31, 1951?

CHARLOTTETOWN, P.E.I., SHIP REPAIR DOCK—WORK PERFORMED BY BRUCE STEWART AND COMPANY

Mr. Kickham:

1. Was any work done by the firm of Bruce Stewart and Company on vessels at the ship repair dock at Charlottetown, Prince Edward Island, during the year 1951?
2. If so, on what vessels?
3. Was this work let by tender or cost plus basis?
4. If by cost plus, what percentage was allowed?
5. What wages were paid to all classes of workmen on the above, and how do these rates compare with similar work being done at the repair dock at Lauzon, Quebec?

THE ROYAL TOUR

REPORTED EXCLUSION OF NEWSPAPERMEN FROM FUNCTIONS AT CANADIAN EMBASSY, WASHINGTON

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I should like to address a question to the Prime Minister (Mr. St. Laurent). Does the exclusion of newspapermen from all functions organized by the Canadian embassy at Washington in connection with the royal visit to that city represent government policy, or was this decision made by the Canadian ambassador to the United States?

Hon. Brooke Claxton (for the Secretary of State for External Affairs): Mr. Speaker, as Acting Secretary of State for External Affairs perhaps I might answer that question. No such decision was made. There are only two events scheduled for the Canadian embassy. The first is a reception for commonwealth ambassadors and certain senior members of their staffs before lunch tomorrow, and the second is a dinner at which Their Royal Highnesses will be the hosts tomorrow evening.

Time, space, and numbers have imposed certain limitations upon the press coverage. In the case of the reception, in 45 minutes 150 people will have to be presented. It has been arranged that one representative of the press of the United States, Great Britain, and Canada will be chosen from those travelling with the royal party. That should provide adequate coverage on that occasion.

The dinner is given by Their Royal Highnesses and it seems logical that a dinner to be given by them should follow the precedent established by the president in giving a dinner for them at Blair House where there was no press coverage whatever. It was purely a private affair.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed, from Monday, October 29, consideration of the motion of Mr. Robert Cauchon for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto of Mr. Drew, and the amendment to the amendment of Mr. Coldwell.

Mr. Irvin Studer (Maple Creek): Mr. Speaker, the people of Maple Creek join with me in expressing my deep appreciation at being permitted to join with others in debating the address in reply to the speech from the throne. We in this section of the house are fortunate in being in close proximity to the mover (Mr. Cauchon) and the seconder (Mr. Simmons) of the address. We are revelling in the reflected glory that is coming to them because of the excellent presentations they have made on behalf of their constituencies.

I was raised and educated to some extent in another country and I should like to express my deep appreciation of the privilege of meeting Their Royal Highnesses The Princess Elizabeth and the Duke of Edinburgh. We do not always realize just what is involved in this representation by the royal family. Those of us who come from other countries like the United States, who have been educated in the history of that country and its early development and association with Great Britain, are apt to come to Canada feeling that those symbols do not mean very much. We are likely to look at them with critical or perhaps sceptical eyes, but always tolerantly.

But after coming here and being subjected to the good influences that are extended to all countries connected with the commonwealth, we cannot help but join with those who have expressed the feelings of Canada. It was a proud moment for me two weeks ago when I stood in the snow on the platform at Swift Current and had the honour of being presented to Their Royal Highnesses. If some sentiment has been shown in connection with the royal visit, I hope that that sentiment will always remain because sentiment is disappearing in many parts of the world today. Another feeling, not at all connected with the welfare of the people, has taken its place. I am glad always to note the reference to the royal family and princess made in the prayers at the opening of this House of Commons when we ask the blessings of the Almighty upon them.

I think the people of Canada owe a debt to the leader of the opposition (Mr. Drew) for the presentation he made at the beginning of the week when he brought to the attention of parliament and the people of Canada details of the methods being employed in this country to destroy the very institutions upon which our country is built. I am glad that we have in Canada people who are ready to stand

above party and are willing to take this sort of action. I like to see people who take this attitude: may my country be always right, but right or wrong, it is my country. I think the leader of the opposition stands high in the esteem of the people of this country for what he did this week.

It is the duty of members of parliament to bring before the House of Commons the conditions that exist in various parts of the country, and I hope to deal with my constituency in a few words. The constituency of Maple Creek runs 180 miles along the borders of the state of Montana. This constituency is therefore interested in the conditions that prevail across the line. Maple Creek is one of the largest settled constituencies in the country, as I have mentioned before. It is almost one and a half times the size of Prince Edward Island. It is two-thirds as large as Nova Scotia. It is almost as large as Vancouver island. It is over half as large as New Brunswick. Therefore it is a large constituency, and it is so important to Canada that Canada just could not get along without it. I say that because in the constituency of Maple Creek we supply and cater to the needs of all of the people of Canada. We add to the production of wealth in Canada. We raise wheat in untold millions of bushels when it rains, and sometimes it does rain. This year it did. We contribute to the economy of Canada and to the feeding of the people of Canada by raising untold numbers of the best cattle raised anywhere, hundreds of thousands of them. We contribute eggs and poultry, and we contribute turkeys because it is turkey country.

We contribute many of the good things that people eat and we also keep them warm because we raise one-quarter of all the sheep in Canada. Therefore we try to keep you well fed and we try to keep you warm. I make no apologies for representing that constituency. It is a country of extremes. Not many other people on the earth have the extremes that we enjoy or suffer from, as the case may be, in that southwestern part of Saskatchewan close to the northern part of Montana. There is a variation in temperature in that part of Canada of over 155 degrees. I admit that perhaps it gets somewhat colder at the North pole, although I am not too sure about it. The temperature goes down to 55 below in our area so it is extremely cold, and it can be extremely warm in the summer. The temperature goes up to 105 degrees in the shade. I do not know of any country where people are more conditioned to extremes than they are in my constituency, although for sure the people are not extreme.

This year we have a crop, strange to say. We are not talking about crop failure payments in the same way as we have formerly, but we still have a most unfavourable situation because of climatic conditions. The extremes are again in evidence. When I left home about two weeks ago the ground was covered with nine inches of snow. Harvesting was at a standstill. The people who had harvested some grain and were in a position to deliver it to an elevator could get along for the time being, but there are hundreds of people in that area who have not harvested a bushel of grain. There is no prospect of crop failure payments for them because crop failure payments are based on the yield and there is no yield because the crop has not been harvested. These people have worked for the entire year. Their position is worse than of people who are employed because when you are employed you usually get paid weekly or monthly. However, when you work all year on a farm and have a crop failure you have worked for twelve months for absolutely nothing and you still have your overhead.

The situation existing on many farms is that there is no revenue whatsoever to compensate these people for their year's work, as was the case in other years when the same thing happened. There are people in that area who have not harvested a bushel. Some of them are people who have suffered crop failures in the past and as a result have not been in a position to buy machinery to do their harvesting. They have had to call for their neighbours' assistance. These same people are the ones who have not harvested anything. I hope that the situation in the province of Saskatchewan is being watched very closely by the government. The care of these people falls upon the municipalities. If they cannot handle the situation they will appeal to the provincial government, and if it cannot handle the situation it will make an appeal to the federal government. Therefore I hope that the government will watch the situation in the west closely in order to eliminate much of the suffering that is inevitable if the situation does not correct itself before winter actually sets in.

We have other troubles, as the hon. member for Lake Centre (Mr. Diefenbaker) pointed out yesterday, with respect to the movement of grain where there is grain. I would urge the government, as he did, that nothing be left undone to make facilities available to people with grain, although I believe that the box car situation is partially a result of what happened last year when we had a railway strike. At that time the two railway systems came to a halt. You cannot recuperate from a discontinuance of railway service from coast

to coast throughout the Dominion of Canada without having the inevitable result of conditions that never can be compensated for so far as catching up with the backlog is concerned. I think the hon. member for Lake Centre rendered a service by the presentation that he made, but he would have also rendered a service last year if he had supported the government with respect to the settlement of the railway strike. However, at that time he did not see fit to do so. We have that situation in Saskatchewan, and my latest information is that 200 points out of 2,100 are completely plugged and there is no movement of grain. I am satisfied if the situation can be corrected nothing will be left undone by the various departments to bring that about.

We were talking about what Maple Creek produced. We are anxious to produce more to fit into the general policy not only of this government but of other governments in an effort to bring down the cost of living. They tell us that there should be more production. We are doing our share in the constituency of Maple Creek by trying to increase the number of cattle, hogs and poultry, and the amount of milk and eggs. All these things go into the cost of living. There is also the cost of clothing and by raising sheep and doing these other things we want to make it possible for everyone to have sufficient of these things to enable them to continue living in the Dominion of Canada.

We are breeding new varieties of cattle. One is the cattalo which is partly buffalo and partly one of the beef breeds. The purpose is to create an animal which will have more beef on it. New crossings of breeds are coming into existence. There is the crossing of the Brahman strain of India and various breeds such as Herefords, Shorthorns, Angus and others that have been developed to produce more meat in a shorter period of time. The same thing is true of hogs and poultry, and I have already referred to our production of milk and eggs.

Last but not least, I believe that the sheep raisers should receive some consideration for their contribution to the warmth that is so necessary in our northern climate. We are only producing a quarter of the wool necessary to clothe the people of Canada. We import about 80 per cent of the wool used, and we want to eliminate synthetics if we can. I do not care very much for anything that is synthetic. I do not like synthetic clothing. I do not like synthetic food such as margarine. I do not like any of the other synthetic things that will come into use if we do not provide the original product, if we do not provide the actual clothing and other material that nature intended us to wear.

If anyone thinks that the sheep raising industry is one of no consequence, let me remind him that there are over two million sheep in Canada. No industry has come to the government asking for assistance less than the sheep industry. No subsidy has ever been mentioned so far as they are concerned. No subsidy was ever given to them. They suffered a shrinkage in the value of their wool down to as low as five cents a pound in years gone by and still made no complaint. They were prepared to carry on. I think the reason they do so is that the blessing of God is upon them. The sheep raising industry must have found favour in the eyes of God; because, at the birth of the Lord, to what workers was the announcement first made? It was to the shepherds on the hillsides. No other industry that I know of in biblical times or since has had such recognition as to be chosen to have such an announcement made.

In the Old Testament you hear of the Lamb of God and the sacrifices that were made, and there are also references in the New Testament. Therefore they must be favoured in the eyes of God. It must be so or the sheep raisers would have been here asking for subsidies long ago. There are a quarter of a million sheep in the constituency of Maple Creek. One of the healthiest foods on earth, certainly the healthiest meat, is mutton. It is not generally known but in the olden days it was used almost exclusively. Why? Ulcers are well known in these days, especially among politicians, for various reasons, and others. Mutton is a meat that contains a substance that when you eat it puts a lining on the stomach and prevents ulcers.

Some hon. Members: Oh, oh.

Mr. Studer: Hon. members who have never had anything to do with sheep may laugh at that, but there are authoritative sources that will agree with that statement. It puts a coating around the inside lining of the stomach and prevents disease and many of the ills that afflict people in these days.

You never heard of ulcers in the old days when people were accustomed to eating that which nature provided. Therefore I think we can be assured that we are doing a service to our country when we eat the products that the country produces, and doing a much greater service to ourselves in eliminating illness and preventing it by eating the right type of food, as we should always do.

We have rail grading of hogs, which has made a great contribution to all of the people

of Canada. Rail grading of hogs and the premium paid on them have made a great contribution to this country. The Minister of Agriculture (Mr. Gardiner) should give some consideration to the rail grading of lamb and mutton, because I am sure the premiums that should be paid will encourage the production of the type of lamb and mutton that the people of Canada will eat. I would ask the Minister of Agriculture to give some consideration to this matter. Our country could carry ten million sheep. I hope the day is not too far distant when the sheep industry will be recognized for what it is worth and the contribution it makes to us in this country in keeping us all warm.

The people of Maple Creek need, as everyone else does, the cost of production. We have often felt that we have not received the cost of production. We know that under the production methods we have out there, with a limited rainfall, we cannot compete with those areas that raise 30, 40 or more bushels of wheat to the acre year after year. We need 12 bushels to the acre on an average to meet our cost of production. When you receive 5 bushels, 6 bushels and 12 bushels to the acre it is impossible to compete with those who have a higher production. We would need $10 a bushel to compete with them. But that condition will not always exist, because we are doing things out in that country to place ourselves in a position where we will dissociate ourselves from the liability that many people in Canada think we are. We need your help. You have been giving it to us but we are going to ask for more, and eventually we will ask for none.

We need that cost of production. We have railway lines out there, and we hear much about them. We are complaining about the non-competition of those railway lines. We want more of them. Comparatively speaking we are farther from the markets than anyone else in western Canada. We are on the dividing line between the three railway outlets out there. We are the same distance from Churchill, Vancouver and the head of the lakes. We are at the extreme end of those three places, and as a consequence our overhead is higher both for what we ship out and what comes in to us. Then there are the freight rates and the railways situation, which has been somewhat overemphasized although the cost to us is prohibitive. Sometimes we are asked by our friends across the way to rise in our places and make statements on these various matters that affect western Canada. It is an easy thing to ask someone to make a statement, but the responsibility of keeping the wheels of this country running so that transportation will not come to a standstill and the people will not suffer as the result of any action that we take, rests on the government. We carry that responsibility. I might remind some hon. members that if the Liberal members had not spoken on many of these things that are before the House of Commons and the country today they would not be talking about them either, because they would not be before us. We want our railway branch lines. Certainly we want equalization of freight rates. That is what we must have. We want lower machinery costs, and we need them. I would remind some of my friends who have made a considerable number of suggestions in the House of Commons about the high cost of machinery that there is nothing in the world to prevent Saskatchewan or any other province from going into the machinery business. I do not know why they have not gone into that business long ago—they went into everything else over which they lost money, so they might as well lose money on this. Since there is a co-operative implement company or association in our country I suggest that the Saskatchewan government put $10 million into the Saskatchewan Co-operative Implement Association and give them the boost of their lives. I hope that as a result of that contribution cheaper machinery will be made available so that we can produce at lower costs.

Of course we need lower taxation. Who does not? But try to get it. We have not got it out in Saskatchewan. I can assure this house that we need lower taxation. A different situation exists out in that country than exists anywhere else, on account of the instability of production, the instability of the country. That will last until stability takes place as a result of the efforts that we are putting forth out there to obtain it. We want lower prices of course. We are living along the Montana border for a distance of 180 miles. We are in close association with the people to the south of us. It is pretty hard to tell our people out there that things are cheaper in Canada than they are in Montana, across the line. I just cannot get that one across no matter how hard I try, because I know it is not true. Incidentally I have a little knowledge of it because I have seven brothers in the United States and they talk faster than I do. They are all Republicans, and I am a Democrat, if there is such a thing in Canada. As a result I am lucky to be still here. However, that price situation is serious and a continued aggravation, I believe, to any constituency anywhere near the United States boundary. I often wonder what the politicians along the Mexican-United States boundary

talk about. However, talking that way provides no solution. I know the way our people feel about this. They know that fourteen million people cannot compete with one hundred and fifty million people. Our people know that production costs are lower with volume. Everyone knows that. That is axiomatic. But what they want to know is this. They want to know that no one is making exorbitant profits in Canada on what they have to sell. That is what they want to know, but I do not know how to go about telling them. Something should be done about it. If nothing can be done other than to assure our people that no one is making profits over and above what they are entitled to, and making it exorbitantly at the expense of those people who do not work eight hours a day or forty hours a week but work sixteen hours a day and over one hundred hours a week to supply the necessities to the people of Canada, it will help.

Maple Creek needs continued rehabilitation. We are living in a dry country, and we do not let any water disappear if we can help it. It is our hope that hon. members will see to it that we get the help we need because they will be recompensed 100 per cent. We need increased assistance under the Prairie Farm Assistance Act. It is a strange thing, but many stand in their place in this house and say: The cost of living has risen 100 per cent. The dollar is worth only fifty cents. We should increase wages accordingly. But the people out in that dry area are living on the present fifty cents that was established as a dollar in 1939, under P.F.A.A. and they have just as much right to have an increase in prairie farm assistance payments as anyone else in Canada has. What they receive today does not begin to carry the burdens that are in existence. I can tell you that we are not going to have to talk about it forever.

We are of the first generation farming in western Canada and we are trying to establish a country. Is there any district anywhere in Canada that has produced the results in the first generation that we are producing out west? I ask you that question. I do not think there is. It takes from two to three generations, and sometimes longer, to make a farming area which is of real help to the Dominion of Canada and to the people, so we are still in that primary stage in which we were when we came into this country. Do not worry about farmers ever becoming too rich. There was never a danger to a country so long as the farmers were prosperous, but the danger immediately becomes evident when the farming population becomes poor. They should never become poor. They provide the essentials the people have to have to live. We can get along without you, but you cannot get along without us. We would, therefore, ask for scientific research to continue these things.

We have to have special consideration in all things, in connection with the collection of debts and in connection with the V.L.A. men who are established there. They cannot meet the ordinary requirements where there is instability in agriculture. I am glad to say that I believe our various government organizations realize this. If they do not, they should. These men have decided that is where they want to live. Sometimes they decide to live in the wrong place, unfortunately, but after they have decided to live there then we should establish them, no matter what the cost may be, in order to enable them to eventually help make their contribution to the welfare of Canada.

Out west we have an organization known as Ducks Unlimited, and ducks unlimited it is. It came into existence about ten years ago, financed by our good friends the sportsmen in the United States. Its purpose is to augment the duck population. This has been a good thing because the Eskimos and Indians, who are dependents of Canada, have had their food supply increased. Ducks Unlimited has, therefore, eliminated a cost that would otherwise fall upon Canada. The organization has built over 309 projects in western Canada and set up breeding grounds for the ducks. However, even a good thing can be overdone. When nature is out of balance, inevitably there are going to be dire results. We have farmers in that area who have lost their entire crop because hundreds of thousands of ducks devoured it.

An hon. Member: Too much quack.

Mr. Studer: Too much quack is right. At the same time, I would not want the organization to discontinue its efforts. I would say that the sportsmen, ammunition organizations, railways and tourist agencies, all those who benefit as the result of this increased duck population, should contribute to a fund which would offer insurance to the average farmer against his crop being devoured by ducks. For a nominal fee a farmer could then take out duck insurance, and when his crops were destroyed he would be recompensed. Either that, or they had better hurry along with their supersonic noises to scare these ducks out of the country, because the farmers out there cannot tolerate the condition any longer.

We want this South Saskatchewan river dam. This country is losing millions of dollars every year that dam is not built. What are we afraid of? We are a young country that has a place in the esteem of all the

countries of the world. We seem to be hesitant about going ahead with something that just has to be done. In certain areas in Saskatchewan you do not let water run away. You hold it, and put it on the land in order to produce things. Anything else seems like waste, so this is one of the musts out in Saskatchewan. I hope this committee soon makes up its mind favourably about that project.

Much has been said about the situation in Saskatchewan and what governments can do. I have tried to point out a few things that the dominion government could do. I should like to say a few words now about what the Saskatchewan provincial government could do. Here, we have a situation where all the granaries are filled to the bursting point with feed grain. We have no sheep policy, no hog policy, no cattle policy, no nothing. The grain is there, and that is all there is. What is the most natural thing to do? It is to put the feed grain in its proper place, in an animal, and everyone will make more money. What are we going to do without a policy? I suggest that the dominion government formulate a policy for those people out in Saskatchewan. They, the Saskatchewan government, spend all their time on the Korean policy or on the United States policy, but no policy for the people at home. Will the dominion government please come to the rescue and tell the provincial minister of agriculture and the people of Saskatchewan how to raise pigs? Apparently the minister never learned the facts of life. He has not learned anything about the birds and bees.

In any event, that is the logical outcome of socialism. Socialism never produces anything. All it can do is to distribute poverty, ration it amongst the people. Every country that has been under socialism suffers, and eventually passes out of existence. I suggest to the leader of the socialists in this House of Commons that he take another trip around the world. A few years ago he was telling us about New Zealand being a fine country; the New Zealand government went out. He started to tell us about Australia, and what happened there? He started to tell us about Britain, and what happened there? He has just started to tell us about Egypt, and I am feeling sorry for the Egyptians. I hope he never starts talking about us in Canada, because we will go out too.

We have an organization in Saskatchewan called the Ag-Reps, one of the finest organizations that ever came into existence. It was started originally by the Liberals and added to by the socialists—I have to give them some credit. These Ag-Reps are working under most difficult conditions, night and day, trying to formulate some agricultural policy which the government in Saskatchewan has never given. I think a tribute should be paid to these wonderful men who have spent so much time trying to do the impossible out in Saskatchewan.

There were some other things I wished to say, Mr. Speaker, but perhaps I shall have another opportunity. We have heard so much about price controls and inflation. I know all about that, because when I have some money to spend I am inflated and when I have none I am deflated. Out in Saskatchewan the situation is not that there is too much money running after too few goods. It is a situation in which everyone is running after some money trying to get some purchasing power. The proof of that is the fact that over 90 per cent of our farms have no water system and about 90 per cent of them have no electric lights. I have been on my farm for 35 years, but it has no water system and no electric lights. Nature pays back everything that a man earns, but nature is the tightest reckoner I ever saw. We still believe that nature is a little late in some of her payments to us.

I do not know how we are going to correct our economic situation in a country such as ours. We have 14 million people, but our imports amount to over $3 billion a year. I think there has to be an international effort, just as there is in regard to NATO, that international organization for the preservation of peace. That organization determines what can be done in order to preserve peace, and there should be one set up to preserve our national economy if we are going to continue to import over $3 billion worth of goods. We are agreed also that, among other things, Canada needs the St. Lawrence deep waterways. It would help us out in western Canada. We need most, if not all, the things the government has done—except the things they have not done. However, we can agree that that is the situation or we would be agreeing possibly with some of the things that other opposition friends have been saying.

We are glad that some provision is being made for our soldiers to augment their pensions and for our aged people. There is no one more deserving. As time goes on and as the national economy increases—and we in the constituency of Maple Creek are doing our share to increase the national economy—we shall always be agreeable to making provision for the needs of those people.

A minute ago we were talking about defence. I also am not too sure that the steps we are taking are sufficient for our needs today in Canada. I think it is the

primary duty of any government, regardless of anything else, to defend this country. Without defence, everything else is of no value. The matter of defence is so imperative that, no matter what system of social services you have or what economy is practised, if that defence is not sufficient in the interests of the people of Canada, everything else will disappear. All I know is that when you live near bear country, in order to protect yourself it is prudent to carry a gun. I therefore say that Canada should consider seriously whether it is making sufficient progress in connection with defence.

One word more, Mr. Speaker, and I hope that I am getting close to the end of my remarks. We have farm organizations out in Saskatchewan, as you know. In the world today everyone has an organization, and now there is not only competition between the people of the world but there is competition between organizations. In other words, we have got to the point of having to decide which organization is the strongest to forward its aims and objectives and which will obtain the greatest benefits. We had farm organizations that have been lamentably in a position—as farm organizations possibly always will be—of being inadequate to meet the needs of the industry which they serve. Why should there have to be any farm organization, when all the people in the world are dependent upon what the farmer produces? Everyone should be protecting the farmer. His job is to produce, not to study economics, not to study politics, not to spend his life in trying to determine what should be done. His life is spent in producing the things that you need. That is his occupation, his vocation. Therefore all organizations throughout Canada should come to the assistance of the farmers in order to protect their industry and to see that they get a cost of production sufficient to live so that their time does not have to be spent in unproductive efforts to make it possible to remain in existence in Canada. I ask the people of Canada and all their organizations to make sure that their primary industry is protected in this country.

But we have farm organizations. The finest men and women in Canada belong to them. May more success attend their efforts. I hope they become great; if you do not take the attitude and protect them, I hope they become great enough to protect themselves. Unfortunately the history of western Canada is replete with instances of what has happened to farm organizations. They are subject to political interference. The people that belong to these organizations have not time to study in order to determine what course they should follow, so they are subject to what people tell them. If there are people in this world who do not have sufficient honour to tell these people the truth, then these people adopt policies and ways and means that lead to their destruction, as witness what happened in Saskatchewan in the past. There was the wonderful organization of the united farmers that was built up. The C.C.F. are the result of what happened to that organization called the United Farmers. So I am asking all of the people of this country to join all the farm organizations so that they can be strong. I do not like the word "demand". I never did like it. But they will have to demand that they have consideration. That course is forced upon them by other organizations demanding possibly more than is their rightful share of the national economy. Why should the farmers always take what is left? The farmer refuses to do that. That is the result; when all other people are organized and the farmers are not, the farmer takes what is left. Farm organizations are therefore necessary, Mr. Speaker, but they also should be prevented from having political influence that will destroy them.

We have a wonderful farm organization in Saskatchewan at the present time. We had in July a meeting of the western farm organizations of the three provinces, in Regina. The meeting was held in a church. One would never imagine that anything would happen in a meeting of that kind and in such a place that should not happen in a place of that kind. The government members met this farm organization in the forenoon. We were up in the place where the choir sat and the presentation of the farmers union members was made to us. Mr. Gardiner, who replied for us, replied to the presentation and it was received with good grace, I think, by most of the farmers of western Canada. They were, of course, critical of some of the government's regulations or some of the government's actions. The wheat payment at that time was very much in prominence. So the president of the Manitoba farmers' union reports in the *Union Farmer* on page 7 on the meeting in Regina, and he mentions among other things that the following morning we met with the government members including a number of cabinet ministers, and after Mr. Phelps, who is the president of the farmers, ably presented our brief, we listened with mixed emotions to the nonchalant reply of the Minister of Agriculture (Mr. Gardiner). In the afternoon we met with a group of M.P.'s representing all opposition parties. They spoke feelingly and stated that they were with us and that the farm organizations were not born a moment too soon.

That is what I want to talk about; I refer to the presentations. Everyone will remember

the procedure in this House of Commons in that week when we were considering this wheat situation, when the vote was taken in regard to the wheat situation; everyone will remember when there was a resolution or a subamendment presented to this house asking for the government to consider a payment of twenty-five cents on the wheat under the British contract. All hon. members will remember that subamendment asking that the government give consideration to the payment of twenty-five cents on the wheat. The government had already given consideration to the payment at least a dozen times. The die was cast as to what the people of Canada would agree to allow the western farmer for his wheat. It was not enough. The farmer throughout the years has earned more consideration from the rest of the people of Canada. Yet that was the way the die was cast.

So in the afternoon at that farm meeting in Regina our opposition members were presented also with a brief by the farmers' union. They were allowed a short period of time, up to the limit of twenty minutes, in which to speak. What would you expect? They all made a crackerjack of a political speech and they all told the farmers' union something like this: they said they were behind them, that they were the farm bloc, that if it were not for them, the farmers would not have anything. They told them that they supported the twenty-five cent wheat payment. They told them that they voted for the twenty-five cent wheat payment. But they never voted for the twenty-five cent wheat payment. They voted for consideration of the twenty-five cent wheat payment by the government. So after all these political speeches, Mr. Speaker, I stood in the back of the hall. I did not like it, I can assure you, so I sent a little question up to the chairman. I had it presented to the hon. member for Melfort (Mr. Wright) and the question said: Why did not the western C.C.F. members vote for the $65 million that the farmers received on this wheat payment? The reply by the hon. member was: I did vote for the $65 million wheat payment to the western farmers. Every member in this House of Commons knows that that hon. member was not in this chamber when that $65 million vote was taken. Neither was the hon. member for Assiniboia (Mr. Argue). Neither was the hon. member for Moose Jaw (Mr. Thatcher).

Mr. Argue: Mr. Speaker—

Mr. Studer: Neither was the member who belongs to that great race in Scotland, the hon. member for Selkirk (Mr. Bryce). He was not in the honourable chamber.

Mr. Argue: Mr. Speaker, if I remember that evening correctly, it was a vote in committee, and I was here to vote for the $65 million.

Mr. Smith (Moose Mountain): On a point of order, Mr. Speaker, I was in the chamber and the hon. member was not there. The remarks made by the hon. member for Maple Creek (Mr. Studer) were absolutely correct.

Mr. Studer: Mr. Speaker, those hon. members knew that it was a vote in committee and that it would not be recorded and that it would not be recorded on *Hansard*. So after this vote, this 25-cent wheat vote, those members were in a position where they were on their way, or preparing to go on their way to tell the western farmers that all the Liberals voted against the 25-cent wheat payment—and they were not in the House of Commons when that $65 million was voted in committee.

Mr. Speaker: Order. I told the hon. member for Maple Creek that he could continue, but he has exceeded his time.

Some hon. Members: Go on.

Mr. Studer: So I am saying that if that is the situation—and that is the situation; I stood here; I counted them when the vote was taken. There were seven C.C.F. members in the House of Commons, and those four were not here. What do you call people who make statements such as the hon. member for Melfort (Mr. Wright) made?

That is why I say western farmers are subject to disillusionment and subject to all the unprincipled politicians—and it is becoming more evident throughout Canada and other countries today. We know about the political procedure unprincipled politicians have followed to gain their ends. They go about in the world seeking the ruin of souls.

We are in a bacteriological war now. We had a cold war and a hot war. Now we are in a bacteriological war, because these socialistic bacteria are being spread all over the country in an effort to have people associate themselves with an untruth, the same untruth that destroyed Germany, the same untruth that lies behind the iron curtain, the same untruth that will destroy any civilization. Do not worry about the communists particularly when we know the political untruths that are rampant in this country today, that have destroyed every civilization that has not eliminated this untruth from its political life.

I wish to thank all hon. members for their kind attention. Along with the rest of the people in Canada, we hope to continue to make our contribution to the welfare of the people of this country. I would close by

saying that, as the saying goes, Canada has hitched her wagon to a star. That star is the north star, because we are living in the north. It is the same star that guided the early mariner, the same star followed by the farmer at night who lives some distance from the town. He sees the big dipper make a complete revolution around that north star during the course of twelve hours, so that he can tell the time at night by the north star and the big dipper just as readily as he can by the sun when it is shining.

That is the time in working the farmer goes by. They go by the day, not by the hours. And so we make our effort in the hope that the people of our country will continue to receive favourable consideration from all members of the House of Commons, all the people of Canada. We, in turn, hope to contribute to their added happiness and welfare.

Mr. Arthur Laing (Vancouver South): Mr. Speaker, I should like first of all to offer a word of congratulation to the hon. member who has just spoken. I will have to tell him, however, that I shall not be able, at least in one particular, to emulate either him or any of his seven American brothers.

First may I join with other hon. members in congratulating the mover (Mr. Cauchon) and the seconder (Mr. Simmons) of the address in reply. I must confess that I had to go to the English translations to realize what a splendid presentation was made by the hon. member for Beauharnois (Mr. Cauchon). I know the background of the hon. member for Yukon-Mackenzie River (Mr. Simmons), and I know more of the country from which he comes. In my view he made an excellent presentation of the case for northern Canada. I think he indicated that those young people for whom the future admonition will probably be, "Go north, young man", would do well if they were to go west before going north.

When the Prime Minister (Mr. St. Laurent) spoke in the debate he had something to say about what has been described as our most serious and, indeed, our only serious domestic problem, namely the cost of living and the results of inflation. He extended an invitation to all members of all parties to participate in the debate, so that out of it we would arrive at some judgment as to the best course to pursue. I would be bold indeed if I attempted to add very much to what I thought was an exceedingly able and striking speech on the subject delivered on October 18 by the hon. member for Coast-Capilano (Mr. Sinclair). There may have been in his young and expanding family some rejoicing that night, but I want to tell him that there was rejoicing also in other British Columbia families who have known him and who have watched with keen appreciation his progress in the public service in recent years.

I do not want to deal with the subject from the standpoint of an economist. For a moment however I should like to discuss the amendment offered by the leader of the opposition (Mr. Drew) and the subamendment by the leader of the C.C.F., the hon. member for Rosetown-Biggar (Mr. Coldwell). The leader of the opposition apparently has now abandoned all call for controls. There was a time when he was going about the country asking for controls which were to be innocuous but effective, nebulous but full of light, designed to do harm to no one but good to everyone.

Now, apparently, probably as a result of the fact that a responsible section of the press which supports him has advised him that it was not his responsibility to tell the government how to improve things, he merely points out that things are bad, but has abandoned his advocacy of controls.

I think the leader of the C.C.F., and his group, probably caused the leader of the opposition some embarrassment when, in their subamendment, they elected to complete his sentence. They have gone so far as to suggest provisions for price controls and the payment of subsidies. I would like the C.C.F. group now to admit that, if we are going into the realm of subsidies, we are going into the realm of rationing. I would like them to admit that, implicit in any consideration of subsidies, is the introduction of rationing. Of course it is. And I hope that in this debate they will admit they are in favour of rationing—because we have had that in the past in this country.

Mr. MacInnis: We still have it. I say we still have it—rationing by the purse. Are you in favour of that?

Mr. Laing: My hon. friend from Vancouver East will not say we have rationing after I have finished reading some of these articles which indicate the type of rationing we had in 1942. Not all people have kept a record of the operations of the wartime prices and trade board, and what people were subjected to in those days; and I do not think the people would want it today.

Mr. MacInnis: Were you opposed to that?

Mr. Laing: I will deal with that when I get further along in my speech.

Mr. MacInnis: It will be easier then.

Mr. Laing: Yes, it will. I would like an admission from the C.C.F. that rationing is

implicit in any consideration of the payment of subsidies. If you subsidize an article you provide that article to the people at a cheaper cost than would otherwise be the case. If you put a subsidized article on the market without rationing you are going to make it available to a greater degree to those with the most money. That is inevitable.

Many of us have short memories. The hon. member who just spoke reminded us of the difficulties the farmers of Canada have had in recent years, but I think the farmers of this country have done exceptionally well. There is some envy in some parts of the country over how well the farmers have been doing in recent years. My riding is made up of people who are consumers of farm products, but I tell the people there that I do not envy the farmers at all. I think it is one of the happiest circumstances we could have in Canada that the farmers are doing so well in recent years.

I can remember in 1941 when eggs were about eighteen cents a dozen and we were debating whether we could achieve a price of $1.25 per bushel for wheat. Am I not right? It would appear therefore that the farmers have had only eight or nine relatively good years in the recent history of Canada. I think we must admit that there are two things that keep the internal economy of this country together. One is the high rate of wages and the other is the annual farm income. If we maintain a proper balance between those two sections of the economy we will do very well in maintaining this country.

I spoke of short memories. I have dug up some of the old wartime prices and trade board orders of 1941 and 1942 and in these days they make extremely strange reading. Order 97 dealt with the frosting, icing and sugar-dusting of bakery products. It was illegal to frost and dust bakery products. Here is one that had to do with the cost of living bonus. We had a cost of living bonus by order of the board which limited the bonus to be paid at that time, August 6, 1942, to an increase of 60 cents per week. That was an invasion of the rights and responsibilities ordinarily assumed by the people. The government went as far as to say how much bonus could be paid weekly. If we invade such rights and push in the economy in one place, as is proposed by the C.C.F., you have to expand that control over the entire economy. It is a fixed economy that they are asking for.

In those days we had manpower control and it was illegal for an employer to hire or release a technician without informing the director, and technicians were required to notify the director if they made a move. Contracts of employment for technicians required the approval of the minister. Then there were penalties provided for the breach of the regulations and the final word was that the regulation was then in effect. You had there an invasion of what under normal circumstances we would consider private rights.

Then there was a wartime salaries order dated March 4, 1942. There were various administrative orders. Order 142 dealt with the maximum prices of dressed horsehair. Order 146 dealt with the variation of and maximum rentals for hotel accommodation and so on.

Mr. MacInnis: Was horsehair rationed?

Mr. Laing: I do not know. This had to do with the maximum price of horsehair. Order 204 concerned the maximum jobber's prices for feathers. Order 208 referred to the labelling of mirrors and so on, probably that we might better see ourselves as others see us. Order 230 dealt with the restriction of the manufacture and sale of new paper dress patterns. Another had to do with the delivery of ice, but there are no comments on the personal conduct of the iceman although that may have been in the original order. Another has to do with birch and maple flooring, and another has to do with the maximum price for bicycles.

At that time there was a tremendous invasion of many of the things which, thank goodness, we are still privileged to carry on by private action. The hon. member for Vancouver East (Mr. MacInnis) is about to ask me: Do you not say that the controls instituted by the Liberal government of that day were effective and successful, that they were the finest in the world?

Mr. MacInnis: I did not say that.

Mr. Laing: You should.

Mr. Knowles: Who is making this speech?

Mr. Laing: I remember Victoria day, 1940. Those were grim days. We held a celebration in my community and thank goodness most of the children there did not know what was in the newspapers and they were able to enjoy themselves. Those were the harsh and triumphant and miraculous days of Dunkirk. If anything brought home to Canadians the danger in which they were, it was the days of Dunkirk. That knowledge continued throughout the war and Canadians were therefore happy to accept restrictions upon their private lives such as they would not be agreeable to accepting today. If the C.C.F. think that Canadians are prepared to accept restrictions on their private activities, they should tell the public of Canada that they think so. I do not think we can have the

application of subsidies in this country without the over-all fixing of the economy, precisely as we had in 1942.

Today there are throughout the world many governments which are more than anxious to get their thumbs and fingers on the throats of their people. In these days it is good for Canadians to realize that we have a Prime Minister and government who will use such methods only as a last resort instead of the first thing coming into their minds.

I should like to say a word concerning a matter which has not been given justice in this house so far. I hope such justice will be given before we go home at Christmas. The Old Age Security Act is a monument in Canadian history. We have arrived at the time when we are going to pay a pension, moderate it is true, to every Canadian without any strings attached, without any means test. Any project which involves expenditures of the nature outlined last week by the Minister of National Health and Welfare (Mr. Martin) is a monumental piece of legislation for any country regardless of size.

Already we are hearing suggestions made in the house that the payment is not large enough. There are indications that in another general election we shall have parties bidding against one another. I hope that that does not occur because it would be a bad thing for Canada and its people. We possess many valuable rights in this country. We have maintained equality of access to the courts. We have enjoyed broad political rights. There seems to be a new sense of economic right belonging to the individual. This can only be based upon a partnership between the government, on the one hand, and industry, on the other.

I am going to say that I think the only prerequisite to national greatness in this country is industrial peace, and I think the industries of Canada should be prepared to pay more for industrial peace than they have in the past. I think there should be a partnership between the government on one hand and industry on the other. We see it already at work, and I hope that government action in the future will be such as to make it easier, namely, the proposal to amend the annuities act and the suggestion of the minister when he spoke on the integration of employee pensions with the old age pension scheme. I think those two policies for looking after our people in retirement should march along parallel to one another.

It has been suggested in some quarters that the government should accept full responsibility for the retirement of all its people. If we have that I think we are on the road to socialism. Other people contend that industry should look after all its people and see that they are retired comfortably. If you do that I think you will put such a weight upon industry today that our selling prices in foreign markets will be affected. I think that we can handle this thing on a dual basis which will make unnecessary either of these cataclysmic events.

For a few moments I want to speak of a problem which is of deep concern to the city of Vancouver, and I want to address my remarks to the Minister of Transport (Mr. Chevrier). It has to do with Vancouver's international airport. In 1929 the city purchased some 475 acres of land on Sea island and began to develop an airport there. In the minds of many people at that time it was a premature move but I think there has been ample evidence since to show that the civic officials were quite sound in their anticipation of the requirements of aviation. We have there today a most excellent airport. Most of its development took place subsequent to 1940. Many millions of dollars have been invested by the federal government. The city still retains the administration of the airport although in 1945 they were offered the opportunity of turning it over to federal control.

At that time they elected to retain administrative control but they have now decided that they would much prefer to have the federal government operate the airport. I am of the opinion that international airports, and this is veritably an international airport, should have their finances based upon the broadest possible tax base, which is the Dominion of Canada. The airport is servicing United Air Lines which is a foreign company. Trans-Canada Air Lines and Canadian Pacific Air Lines are giving most excellent service in that area. In addition, the airport is the base for some splendid private company such as Queen Charlotte Air Lines and Vancouver Air Lines, which are providing an excellent and expanding service to all parts of the province of British Columbia. Our province is ideally suited for air travel. There are many places which take twenty-eight to thirty hours to reach by train but which can be reached in two hours by airplane.

In comparison with other airports in Canada, on the basis of passengers and freight carried and on the basis of income from the airport I think we have unquestionably at Sea island the most important airport in the Dominion of Canada. In the last six months 1,400 passengers per day have departed from that airport. There was a magnificent performance under circumstances which were of

great importance to the city of Vancouver. At one time both railways were out of operation, and in one twenty-four hour period no less than 3,000 pasengers passed through the airport. Recently when the forests were opened up after the long dry spell, within four hours no less than 850 loggers were moved out of that airport to the camps. It is a most excellent airport and is doing a magnificent job not only for Vancouver alone but in the whole development of Canadian air travel.

One matter has not been referred to by anyone with respect to the airport and that is its position in the Pacific airlift. When security measures no longer make it impossible, I think a tremendous story will be told of the co-operation between the great McChord field outside Tacoma and the Vancouver international airport in sustaining the Pacific airlift. At the present time the mayor and aldermen of the city of Vancouver and the Minister of Transport are some distance apart in their negotiations. I think they are about $1 million apart. When negotiations are renewed with the minister very shortly, I would ask him to give the kindest consideration to the representations of the city of Vancouver which is now desirous of turning the airport over to the Dominion of Canada. They want to get back the capital expenditure they have put into it, and that is all they want.

I, like the last speaker from western Canada, should like to say something about the St. Lawrence waterway. When that project comes before the house I hope no western member will find it necessary to oppose it. The Dominion of Canada has taken the lead in this venture and I hope that it keeps the lead. I do not think it is necessary to share the responsibility of the venture with our great neighbour to the south. I think in these times when we relate our efforts to theirs, when they are doing magnificent things, it is imperative that we as Canadians should do large and magnificent things. I think our future security and our relations with all other nations in the world will be better preserved thereby. We can do magnificent things, and I think we should hold the initiative.

The justification for the Canadian government taking such action is that the advantages and results of that development will accrue to all the people of Canada, and the sooner we realize that a development of that magnitude in one part of Canada is going to serve all Canada the sooner we will have a more closely knit and more united Canada. I bring up the subject only because the great new industrial development in this country is going to occur in western Canada. We as western members are going to have to come here in the years ahead and ask all members of the house for the same type of support and co-operation that I hope we can now give with respect to the St. Lawrence waterway.

Today in the province of British Columbia we have the second largest undeveloped resource of water power, the cheapest cost of development of water power per horsepower on this continent, and probably the greatest resources in the world, within a comparable area, of wood and wood products, and we have the great and magnificent province of Alberta next to us which I feel is going to be one of the great industrial centres of the world as time goes on. They have there in abundance coal, oil, natural gas, salt, limestone and iron ore.

An hon. Member: Sulphur.

Mr. Laing: Yes, they have sulphur too.

Mr. Sinclair: Beef.

Mr. Laing: They have every component, muscle and fibre of industry. We need more people. We need an integration of the economy of these two western provinces, and it is going ahead naturally. I should like to see us give some official impetus to it, and I do not make the call particularly in this house because it is up to these two western provinces to take a greater initiative than they have thus far. We could include the province of Saskatchewan.

People investigating there are of the opinion that a great body of oil exists in Saskatchewan as well. I think it unfortunate that the government in Saskatchewan has introduced certain legislation which hangs like a Damoclean sword over those who would invest money there. But I have every confidence, sir, that the reserves will last far beyond the tenure of the present government. Saskatchewan too can be incorporated in a western industrial development.

Mr. Thatcher: They would not want it.

Mr. Laing: There is another great resource there, a resource which I think centres around Unity, Saskatchewan. I hope our new departments of Resources and Development and Mines and Technical Surveys will co-operate with the present provincial government in the development of that great proven body of potash in that area. The stuff is worth $30 a ton when you get it to the surface, and I understand there is a tremendous body of it there.

I feel that within these western provinces we have an opportunity for industrialization

and for the integration, first of all, of our own provincial economies within the country. I think we have an opportunity of industrialization and development there to support vast populations in happiness quite beyond the possibility in any other similar area upon the face of the earth today. So I make that appeal to western members. I ask them to try to see their way clear to support the vast development which is projected for central Canada, because we will benefit out of that also. Then the time will come for the governments to look west; and I am going to say this. I think this government so far has looked very kindly upon western Canada. I am not unmindful of the tremendous development of the aluminum company in British Columbia at the present time, which will involve some $500 million of new capital investment. Particularly the Minister of Trade and Commerce (Mr. Howe), as a single individual, I feel has done more than any other individual in Canada to ensure that development.

We have vast additional opportunities for development, and in those two or three western provinces we can support more than the present population of Canada. There is no question about that. When we come down and ask for these things I think we shall have the same kind of hearing from all parts of Canada that we as westerners will be able to give to the consideration of regional matters, which in the long run will mean advantage to us in all parts of Canada.

Mr. G. C. Nowlan (Annapolis-Kings): Mr. Speaker, at the outset let me join with the others who have preceded me in congratulations to the mover (Mr. Cauchon) and seconder (Mr. Simmons) of the motion which is the subject matter of this debate, and to those who have taken part in it. I am thinking particularly of the four new members of the House of Commons who have made their maiden speeches during this debate. I am sure everyone will admit that the contribution they made and the promise they showed in taking part in the debate augurs well for their future participation in the proceedings of the house. We have already had two able addresses this afternoon, and if I do not attempt to follow the two speakers who immediately preceded me, and deal with any matters to which they referred, it certainly is no reflection upon the quality of their efforts or the manner in which they delivered their speeches.

Reference has been made in this debate to a survey of the natural resources of this country; and in this debate as well as in others much has been said about decentralization of industry. These two matters, Mr. Speaker, are of particular importance to those of us in the maritime provinces and of course elsewhere in Canada. We do have natural resources in the maritimes. Perhaps they are not on the lavish scale that has just been elaborated upon by the hon. member for Vancouver South (Mr. Laing); nevertheless we have those which are already developed and others which undoubtedly require development and could be developed further. For instance, in Nova Scotia we have the one steel industry in Canada which provides the three basic elements necessary for that industry, namely coal, iron ore and limestone. There are those here who have had association with that industry and particularly know the possibilities of its development. Undoubtedly there are many others which either have been developed or could be developed; but, Mr. Speaker, perhaps one of our most important resources is our natural geographic position on the eastern seaboard of this country, projecting out into the Atlantic like a wharf. With the exception of our new sister or brother province of Newfoundland we look further to the east than virtually any other part of this continent. Goods from Nova Scotia may be shipped to ports in Europe or throughout the world more economically, more efficiently and with a shorter haul than from any other part of this country. That is a natural resource which should be developed, and which should be the subject of further study.

Today we are in the midst of a war economy, a cold war it is true. Nevertheless we are producing goods, we say, for the defence of this nation. They are being produced largely in Ontario and Quebec. We all remember the last war. We remember the congestion of the railways and the terrific problems of railway management. It was only by superhuman efforts that they were dealt with at all. Surely, Mr. Speaker, given intelligent direction, given careful surveys, many industries in the maritimes could be producing goods for national defence. Instead of shipping them by rail for hundreds of miles you could load them almost from plant to ship on the adjoining dock. I believe that is a possibility which should be considered in any survey that is made of this nation. If sanity ever returns to the world there are undoubtedly many, many plants, English plants, plants from France, industries generally in Europe, that would establish branch plants in the maritimes because of their geographical position. If the imperial preference is to be maintained in any way, then undoubtedly there are American plants as well which would establish industries within that area, taking advantage of the preference in order to ship their

goods to the markets of the commonwealth and throughout the world.

Latterly much has been said about the worsening trade conditions with the commonwealth, and particularly with the United Kingdom. It is not for us to comment upon political changes in any other nation, but I think we all realize that owing to changes which have taken place within the last week an atmosphere may develop with respect to trade between this country and Britain different from that which has prevailed during the past few years; at least there is that probability. That should be surveyed. It is for that reason that we from the maritimes welcome the suggestion which was made by the hon. member for Peel (Mr. Graydon), and by others in this house, of a survey of our natural resources. When that survey is made I believe much of benefit will be established.

It may be said that in Nova Scotia we have not the power for industry. We have sufficient power, Mr. Speaker, for existing industries and for a very substantial development. It is true that if it developed excessively as much as we might optimistically hope, there might be shortages of hydroelectric power as it is developed at the present time. I sometimes wonder if we are not living too much in the past and do not look ahead with the imagination that today requires. Canada is a country of the future. When we talk about power the day may not be too far away when this nation will not have to depend entirely upon hydroelectric power or power produced by coal. I read in the press that in the United States plans have been made recently for the production of submarines powered by atomic energy. If atomic energy can be so harnessed that it can be used safely and effectively within the narrow confines of a submarine, then what are its possibilities for industrial development? In a magazine last week I read that the only way one could possibly contemplate developments in this field would be to think of the Kitty Hawk aeroplane of the Wright brothers being converted into a B-29 bomber within three years. A development similar to the one which has taken the aeroplane industry a quarter of a century to evolve has taken place in the atomic energy field within the last three years. There is no question, Mr. Speaker, but that some day this source of energy will be available for industrial power. Then, in so far as power in the maritimes is concerned, coupled with our geographical position and given proper leadership and direction that would place the maritimes in a position where their prosperity would compare with that which existed many, many years ago.

Turning to another matter for a moment, I am sure the members of this house were delighted with the statement by the Minister of Veterans Affairs (Mr. Lapointe) that changes are going to be made in the pensions given to veterans. It is a surprising statement, but one which every member of the house receives with pleasure. It represents an amazing change from the attitude taken last June when this house was about to adjourn. Then the door was closed to the veterans, but now it has been opened suddenly. This proves that this government, though it moves slowly and is lethargic, can be moved if sufficient pressure is brought to bear. The action taken by the veterans organizations throughout this nation, by the various opposition groups here, and undoubtedly by members on the other side of the house as well, has accomplished something for the veteran which is well worth while.

There is one further step which should be taken at this session. Reference was made by the member for Vancouver South (Mr. Laing) to this magnificent old age pension legislation which was introduced the other day. With that we concur. The old age pension legislation, Mr. Speaker, has removed the means test in so far as millionaires are concerned, but it retains it for the recipients of veterans allowances. Those veterans who are burnt out, who are in most dire need, will find a conflict between veterans allowance legislation and the old age pension legislation. It will put them in a different class from any other citizens in Canada. There is no excuse. It is no answer, Mr. Speaker, to say "Oh, well, consideration will be given to this at another session, and the legislation can be made retroactive. They will get the payment by and by". That is not an answer because the veteran may be dead before that day comes. In any case, that does not pay the coal bill this winter. There is no reason in the world why this government could not, at this session, pass legislation wiping out this one difference between the recipients of war veterans allowances and other pensioners in Canada. I am sure such a measure would receive unanimous approval. I have no objection to classifying old age payments as income for income tax purposes. But I do object to classifying it as income and thereby denying the war veterans allowance recipient payments he would otherwise receive. If the government do not take that action they will have been recreant in their duty to the veterans.

There is one other matter in connection with the administration of veterans affairs that I should like to mention. Last spring this parliament, after considerable debate and lengthy

discussion in committee, adopted what was known as an unemployability supplement for veteran pensioners. You will recall that the basic principle was that pensioners had to be in receipt of a substantial pension, but I think it was 35 per cent for unmarried and 40 per cent for married; they must be unemployed and that unemployment must be directly attributable to their disability. In other words, one could say that all those who received the unemployability supplement earned it. They paid for it by their disability. What do we find? We find a regulation by the department whereby that supplement will not be paid to any person, otherwise qualified, who is living outside of Canada. I do not think that regulation should be there. As I say, I believe the veterans have bought and paid for their right to the payment by their disability. If they want to live in Mexico or on the isle of Capri, that is their privilege.

Even if the government or the house will not go that far with me, I would suggest this as a matter of common sense and decency. Many of these people are now living out of the country on doctors' orders. It is hoped that by living perhaps in California or Arizona, where certain climatic conditions exist, their condition may be alleviated. I have brought to the attention of the minister one or two of those cases, and I have others in my constituency. I do say that even if the department will not go so far as to permit this payment to be made to all those living outside the country—as I think they should—then certainly I urge that the payment be made to those who are living out of the country who can produce a certificate from a qualified medical man stating they are living there on the doctor's advice. It seems to me that is a reasonable suggestion. I know one man living in California on a pension. He is there on the doctor's advice. He was the commander of a corvette and was being carried by bomber to take over the command of another corvette. The aeroplane heating system broke down and he froze. They thought he was dead when they took him out of the aeroplane, but he survived and the doctor sent him to California. He is living there on a pension of $125 per month, and he has been denied this unemployability supplement. I brought the matter to the attention of the department, and I know the minister took a sympathetic view. Action is being considered, but action can be delayed so long that it is dilatory.

Much has been said in this debate about the cost of living, and it is rather difficult to find anything original to say about it. In his excellent address the other day the member for Red Deer (Mr. Shaw) pointed out that it is the number one topic in the minds of the people of Canada. It ranks higher than any other subject, and whether or not we like it, it is paramount in the minds of the citizens we represent. It is certainly paramount in the minds of the people of the maritimes, because undoubtedly the incidence of inflation is greater on some people than on others. We have heard this afternoon about the vast resources of British Columbia and Alberta, and the great wealth that is undoubtedly there. We know about the tremendous employment and the inflationary spiral that has been caused in the province of Ontario. There are other parts of Canada in which those factors do not apply. Nevertheless those parts of the country have to pay the costs without getting what you might call the benefits which others get from this inflation. I think there is one thing that can be fairly said, Mr. Speaker; that is that the people of Canada are getting weary of this monotonous chant that the people have too much money and something must be done, that it is the government's responsibility to take the money away from them. I should like to know who has too much money, Mr. Speaker. There are undoubtedly individuals who, either by accident or otherwise, or perhaps because of ability, have made tremendous fortunes during the last few years. But for everyone who has done that there are thousands in this country who are suffering hardships today. Certainly those of us who sit on this side of the house, Mr. Speaker, do not know those men or women who have so much money in their pockets that it has to be taken away from them. The hon. member for Maple Creek (Mr. Studer) told us that earlier this afternoon in his fiery oration, when he said he did not know who they were. But we constantly hear that statement about the people having too much money. There was once an English statesman whose name I forget, but I read a biography of his in which he was discussing the disabilities of the life of a cabinet minister. Someone suggested to him: "I do not know how cabinet ministers live on the salaries they receive", and he said: "There are other compensations. We sit with the mighty, and we dine with millionaires every night." I am not suggesting that this is true of the members of our Canadian cabinet, Mr. Speaker, but certainly they must meet far more millionaires than we do, because we do not know them on this side of the house.

I have in my hand here an editorial from the Halifax *Chronicle-Herald* dealing with

this matter. It is entitled "A Chant That Is Getting Monotonous" and goes on to say in part as follows:

> It is a curious attitude and so remote from realities of Canadian families everywhere that one wonders in what kind of a world some of these government spokesmen are living. Do they ever meet ordinary people? Have they talked to heads of families, to householders who are worried to distraction with family budget problems?
>
> Surely, if they understood how so many of us feel, they could not continue to repeat this unrealistic cant about the people having too much money. It seems, rather that they are dwelling in some sort of ivory tower, remote from the harsh realities which have become so unpleasantly familiar to many Canadians.

I think that must be the explanation, Mr. Speaker; they are living in ivory towers. They are removed from reality if they believe what they say, and I do not question their sincerity. They are removed from the plight of the common people in this country, the plight of the housewives who, if their husbands are engaged in heavy industry and they have to buy additional meat, must shorten up the milk ration for the kiddies because they cannot buy both. The same thing applies to the price of shoes, clothing or whatever it may be. That condition exists in the homes of thousands and thousands of Canadians throughout this country. They are being ground between the millstones of taxation and rising costs and deflated dollars. Something more must be done about it than simply say that there is just too much money in this country, that we have to take it away from you by taxation.

Another rather monotonous statement is that there are too few goods. Where is there evidence of there being too few goods? Are the grocery shelves empty? Are the automobile showrooms bare? What about the electrical supply stores? Do you see a shortage of refrigerators or washing machines or electrical stoves? Where is this shortage of goods of which we hear so much? In making this monotonous statement the government have adopted the classical phrase which may have been correct in the free economy years ago, that inflation was due to too many dollars chasing too few goods. In this case there are not too many dollars and there are not too few goods. Instead of there being too many dollars or too much money, Mr. Speaker, there is too much complacency on the part of this government; and in place of there being too few goods there is too little action on the part of the government. That is largely responsible for the inflation as we see it today.

Let us recall the days of the war. All of us can do that. Let us remember the days from 1941 to 1945. The hon. member for Vancouver South (Mr. Laing) read some of the restrictions which were in effect then. I do not question them, but I also want to point out this fact. During those years the cost of living index rose from 111·7 to 118. That was all it rose in four years of war. We held the line. The government held the line. Do you remember when the Hamilton steelworkers suggested that they wanted an increase in wages and there was talk of a strike for a few days in the steel industry? What happened then? Mr. Donald Gordon and the late prime minister, Right Hon. Mackenzie King, and the cabinet were in a tizzy. They had to hold the line at all costs, and they did. Who talks of holding the line today? The line has gone from 118 up to something like 190, and nothing is done. Even King Canute was carried out in a chair to tell the tides to stop. He did not do a very good job of it, but he tried to do something. This government has forgotten all about the drive, initiative and energy it showed during the war. I think they wore themselves out. In this matter of the cost of living they show the same nervous energy of a flock of tired old butterflies. That is the situation.

In matters of finance, the Minister of Finance (Mr. Abbott) budgeted for a surplus of $30 million, and ends up with a surplus of $500 million.

An hon. Member: In five months.

Mr. Nowlan: Yes, in five months, as my hon. friend says; from $30 million to $500 million. And he says: "I did not realize the forces of inflation. I did not allow for them." What is the job of the Minister of Finance if it is not to allow for such things? What is he paid for? He has the experts of this whole country at his beck and call. He has the benefit of the advice of experts not only in his own department but in all other departments, including the Bank of Canada and all the rest of it. When he says "I did not study my charts," may I ask this question. If you had a pilot, Mr. Speaker, who was making a navigational plot and he did not study his charts, particularly with regard to storms which were appearing on the horizon, that pilot would be fired. In this case our pilot apparently studied the ouija board instead of his charts.

Mr. Sinclair: May I ask the source of my hon. friend's quotation?

Mr. Nowlan: I have no quotations. That is original with the hon. member for Annapolis-Kings, if the hon. member for Coast-Capilano really wants to know. And I will give him another original one dealing with this department. I will tell him that the only man who ever made a greater mistake in navigation or computation than that made by the minister

was wrong-way Corrigan, who set out for California and ended up in Ireland. That is also original.

Mr. Sinclair: Mr. Speaker, the hon. member still has not given the source of these quotations which he expressed so glibly, as to the minister saying he had not read his charts.

Mr. Nowlan: I never said the minister said that he had not read his charts. I said the minister said in effect that he had not read his charts.

Mr. Sinclair: Oh, in effect.

Mr. Nowlan: It certainly was the effect. The hon. member for Coast-Capilano was talking about everybody having too much money, so apparently he has not felt the effects the rest of us have felt. It is no wonder that the hon. member for Coast-Capilano, who is in fairly close association with the government, talks about people having too much money, because the government with which he is associated is the only one which has a surplus of $500 million. As the hon. member for Eglinton (Mr. Fleming) pointed out the other day in his speech, despite the pledges of economy, despite the professions of faith we heard here last spring that economies were being shown across the board, what do we find? Every non-defence department is still spending more money than it spent last year. The people are exhorted to save. The good book has an injunction: Physician, heal thyself. Until the departments of government apply that exhortation to save to their own departments it is going to be rather difficult for the people to apply it. One could dwell on the matter longer, but I do not want to take up more of the time of the house.

There has been talk about using this money for debt reduction. I am not going to discuss that point, but I would suggest there are other ways in which it could be spent more effectively. I hope everyone has read the report of the Massey commission. It is certainly a document which ought to be studied. It reflects tremendous credit on the commission, and I believe will be read more widely as the years go by. I want to join with the hon. member for Saskatoon (Mr. Knight) in all he said a few days ago about implementing certain parts of the report of that royal commission. Grants to universities, a system which this government has already instituted, are good. Further steps along that line should be taken, because the plight of the universities in this country—most certainly the smaller ones—is just as serious as the plight of the individual.

Then, referring again to the individual, let me point out that today, and markedly this year, student registration has fallen off. This must mean that there are scores and hundreds of young men and women throughout Canada who are unable, for economic reasons, to register in universities. The universities have raised their fees fairly consistently during the past few years. That, together with living costs, has cut down the number of applications to a dangerous level in many universities throughout Canada. That is bad enough for a university but it is much worse for a nation, the youth of which are denied the opportunity of entering our universities. I do hope the government will give consideration to the establishment of national scholarships on a very wide scale, and that it will be done soon. Part of this $500 million spent in that way would do far more good for this nation, not only now but in generations to come, than any other expenditure that could be made.

I hope every member of the House of Commons will read the report, and particularly that section which deals with the archives, our national records. The situation there disclosed is, to say the least, not a happy one. We find that away back in 1912 a royal commission of that time said there was over 1,629,000 cubic feet of floor space used by all records, many of which had not been sorted or classified since confederation. The report of the royal commission now before us says the situation has become worse. We find, for example, that the Department of Public Works is using over 350,000 square feet of floor space to store records of various kinds which have accumulated throughout the years. When one realizes that the Confederation building, a nine-storey building, has only 190,000 square feet of space, and that the Department of Public Works is using 350,000 square feet, he begins to realize the confusion there must be in respect to these records, half of which, according to the commission report, should be destroyed at once. In many cases the Department of Public Works is paying $1 per square foot for this floor space—350,000 square feet: $350,000. And half of this, according to the royal commission should be destroyed. A saving could be effected to the extent of $175,000 a year, if those records were put into proper shape.

I suggest to the minister that, as building materials are in short supply today, out of this $500 million the government should buy some of its own savings bonds and set them to one side, so the fund could be used to build a national archives building. As soon as materials are in free supply again the government could go ahead with the construction. Not only is it essential from the

standpoint of our cultural life, but it would also be a good investment from the standpoint of dollars and cents.

My reference to shortages of materials leads me to one other subject, namely the matter of credit controls, concerning which I should like to speak briefly. In this field the government has gone a long way. In fact, they have gone farther—I suggest they have gone too far—than they have gone in any other field. Hon. members are familiar with the situation that developed in Canada. Every help and encouragement was given to the development of our economy. The government, anticipating deflation, directed the affairs of the country, and did not rectify the condition when we were sliding into inflation. It did nothing until we had a conflagration in our economy. Then it erected a roadblock in the form of credit controls, against which trade was supposed to smash itself to pieces.

While the government has refused to follow the United States in many things, in this instance it went much further. In the United States there are credit controls in connection with instalment buying. I speak from memory, but I believe that over there they pay one-third down and have eighteen months in which to pay the balance. On the other hand, in Canada we are required to pay down 50 per cent, and have only twelve months to pay the balance. That is all right for the millionaire; it is all right for wealthy people. It is fine for the man who buys the Cadillac and who will have money enough to pay for it. But the farmer or the labourer in any of our constituencies who must buy a secondhand car in which to travel to his work or his office finds that he has not the 50 per cent down payment. Surely there could be some relaxation in this. It has created a real hardship affecting many people in Canada, and particularly the younger people who are trying to establish homes and furnish apartments. They cannot buy refrigerators, stoves or any other commodities because of these credit controls.

Those controls should not be abolished, but they should be relaxed, and relaxed now. And, because of other indirect controls exercised through the Bank of Canada, bank credits have been denied, with the result that small businesses have been placed in a most perilous situation. Many of them are threatened with bankruptcy. Then we know of other businesses supplying the electrical and automotive industries. Real disaster stares these small businessmen in the face. Surely that was not the intention of the government, and I do suggest that some action should be taken to rectify the situation.

More than that, why should these controls be applied uniformly across the dominion? Inflation is regional. We see heights of it in some provinces, and at least valleys in others. Yet these controls, like the ten commandments, appear to be printed on tablets of stone, and are forced inexorably upon everyone regardless of financial position. We have regional arrangements in other matters, and in this connection I think of the financial arrangements with the provinces. Some provinces sign agreements while others do not, but it is all done on a regional basis. There are all sorts of precedents for this regional treatment, in every other field of government. I am confident that credit controls could be administered on a regional basis just as efficiently as they are now, and that the results would be much more beneficial to all people concerned.

I have spoken longer than I had intended. The hon. member who preceded me in the debate painted a vision of the future with respect to his part of the country, and I would subscribe to what he said. Despite the difficulties about which I have spoken, despite the hardships and all the rest of it, not only for his part of the country but the whole nation I believe the future is unlimited indeed. All we need is leadership and direction and a determination such as we have shown in the past. Given those qualities, despite the apparent difficulties of the day, those who come after us will live in a happier and better Canada than we have ever known.

Mr. E. W. George (Westmorland): Mr. Speaker, I wish to join with those who have preceded me in the debate in complimenting the mover (Mr. Cauchon) and seconder (Mr. Simmons) of the address in reply. They did an excellent job; and while I had to read the translation of one of the speeches, I must say I was deeply impressed by it. Both hon. members reflected credit upon their constituencies.

Before continuing I should like to thank the Minister of National Defence (Mr. Claxton) for the trip he arranged for members of parliament and senators who went to Camp Borden last Saturday. We left here at nine o'clock in the morning from Rockcliffe airport, where aircraft were provided, and spent the day in Camp Borden visiting the military establishments at that point. May I pay tribute to Major General Graham and Group Captain Coleman who arranged our visit, for the excellent job they did in showing us through not only the army but the air force establishments. It was most informative not only to those of us who have some knowledge

of what goes on, but more particularly those who have only slight knowledge of military affairs.

I should like to review briefly two things which I feel should be done to improve the economic situation of the maritime provinces. I do not include the new province of Newfoundland because I know very little about it. There are many other subjects in connection with the economic situation in the maritimes and in Canada as a whole which I could discuss, but I feel that the two subjects I have chosen are the most important. While they are far apart, in one sense they are closely related.

The past of the maritimes is a matter of record and known to all. At one time we were the richest part of Canada; today we are the poorest. What might have happened without confederation will not be the subject of my remarks; enough to say that the days of the wooden ships are over. When the maritimes were first settled the primary industry was agriculture. Labour was supplied by the family, and practically nothing was imported. They even ground their own flour and made their own clothes. The great shipbuilding industry developed, and lumbering and fishing also helped the farmers to make a living. Comparatively heavy industrialization plus available markets in what is now the United States made the maritimes very prosperous.

Beef raising was the main agricultural pursuit and many boatloads of cattle were shipped to the United Kingdom, especially from the bay of Fundy area. The cattle were shipped alive, as refrigeration was unknown. It is interesting to note that in 1889 some 78 per cent of the population were on the farms raising food for themselves and for the other 22 per cent of the people. While none of them had much money, they owned their farms, were well fed and made happy and good citizens. Many of the younger people left for greener pastures, the same as they do today, but the picture was good. Western grains were unknown and the maritimes were self-supporting. Then, as is the situation today, the maritimes were the best place in the world to live.

Let us have a look at the situation today. Apart from Prince Edward Island the maritimes are unable to feed themselves. Outside of potatoes we must import food in order to live. The maritimes, especially the area at the head of the bay of Fundy, used to raise large numbers of cattle. However, in the thirties the farmers lost considerable money and sold their herds. There was a good export market for hay at the time and the farmers found it easier and more profitable to make a living raising hay. Today only those farmers producing fluid milk or raising beef can show a profit; the others depend upon lumbering, fishing, trucking, et cetera, to make up their deficits.

Crop failures this year in the maritimes have not helped. While seeding was late, we still had the heaviest crops in years. However, great areas were not harvested. It will be remembered that last year there was a surplus of potatoes. That necessitated dumping. A small subsidy was paid, for which we were all thankful, and this helped to ease the situation; but the fact is that the farmers lost a terrific amount of money.

Over the years Canada's economy has changed from agriculture to industry. Today in the United States there are five million fewer people on the farms than in 1889. The figures for Ontario—and these are probably true for the maritimes—show that in those days 78 per cent of the people were on the farms where today only 11 per cent of the population is producing food. It is interesting to note how improved methods and the use of efficient machinery enables fewer people each year to feed the population. In one area in Ontario this year there are ten thousand fewer cows than a year ago, yet the area is producing more milk than ever. All this does not add up to what we would like.

Outside of western grains, the production of foodstuffs is on the decrease in relation to the increase in population. Canada is importing butter in increasing quantities every year. The maritimes must import a large percentage of the food needed by the people. Farmers cannot get help; therefore they are producing less. The 40-hour week plus high wages is taking most of the young men from the farms. It is an accepted fact that within ten years Canada will face a food shortage unless some direction is given, and quickly.

People are blaming the farmers for high food prices, but their cost of production has risen far more than the increase in food prices. The farmer lacks organized marketing facilities, and it is only the shortage of food that keeps farm prices high. As we all know, farmers cannot set the prices for what they produce; they must take what they can get. I believe there is a great future in the maritimes for agriculture. Outside of the market gardener, the small poultry farmer, the beekeeper and a few other specialists, the days of the small farm are over. I understand that a survey has been made in the maritimes with a view to determining what areas should be cultivated. I would hazard a guess that one-half the cleared land in the

maritimes should be reforested. As we all know, it is uneconomical to farm marginal land. The shortage of labour, along with the small margin of profit, makes necessary improved and efficient methods of farming through the increased use of machinery. The small farmer cannot afford to purchase this heavy machinery, because it is uneconomical with small acreages. It has been proved that the pooling of machinery is unsatisfactory.

As an idea of what machinery will cost the farmer with a medium size farm, the total cost of cultivating machinery, hay bailer and other haying tools, binder and so on is between $11,000 and $18,000. When you consider the cost of land, buildings, stock and so on, the total runs into a large figure. A change must be made in the type of farming carried on at the head of the bay of Fundy in New Brunswick and Nova Scotia. I believe that is where the greatest future lies. As I mentioned before, for the last twenty-five years farmers in that area have been raising hay but there is now no market for hay and they must revert to cattle. These farmers find themselves with from 200 to 800 acres of hay land with no market for hay and no cattle. Those farmers in eastern Canada who have had cattle have been importing far too much western grain, and I cast no reflection upon western grain or those who raise it. We have not been using natural ensilage. Ensilage made from green grasses is the best livestock food in the world. The use of this, with some dry hay and very little grain, has cut the cost of production to the farmer, and means that he can also raise most of his own feed. The marsh reclamation program developed by the federal government, in conjunction with the provincial governments, is reclaiming thousands of acres of land in the maritimes. No immediate use can be found for much of it unless the farms are restocked with cattle.

I come back to the second part of my argument. I should like to speak briefly about the St. Lawrence waterway and how it may affect the maritimes. Hon. members will understand why I said these two subjects were actually closely related, though at first sight they might seem to be far apart. I am not against building this waterway, but I feel there are certain points that should be brought to the attention of the government. The idea of the waterway is not new. It is the natural sequence of a continuous policy of development of the whole St. Lawrence system stemming back more than one hundred and sixty years. Canals do not get built by some such mythical process as that by which the children of Israel were fed on their flight from Egypt. Canals are built either by private enterprise in the hope of profit, the expectation of which would be entirely absent if no reasonable justification existed at the time, or by governments as the result of pressure exerted on them by voting constituents. Such pressure is not exerted unless there is a widespread demand for the particular public work in question.

The necessity for power and a larger ship canal has brought this about, and there is great demand for the development of the St. Lawrence waterway. This project involves the construction from Montreal to the open water of lake Superior of a ship canal, and it involves the improvement of the St. Lawrence river section both for navigation and power. It is understood that the large lake boats are not suitable for ocean traffic, but it is probable that they could reach the maritime province ports.

The benefits of this project to the maritimes are not immediately obvious but nevertheless are of the type that may make possible an orderly economic development of these provinces. The waterway is not a development concerning which the maritimes can remain indifferent. The two commodities which might benefit directly following the closer joining of Ontario and the maritimes are coal and steel. Both these products are being exported from the maritimes now to upper Canada, and due to the deepening of the channels may reach as far as Toronto. Other products which might also be shipped are seafoods, lumber, agricultural products, salt and gypsum. However, it must be remembered that the deepening of the seaway will also make Montreal marketing available to the upper lake boats from western Canada and the United States.

It is problematical if the demand for coal will increase because the increase of available electric power together with the dieselization of the railways is even now continuing to decrease the amount of coal required. It must be remembered that the real value of coal at Toronto or any other point is the cheapest figure at which good quality United States bituminous coal can be laid down at that point. It appears obvious that without some sort of subsidy Nova Scotia coal would never be shipped west of Montreal.

The establishment of a flour and grist mill at Sydney, Nova Scotia, has been under discussion for many years. I would refer the house to the report by a special select committee of the Nova Scotia legislature which studied this subject in 1930 under the chairmanship of Hon. Frank Stanfield, M.L.A. This report finds that it is rather doubtful if a flour mill would be established in the maritimes as a result of the building of the St. Lawrence waterway. One of the objects of establishing the mill would be to provide

transportation for maritime products to upper Canada on the return trip of the grain boats. One of the likely demands of the industrialized St. Lawrence basin will be for agricultural products furnished by the maritimes. A study of the St. Lawrence river and its tributary areas shows that the section roughly defined as between Kingston and Quebec city will develop into one of the greatest industrial areas in the world. The great increase in population which will result will have several interesting effects, and this is one of them. The agricultural areas lying behind the probable industrial area are very small. The Laurentian or Pre-Cambrian cap goes down to within a comparatively short distance of Montreal and Kingston. Therefore the large population that will exist in these centres must be fed from comparatively distant agricultural areas. There are only two such areas to which the St. Lawrence valley could turn for agricultural supplies adequate to its needs, namely, the agricultural portions of the maritimes and Ontario.

The automotive industry was born in the interior of the country, and indirectly it helped to establish many other industries both closely and distantly related to motor cars. All these industries depended on coal and iron. The site was determined by the presence of large quantities of coal and by the reasonable accessibility of Michigan iron ore. We in the maritimes have great natural resources of coal, and iron ore from Labrador is easily available. There also great quantities of limestone in the maritimes.

The main feature worrying us today is the relationship of maritime to all-Canadian production. Records show that the trend of this ratio has gone down and is going steadily down. The conclusion we draw from the study of this problem is that the economic importance of the maritimes with relation to all Canada will probably continue to decrease as long as the major opportunities for personal economic advancement, exploitation of natural resources and general commercial development, lie in the centre and other parts of the dominion. The handicaps that bring about such an unfortunate result are the relative scarcity of the more important natural resources, average natural soil conditions which are not high, natural remoteness of markets where maritime resources could be sold, and the artificial remoteness because of tariffs of their closest natural markets, the New England states. The immediate removal or easing of this last handicap is outside the power of Canada at the moment, but the physical remoteness of the maritimes is to some extent a factor controllable by changes in the cost of transportation. Therefore it is subject to government action, and such action in modifying the cost of transportation is entirely in conformity with several historic parallels. So the problem before Canada as a whole is, in those regions where such changes are possible, to decrease the economic handicaps or physical remoteness surrounding the maritimes to the degree that they are capable of being altered by human agencies. Only then can the maritime provinces be restored to their natural importance in the whole of Canada, and thus take that place in the realm of production which was expected by the fathers of confederation.

In my opinion there are several things that can be done to bring the maritime production average to the all-Canadian level. One of them is an immediate improvement in our agriculture. There is no better type of country in the world than an agricultural one, as is shown by the low countries of Europe, which are highly agricultural. On the whole, maritime agriculture is on a downward grade, and this will not bring prosperity. In my opinion all the marginal land in the maritimes should be reforested. Lumber is one of our main industries and always has been, but it is now in serious danger because of depletion. Federal assistance has already been offered to the provinces in this regard.

Loans from the Canadian farm improvement board and under the farm improvement act are too small under conditions existing today. Many farmers in the bay of Fundy area of the maritimes find themselves, as I said before, with from 200 to 800 acres of hay land, no market for their hay, and no cattle to eat the grass. To restock these farms is out of the question without financial assistance.

Marsh or dike land, which brought a price of over $200 an acre twenty-five years ago, is worth practically nothing today. Recently sales have brought from $5 to $25 an acre, this for land which grows grasses containing the highest protein of any in the world. No one will lend any amount of money on this type of real estate. You may say that the government's act of reclaiming this land has been a waste of money. That is not true. Parts of the world are starving today. It is predicted that in from ten to fifteen years every acre of land is going to be needed to feed the population. The potential value of this land at the head of the bay of Fundy is tremendous, and it will again be worth practically what it was twenty-five years ago. Let us say that a farm of 400 acres will support a minimum of 125 head of cattle. To restock

this farm today the farmer requires up to at least $25,000 plus his equipment and property, which he now owns, although he will require other special types of machinery for handling grass silage. I might say that this grass silage has been introduced into the maritimes in the last two or three years, and in the next two or three it probably will constitute the main type of feed for livestock. The financing of this type of work probably comes within provincial jurisdiction, but since the two lending agencies are controlled federally I feel that sufficient money should be made available immediately in order that the maritimes may get back on an export market in food, not only in cattle, but in other agricultural products. At the present rate of decrease in the cattle population of North America and the rapid increase of the human population, it is only a matter of time until beef will not be a part of our diet but will be used purely for medical extracts.

From the time the Canadian farm loan board was formed until 1935, the maximum amount which could be loaned on farm property was $10,000. In 1935 this amount was reduced to $5,000, plus an additional $1,000 on second and chattel mortgages. If the authorities were correct in making available $10,000 previous to 1935, then the figure today should be in the vicinity of at least $20,000. In addition to moneys lent by the farm loan board, it is possible to obtain up to $3,000 under the farm improvement loan legislation through the commercial banks. It is said that if this amount of money were made available the farmers would, no doubt, contribute greatly toward inflation, and the policy today, as we all know, is to limit credit. It is possible that certain sections of Canada, such as the maritimes, should receive additional credit to improve agriculture, and I believe that local conditions should be the controlling factor. If, as I have suggested previously, the maritimes will become a source of food for the industrial areas of Ontario and Quebec, the government should act now in order that food may be available when it is required, and also that the maritimes will once again regain an export status in agriculture.

Unless minerals or oil are discovered in the maritimes, there will be no natural industrial development there. The maritimes are so far removed from the markets that transportation costs keep industries from being established there. No one will risk capital in an area so far from the centre of population. If we are ever to regain our proportion of the natural average of production, then industries must be built. We have one industry being built in my riding at the present time, a Canada Cement plant. That is being built purely as a matter of distribution. It is the only large industry that has been built in the maritimes in the last few years, so far as I am aware.

As I said previously, and as has been pointed out by other hon. members, we have an abundance of coal and limestone in the maritimes, and iron ore is easily accessible in Labrador. A surplus of power can be developed in the maritimes in several ways. The house will remember that in 1950 I spoke in the debate on the throne speech and mentioned the St. Mary's power project built by Walter Melanson of Moncton. My remarks may be found in *Hansard*, volume I of 1950, at page 716. This is a type of project which develops up to two million horsepower. Then there is the Quoddy project which was discussed here the other day by the hon. member for Saint John-Albert (Mr. Riley). It also will develop a surplus of power. There are other ways in which power can be made from coal. We have an excellent plant in Nova Scotia now, the Canadian Electric, which is producing power from powdered coal. We hear of developments going on, of burning coal in the ground. Russia is supposed to lead the world in that field today. We do not care where the power comes from so long as we get it. I think all maritime members will agree that we are not backing one power process ahead of another. All we want is power development.

Since there is a world steel shortage, it appears to me that the government could very well assist the maritimes by making available the necessary power, and by building a steel plant and the other plants that would go with it. As far as I can see, no other agency will ever build large industries there. The resultant industrialization of the maritimes, together with the construction of the St. Lawrence waterways, would make a canal from Northumberland strait to the bay of Fundy a necessity.

I repeat, we in the maritimes are not against the building of the St. Lawrence waterways or any other project that will benefit Canada. But we do feel that we are deserving of a production average at least equal to that of the rest of Canada, and we feel that the government is the only agency today which can make this possible. I am sure that the fathers of confederation never intended that it should be otherwise.

Mr. W. D. Wylie (Medicine Hat): Mr. Speaker, my first words this afternoon must be those of congratulations to the mover (Mr. Cauchon) and seconder (Mr. Simmons) of the motion for an address in reply to the speech

from the throne. I was particularly interested in what the hon. member for Yukon-Mackenzie River (Mr. Simmons) had to say about that vast northern constituency which he represents. I have also listened many times to the leader of this group, the hon. member for Peace River (Mr. Low), tell about the resources of that wonderful country and advise the government as to what should be done.

The other day I was very interested in a pamphlet I received from Alberta in connection with that north country. No doubt many hon. members know that fifteen years ago the residents of Fort Vermilion had only one means of access, you might say, to our world. The only means of travel they had was by vessel going up the Peace river, and back and forth. Unless their stock was ready at a certain time of the year they were forced to sell them when they were not ready for market. What has happened today? Through the co-operation of the provincial and dominion governments a highway has been built from Grimshaw in the Peace river country to Hay River on the southern shores of Great Slave lake. It runs for a distance of 384 miles through muskeg, timber and some good farm land. It is an all-weather highway. The residents of Fort Vermilion, 45 miles to the east of the present highway, have a secondary highway which they can use. The residents of Keg River, 12 miles west of this highway, can also use it to get their produce out. This is one forward step in the development of our northern areas.

We have not even started to develop our resources in western Canada, in the constituency represented by the member for Yukon-Mackenzie River (Mr. Simmons), and also in the constituency represented by the member for Cariboo (Mr. Murray). While we realize that the development of that area must continue through the assistance of the federal government, we must not overlook the fact that in southern and central Alberta there are many thousands of acres that could be developed through irrigation. They could be developed at a minimum cost so far as road building and schools are concerned. I believe the first thing we must do is develop those areas in which irrigation is possible. I know that both the Alberta government and the federal government have been doing a fair job in this respect. Perhaps some of my Saskatchewan friends, particularly the hon. member for Moose Jaw (Mr. Thatcher), will disagree with me because the South Saskatchewan project is not proceeding as it should. When I read the speech from the throne and saw that another commission was being set up to study the South Saskatchewan project, it took me right back to Medicine Hat. Year after year I have stressed in this house the need for irrigation. I mentioned the trails being worn over the prairies by the various surveyors who have inspected these projects. I am sure some of the Saskatchewan members must feel the same way. There should be no need for another commission to study that project. Last session we were advised that it was feasible, and if it is feasible let us get on with the job.

I tried to follow one of the previous speakers, the hon. member for Maple Creek (Mr. Studer). I enjoyed his speech. While I do not agree with all he said, I must say that I never heard anyone talk so fast and say so much in such a short time. The only ones in the house for whom I did feel sorry were our *Hansard* reporters. When he told us of having seven brothers in the United States who talked faster than he did, I am sure that our very good reporters were hoping his brothers never entered the House of Commons. The hon. member's constituency adjoins mine on the east, and one thing I must say for him is that he has everything at his fingertips. He does not have to read his speech, it is right in him. Any time a member can get up and talk for 40 minutes as fast as the hon. member did, there is some credit coming to him. He did a very good job.

This afternoon I want to deal with a brief submitted by the Canadian Legion. I appreciate what the Minister of Veterans Affairs (Mr. Lapointe) has said concerning the intentions of the government. However, action has not been taken as yet, so I think it is just as well to review the situation. I shall not read the whole of the brief, as it is quite long, but this is the brief which went out from the dominion command in Ottawa. It reads in part as follows:

> Implications and recommendations are one thing, but action is another.
>
> We are told that the fall session of parliament will be short. War pensions and allowances must be made an issue. Basic pensions and allowances have lagged disastrously behind the rapid increase in the cost of living. Our knowledge of this situation and the issues at stake must serve as the spring-board for individual action on the part of every member of the legion interested in getting help to his disabled comrades this year. What action is to be taken? The answer is simple. These facts must be impressed upon your federal member of parliament by as many members of your branch as possible, and as often as it is necessary, to ensure that he will not return to Ottawa without a full understanding of the legion's position on this vital question.
>
> If you can contact your member personally, so much the better. If you live a long distance from him, write him informing him of the pensioner's need. What is essential is an urgent reminder of that need, together with a strong appeal to support the legion's request for an over-all increase in war disability pensions and war veterans allowances to ensure action at the next session.

In the city of Medicine Hat we have a strong Legion composed of over 1,200 members. I am going to read a part of the letter that Legion branch sent to me. The president is Mr. Frank Cooney, and the secretary-manager is Mr. Lowell Haynes. It reads:

> The time has come when real action must be taken in regard to the basic increases in war disability pensions and in war veterans allowances—words and promises will no longer suffice.

Then they say this:

> We have been informed, very recently, that the cost of living in Canada has reached an all-time high and for the first time has surpassed that of the U.S.A.
>
> War veterans allowance at present rates is wholly inadequate and is an outstanding example of governmental discrepancy, in that the man who is now a recipient of an old age pension in Canada receives more than the recipient of war veterans allowance. This same old age pensioner may have been in the lines against the recipient of the war veterans allowance. That is, the enemy soldier is treated better than the prematurely aged Canadian veteran. This is a most disgraceful situation to be permitted to exist in Canada.

Then I have a letter from another branch in my constituency, branch No. 10 in Strathmore, Alberta. The secretary-treasurer, Mr. W. Ian MacKenzie, has this to say:

> We are not asking for an increase in the real value of the pension or allowance. We are merely asking that it be restored to its pre-war value. There is no question but that the pension today is worth in real values only about 65 per cent of what it was at the beginning of world war II. Remember also that pensions are an essential part of our war effort and must be made to conform to Canadian standards.

I read those extracts, Mr. Speaker, so the Minister of Veterans Affairs (Mr. Lapointe) will realize that many others are thinking of an increase in their basic pensions today. One must also realize that we owe a debt to these pensioners. We owe them something which is their right. It is the duty of the government and also of every hon. member to see that veterans pensions are brought into line with the current high cost of living.

We know, Mr. Speaker, that the high cost of living is on everyone's mind today. What we are going to do about it, I do not know. It seems to me the Liberal government now in power must have experts in economics who can solve our problem. It is not up to me to say what they should do. The other day we were advised by one of the members of the government that they had too many lawyers in the cabinet. Perhaps that is right. If those lawyers and those experts in economics got us into the mess we are now in with respect to the high cost of living, surely they have brains enough to get us out of it.

Mr. Gibson: They are waiting for the hon. member to tell them how.

Mr. Wylie: I am glad to hear from the lumberman from the west coast. He is a man who is not worrying too much about the high cost of living.

Mr. Gibson: Thank you.

Mr. Wylie: The price of lumber in my home city is out of all reason. The price has increased more than the price of anything else you can buy in any town. At the same time the quality has gone down.

Mr. Gibson: Do you not produce it in your own province?

Mr. Wylie: All you have to do with some of the British Columbia lumber we get today is to stand it up on end, and the next morning you will find that the ground is covered with water. In addition it warps so badly that you cannot use it. I do not know just who produces this lumber. I do not know whether it is the hon. member for Comox-Alberni; but he has something to do with it.

Mr. Gibson: You must pay freight on the water.

Mr. Wylie: We certainly pay freight on the water, and that is what we do not like. The price of lumber is too high, anyway. I have often heard the hon. member for Comox-Alberni talk about watered stock. The best watered stock we have in Canada today is the lumber we get from British Columbia.

Mr. Gibson: We cannot get any of your gas, except here.

Mr. Wylie: If the hon. member wants to persist in interrupting, it is all right with me. But I may tell him that in Medicine Hat we have the driest gas of any at any place in Canada.

Mr. Gibson: It sounds like it.

Mr. Wylie: It is the best gas in Canada.

Mr. Gibson: Oh, oh.

Mr. Wylie: It is gas that does not freeze.

Mr. Gibson: It is not illuminating, anyway.

Mr. Wylie: It is very illuminating. At one time the city of Medicine Hat was not only heated but also lighted by gas; and it was very illuminating. When the hon. member speaks about gas, he is talking to the wrong person when he talks to me, because Medicine Hat was illuminated by gas at one time. There is only one light that I know of still burning today.

The cost of living today has got out of all reason. Let these experts like the hon. member for Comox-Alberni, who is an independent member in this house at times, suggest how we are going to reduce the cost of living. I

can tell him this. If he wants to reduce the cost of housing, he can. He is in the lumber business. One of our worst problems in Canada today is the housing problem. The reason the average man today cannot build a house is that he has to pay too much for his lumber.

Mr. Gibson: How much lumber goes into a house? One thousand dollars.

Mr. Wylie: Plenty. I put 10,000 feet of lumber in my own house.

Mr. Gibson: That is only $1,000.

The Acting Speaker (Mr. Beaudoin): Order.

Mr. Gibson: What did your house cost?

Mr. Wylie: If the hon. member wants to make a speech, it is all right with me. If they want to reduce the cost of houses, apparently some of these lumbermen can do it.

Mr. Gibson: How about oil?

Mr. Wylie: We talk about price maintenance. It has been mentioned in the speech from the throne. Price maintenance is something we have had for years. Price maintenance may stay with us. I am going to say this, however. If the manufacturers are forced into selling their goods for whatever they can get for them, may the Lord pity the small retailer.

Mr. Sinnott: That is what the farmers do.

Mr. Wylie: They are going to be forced out of business. As we know, many proprietors of small stores today are operating on a shoestring.

Mr. Thatcher: Hear, hear.

Mr. Wylie: I am glad the hon. member for Moose Jaw (Mr. Thatcher) has said "hear, hear", because he has only three stores.

An hon. Member: Four.

Mr. Fleming: Four shoestrings.

Mr. Wylie: Apparently the hon. member has four stores. However, may I say this—

Mr. Sinnott: Rawhide.

Mr. Wylie: —that anyone who is operating a small business today, especially drygoods and ladies' ready-to-wear—

Some hon. Members: Oh, oh.

Mr. Knowles: You had better stick to hardware.

Mr. Wylie: I know what is going to happen. The chain stores and the large department stores can reduce their prices on those articles. How long are they going to continue to do that?—that is the question. Are they going to reduce prices just long enough to put the small fellows out of business, and then put their prices up again? That is something we must consider seriously before the bill, or whatever it is—

Some hon. Members: Oh, oh.

Mr. Wylie: —is passed.

Mr. Murphy: "The Thing".

Mr. Wylie: This may be fun for many members, but it is not funny to me. It is very serious, because we are getting into a serious situation. If hon. members wish to laugh, and if the hon. member for Comox-Alberni (Mr. Gibson) wishes to interrupt, then let them do so. But it is time they started to think about something. We hear talk about the high cost of living, and we wonder how so many people are getting along today on their meagre incomes. I am glad to see the Minister of Finance (Mr. Abbott) in his seat, because I am going to read—

Mr. Fraser: He is in somebody else's seat.

Mr. Wylie: In somebody else's seat—well, it is his privilege to sit there.

Mr. Knowles: He should get into someone else's shoes.

Mr. Wylie: If you would keep quiet I would get along.

I have often discussed this matter with citizens in Medicine Hat. In this connection I should like to read from a letter I received from a man who has been in business for years and who bought bonds during the last war. Due to his age he has had to sell his business, and he is trying now to get along. In order to do that, however, he has found it necessary to sell some of his bonds. This is what he writes:

> During the war I was one of a team from the Rotary club who sold bonds. At a school of instruction held in the city hall the question was asked: "Will these bonds have to be sold at a loss if sold before maturity, as were those of the first great war?" and the answer given us at the time was, "These bonds will be face value any time sold by presenting at your bank."

In order to get along he finds it necessary to sell one or two bonds each year. In a preceding paragraph in the letter he states:

> 1954 and 1957 were selling at a loss of $10 per $1,000, 1960 at a loss of $12.50 per $1,000, and 1966 at a loss of $22.37 per $1,000.

That is what has happened to the bonds sold during the last war, despite the fact that purchasers were told the bonds would be accepted at their face value. I believe I am right when I say that the present issue of bonds may be redeemed at their face value, but we see that the bonds sold during the last war were not. This has worked a hardship on many who bought bonds and who are now forced to sell them. This is something to which the Minister of Finance should give consideration.

This was mentioned by the hon. member for Rosetown-Biggar (Mr. Coldwell) when he spoke in this debate. At that time some hon. members seemed to doubt what was said, but I can say it is true. That is the penalty people are paying for cashing in on their insurance policies, which were paying three per cent, and with that money buying bonds they are now forced to sell.

I am pleased to see the government has brought in a bill for old age security, so that everyone over the age of 70 years may receive a pension. I would say, however, that anyone who has not some additional income could not get along on this $40 a month. If they get only this $40, who is going to help them out? Is the dominion government going to do it? In Alberta, which pays one of the highest—I almost said the highest—old age pensions in Canada, the recipients will be badly disappointed if they receive only this $40. At the present time they receive $40 per month in one cheque and a supplementary payment of $10 in another. Not only that, but they have free medical, dental, optical and hospital care.

What is going to happen? Are the old people who come under the provisions of the new legislation going to receive these benefits, or will they receive only the $40 a month. It seems to me the federal government is trying to put the provinces in a position where they will have to use the means test, whether they like it or not. That is exactly what is going to happen. No province can pay $40 a month, or $10 a month plus all the other benefits, to all its citizens over 70 years of age. The dominion government collects the money for the pension of $40 a month; where will the provinces derive their income with which to make additional payments?

An hon. Member: Oil.

Mr. Wylie: I am glad the hon. member mentioned that. Today in Alberta we are fortunate in that we have oil. But that oil was there prior to 1921, when the Liberals were in office. It was there before the Liberals were kicked out of office. That oil was there, and the Liberals could have used it so they would not have had to borrow money with which to build highways, for which we are still paying. So when you mention oil—yes, we have oil, and it is a Social Credit government that has developed the oil fields of Alberta. The Social Credit government of Alberta will develop the natural resources of that province so we will still be paying more than any other province to our senior citizens.

I should like to say one word about the price of wheat. I listened to the hon. member for Moose Mountain (Mr. Smith) when he was speaking the other night. While we did have a good crop in southern Alberta this year, it was the first crop in about twenty years that could be described as good. But the farmers in many parts of that section of the country have not been able to get off their crops, and a lot of grain is still in the stook or swath or even standing in the field. Speaking the other night, the hon. member for Moose Mountain had this to say, as reported at page 228 of *Hansard* of October 19:

> Are we going to ask for a higher price for wheat? I am not in favour of doing that, Mr. Speaker, because if we did we would be joining the labour force in asking for higher wages, and it would be like a dog chasing its tail; we would be getting no place. But we are interested in keeping the tools that we need to produce the wheat in line.

That is what we want. What has happened to the cost of the tools used to produce wheat? What does a self-propelled combine cost today? This type of combine, which most people want to use, costs about $5,500.

An hon. Member: What about a Cadillac, too?

Mr. Wylie: I suppose the hon. member would still use a scythe. We are not going back to those days. If a farmer wants a self-propelled combine there is no reason why he should not have it, because all the implement manufacturers in Canada produce this type of combine. If I cannot get help and want a self-propelled combine, I am certainly going to have one. A few years ago a combine, I admit not self-propelled, could be purchased for $2,500. As the hon. member for Moose Mountain has said, the price of that implement has doubled. Has the price of wheat doubled? Has the value of the dollar doubled?

During the war the farmers of this country subsidized the consumers, and they are still doing it. Apparently they will have to continue to do so until something is done about the Liberals. That is the situation today. The farmers are not at all satisfied with the price they are getting for their wheat, and why should they be? The farmers in Medicine Hat get about $1.18 per bushel for No. 1 and about $1.12 per bushel for No. 3 or No. 4. Some payments are made later on, and when they are someone always says the Liberal government is being so good in paying the 20 cents per bushel or whatever it may be. That is not the government's money; that is the farmer's money, and it is simply being given to the rightful owner. The government has held it back, has paid all these high salaries and everything else. Unless we have a prosperous agriculture in this country we are going to be in a bad way. Let us keep

agriculture, and this includes the growing of apples, at a fair level so we in this country may enjoy the fruits of our labour.

Mr. A. W. Stuart (Charlotte): Mr. Speaker, first of all I should like to congratulate the mover (Mr. Cauchon) and seconder (Mr. Simmons) of the address in reply to the speech from the throne. I think we all appreciated their contributions. Belonging to this group who sit in the rump I can assure you that it did me good to have these hon. members chosen for this particular job, as they are both members of our group.

There are one or two matters I should like to bring to the attention of the government. First I want to congratulate the hon. member for Saint John-Albert (Mr. Riley) upon the presentation he made in connection with the Passamaquoddy tidal power project. The Canadian part of that project is entirely within my riding, and I certainly appreciate having a fellow citizen give such a detailed explanation. I believe many of those who live in the county of Charlotte also appreciate the effort of the hon. member. I should like to go on record as being greatly interested in this project, which has been tossed around now for some twenty-five years. It is of vital interest, not only to the county I represent but to that particular section of New Brunswick and perhaps to the whole province. In fact I believe there will be beneficial results accruing to all the maritime provinces. I should like to add a few words to what has been said by the hon. member in order that the house may understand more fully just what this project really is.

As I have said, I am quite familiar with that particular section. I have lived there all my life. I cruised the waters of every cove and inlet when I was engaged in the fishing industry for a period of twenty-three years. I feel that I can speak with some authority, and I can assure you that this project is no idle dream. In the opinion of those who are interested it is really feasible. It is felt that in the completion of this project will be found the salvation of the southern part of New Brunswick and of a large section of the maritime provinces.

I concur in what was said by the hon. member for Saint John-Albert about the lack of interest shown by the federal and other governments in Canada. For the information of hon. members I shall endeavour to point out some of the advantages of the 'Quoddy project. I do not believe the same set of circumstances can be found anywhere else on the North American continent. To the best of my knowledge and belief every hydro power project on this continent is dependent upon weather conditions for the production of power to move the wheels of industry. In other words, droughts and floods create considerable fluctuations in the amount of power developed. This is not the case with the Passamaquoddy project. The source of power here is as reliable as the sun itself. Floods or droughts would not interfere with the productive power to the extent of one kilowatt hour in fifty years. May I say to those who have not seen just what we have there that it is a most unique proposition. Its possibilities are appreciated by many who know the history of 'Quoddy as I know it. There is little doubt in my mind that if this source of power were available in the central provinces there would have been no hesitation so far as its development is concerned. They are searching for more power in the central provinces today to add to what they already have, but in this particular section we are desperately short of power. It is needed greatly. The cost of the little power we have today makes it impossible for the people living there to enjoy the electrical appliances in their homes that they would like to enjoy. The cost of power is too great to use it for any other purposes than those that are absolutely necessary.

Another factor entering into this proposition which in my opinion would be of paramount importance is the fact that if this development were completed not a single acre of land in that area would be flooded. I am doubtful if you can find the same set of circumstances anywhere else in the world where a power dam has ever been built. The power in this case would be developed exclusively from the rise and fall of the tide. There would be no damage to property. No towns would have to be moved. No cemeteries would have to be moved, and no valuable farm land would be flooded. These problems do not enter into the situation at all. It is purely a matter of using the rise and fall of the tide for developing electrical energy. The only damage which would arise inside the enclosure where the dam would be built would be to the fishing industry. As I have stated, I was engaged in the fishing industry for twenty-three years, and no one would have any more interest in the damage that might be created to that industry than myself. I believe, however, that the records of our Department of Fisheries in Ottawa indicate that this damage could be taken care of with very little difficulty. I am sure from my experience with the Canadian and American members of the international joint commission that neither the government of the United States nor the government of Canada would for one minute wish to deny the fishermen anything that

rightfully belonged to them. It is estimated that the damage caused by this project would be less than 10 per cent. I am informed that in the construction of Boulder dam, for instance, over 40 per cent of the cost was to pay for damages, which will give some idea of the difference between this project and some of the big power projects that have been completed on this continent. It is estimated that the 'Quoddy tidal project would have a capacity of 3 billion kilowatt hours per year, or about 1 million horsepower. Perhaps you can realize what 1 million horsepower would mean to a section of the country that is hungry for power. There is no question about the need. There is no question in my mind about the benefits that might be obtained from the completion of the development. In that section of Canada a million horsepower is badly needed.

To sum up, we would have an enormous block of power and a deep water harbour outside the dams,—I am doubtful if a better one could be found anywhere in Canada,—as a result of which we would benefit from cheap water transportation. Ships of any size could use the harbour that would be in the immediate vicinity of where the dams would be built. My final question to those in authority is: Why is so little enthusiasm shown with regard to Quoddy while apparently every effort is being made to deepen the St. Lawrence waterway system and at the same time develop a greater quantity of power in this part of the country? I have an article I should like to put on the record, taken from the issue of *Newsweek* of October 1, 1951. The heading is "Weather Hampering Defence; Aluminum Plants May Move." The article reads:

> The nation's defence program, already plagued by materials shortages, strikes and high costs, was running into still another obstacle—the vagaries of an unruly nature. It was largely a case of too little or too much rain. In July record floods hit the midwest, causing $1 billion worth of damage, much of it to facilities engaged in important defence work. Meanwhile, the serious results of the Pacific northwest's hottest, dryest summer in twenty-five years appeared.
>
> Late last week defence mobilizer Charles E. Wilson dramatically underscored the situation. He telegraphed the "big three" of the aluminum industry—Reynolds Metals Company, Kaiser Aluminum Company, and Aluminum Company of America—asking them to prepare plans for moving their plants from the Pacific northwest. The reason: a power shortage threatening to cut the use of electricity in Washington, Oregon, Idaho and Montana.

Then I should like to read another paragraph reading:

> Aluminum officials said there were apparently only two sites to which their operations could be moved quickly—idle second world war plants at Burlington, N.J., and Maspeth, N.Y. But, despite the presence of physical facilities which could be reactivated, they weren't at all sure power supplies would be adequate. The cost of moving the plants, furthermore, would undoubtedly be high. But one company executive pointed out that the solution was not as radical as it sounded since, barring construction of vast new hydroelectric plants, power would always be short in the northwest.

Then I should like to refer to the final statement which reads:

> However, administrator James F. Fairman of the defence electric power administration on Monday announced that his body had never been consulted about the move; furthermore, he said, "We'd like to know where they plan to move . . . There is no available power supply anywhere in the United States.

I can assure Mr. Charles E. Wilson that there is a supply of power available in the 'Quoddy area. The people down there, who are greatly interested and who are firmly convinced it will be of enormous benefit to our section of the country, are patiently waiting for action to be taken, and some day we hope to see the completion of the project.

There is one other subject on which I wish to speak briefly. Some of my friends in the House of Commons have suggested to me that legislation to deal with price fixing is not necessary in the Dominion of Canada. They have a perfect right to their opinions, and I should like to express some of my views. A great portion of this debate has been taken up with a discussion of the high cost of living, something that today seems to dominate every piece of legislation that is brought into the house. It all turns to the one subject of inflation. Members from all parts of Canada and representing all parties in the house have expressed their views.

The C.C.F. members, as we all realize, believe that we should have direct controls. The Social Credit members have ideas of their own as to how the situation might be taken care of, and I believe my Conservative friends are between two fires. They discuss controls, but just how far those controls should go I have not been able to determine from what they have said. In my opinion there is a Liberal way, as there always has been, to approach this situation. In my own humble way and in a few minutes I should like to put on record methods that I believe would be of great benefit in fighting inflation.

I have stated that in my opinion the way to fight inflation is the Liberal way. By that I mean that the first approach should be to throw down the gates so far as customs barriers and tariffs are concerned. That is not an idea that was born last night. It is one that was born before I was born. It is one I have believed in for as long as I can remember. It is something that my father believed in. Another factor that might convince me more than some other members is the particular section of the country from

which I come. I have lived all my lifetime on the international border where I have been able to see the benefits we derive from the markets we enjoy in the United States of America. And when I see this great difference between prices on the two sides of the border I am convinced immediately that one of the greatest things we have today with which to fight inflation with is our tariff regulations. What we in the maritime provinces need—and this applies as well to other sections of Canada—is the advantage of those things that they produce in the United States much cheaper than we have ever been able to produce them in Canada.

I will just take one minute to say here that two-thirds of what we produce down there is sold in the United States, and it goes into the United States duty free. If tomorrow there was a prohibitive tariff put on the things we produce—and it is mostly raw materials—the maritime provinces would get the greatest shock they have had since confederation, and one which I believe it would take them many years to overcome. The only markets we enjoy today are those that have been provided by our United States friends. Perhaps that is why I have been accused of leaning towards the United States. I can only say that they have been good to us down there. When we ship what we have to offer to the United States—and it means millions of dollars—we bring back United States dollars, and then we are obliged to use those United States dollars to pay double the price in central Canada for commodities that we would like to have in our homes, and that we could buy right on our doorstep for one-half what they charge here. Believe it or not, it is a hard one for me to explain to my people. They know that all my lifetime I have been advocating freer trade, and I will continue to do so as long as I live. I believe that if we could overcome the tariff wall, it is one of the things that would help us in this battle against inflation.

Comparisons have been made during this debate with commodities such as butter, eggs, meat, bread and several other primary products. We were given the prices we were obliged to pay in Canada, and they have been compared with those in the United States. I believe we will all agree there is a very small difference between the prices paid for these articles in the two countries. The comparison that was made by the Prime Minister (Mr. St. Laurent) with regard to the two capitals I think would be a fair comparison between any two cities in the United States and Canada. I believe the comparison was fair, but at the same time the very articles that are responsible for the high cost of living in the United States and Canada today have never been mentioned. For that reason I should like to name a few manufactured articles that I am sure will convince hon. members there is a very unfair difference between the prices paid in the United States and the prices we are obliged to pay in Canada. In my opinion it is purely tariff protection that is responsible for the variation. Most of the articles to which I shall refer are manufactured in the United States by exactly the same people who manufacture them in Canada. In most instances it will be the same company. In my opinion, many of these companies are fine examples of monopolies. I say that without any hesitation. I am firmly convinced that the word "monopoly" is the right word to use. They should be dealt with as monopolies. I might suggest to hon. members at this time that the match industry in Canada is not the only monopoly that could be found within those borders. I believe there are many more, and I believe the public should know about them. I do not believe we should conceal them for one second. For that reason I want to mention a few, and I may use names.

The first things I will mention will be small articles, necessities in every household in the Dominion of Canada. For instance, let us take toothpaste. That is something most of us should use, if we do not. There are many brands. There is Ipana, Pepsodent, Colgate's, and many others. Each and every one of those brands is manufactured by exactly the same firm in the United States that manufactures them in Canada. When I came up here three weeks ago I came through the United States. I never came through that country in my lifetime that I did not smuggle something. Living on the international border, and speaking frankly and honestly, I have smuggled plenty in my lifetime, and will continue to do so as long as I live there. I feel it is not an injustice at all. I feel it is a right, and I will certainly take advantage of it. Coming through the United States I bought a large tube of toothpaste, which is manufactured by the same company on both sides of the border. That tube of toothpaste costs 60 cents in every state of the union, but it is 95 cents in Canada. If there is any justification for a difference of 35 cents on a tube of toothpaste I should like some of the manufacturers to appear before a committee of the House of Commons and explain it. If they can explain it to me, and if there is any justification for their asking that price for it, then I will have no more to argue about. If they can convince me that they are justified in asking that price, then I am through. I can assure

you that the people I represent, and the people who live on the international border, do not believe there is justification for it, and for that reason I am in sympathy with the suggestion outlined in the speech from the throne that something would be done about it.

We will now come to soap and soap flakes, articles that are used in every home in the Dominion of Canada.

Mr. Sinnott: Down 6 cents today.

Mr. Stuart (Charlotte): We can take Rinso, Duz, or any other you might wish to name. Take any brand you wish to choose; take the price in the United States and the price in Canada, and you will find a difference of 35 to 50 per cent. There are some soaps that I can buy in the city of Calais at two for a quarter which cost 25 cents a cake in Canada. If the soap manufacturers can explain that one away, again I have no argument left. These are the things that are responsible for the high cost of living in this country today. When people tell me that the increase in the cost of living in the United States has not been as rapid as it has been in Canada, may I say that to anyone living on the border the reason is quite plain. There is no justification for a difference of from 30 per cent to 50 per cent, and in some cases 100 per cent, as I will show the house in a minute. I would suggest that the articles I have pointed out are glaring examples of monopolies. We pay for all the radio advertising that goes on. It is all included in the price of the goods; I realize that. But they do not do any more advertising in Canada than is done in the United States. All I ask them to do is to explain this great difference in prices.

I want to mention one other thing just briefly because I have not the facts and figures before me. I do it for the benefit of the Minister of National Health and Welfare (Mr. Martin). I am sorry he is not in his seat. I wish he would get a record of the price that is being paid today by Canadians for insulin, and then get the price that is being paid for insulin in the United States. If hon. members do that they will get one of the greatest shocks they ever had in their lifetime. Insulin is a drug that is used today by thousands of Canadians. Diabetics all over the country must have insulin in order to live. When you get a difference of from 50 per cent to 100 per cent in the cost of insulin as between the United States and Canada you are convinced that something is wrong somewhere. I cannot vouch for it, but I have been told that the drug firms that produce insulin in Canada are subsidized by this government, though that is not firsthand information. A friend of mine in the town where I live informed me that he could buy insulin in Calais, Maine, for about 60 per cent of what he could buy it in St. Andrews, New Brunswick. Is that right? Should that go on? This is something needed by a small portion of our population, but many of them cannot afford the prices being charged in Canada at the present time.

I shall get back to my old theme song, and that is electrical appliances. I love to talk about them. It is only a few years ago that the General Electric company purchased a very beautiful plant in Hamilton. My good friend the hon. member for Hamilton East (Mr. Ross) and some of the other boys around there were told the company was going to give us electrical appliances for the same prices that were charged in the United States. They were going to roll off the assembly line in just a few months. To the best of my knowledge that assembly is not a dream; it is there. But I can assure you, Mr. Speaker, that the commodities that roll off that assembly line have quite different price tags on them than in the United States. One could take radios, vacuum cleaners, toasters, washing machines, refrigerators and oil burners, and there are dozens of others I could name if I wished. In nine cases out of ten they are manufactured in Canada by the same manufacturer who produces them in the United States. But when you compare the prices you find there is something wrong somewhere. I have made this statement before, and I wish to put it on the record again.

I live on the bank of the St. Croix river, and you can throw a stone across to the other side. On one side of that border an electric refrigerator sells for $225. If you walk across the little bridge to the other side it sells for $460. It is made by the same company. If there is any justification for that I should like to have some official of the General Electric or these other companies who manufacture electrical appliances appear before a committee of this house and explain to the members why there is that great differential. I cannot understand it. It is a bone of contention for every member who represents a constituency bordering upon the United States.

One other thing I want to mention is farm machinery. Again this is not information which I have obtained myself, but it has been given to me by friends in this house. A few years ago the duty on farm machinery from the United States was cut by the government. At that time there was a great disturbance amongst the manufacturers in Canada. I am told that today all these different machines which are so necessary for modern farming

can be purchased for the same price in Canada as in the United States. Who would be responsible for that change?

I was a young man in 1927 when the former prime minister, Mr. Mackenzie King, stood up in this house and said he was going to cut the duty on automobiles by 25 per cent. Immediately afterwards the greatest number of delegates arrived on parliament hill that have ever been here or ever will be here. If the duty on automobiles was cut the manufacturers in Canada would be obliged to close their doors. I remember reading that, because it was headlined in every newspaper you picked up. The prime minister stood by his guns and the duty was cut. If one goes over the record as shown in the Automobile Guide one finds that more automobiles were sold in Canada in 1929 than were ever sold before, and it was 1947 before that figure was ever passed. This would seem to indicate that articles can be manufactured in Canada at nearly the same cost as in the United States whenever the manufacturers are forced to do so. So long as they have the tariff protection their costs will be based on the cost in the United States, plus the duty, plus sales tax, plus defence tax, and 2 per cent on top of that. That is just enough to make sure that people will not go through all the red tape necessary to buy in the United States and bring the article into Canada. Every Canadian citizen would be justified in so doing. I do not believe in supporting monopolies, particularly within our own country.

The first thing many might say is that if the gates were thrown open it would mean a lot of unemployment in the sections where manufacturing takes place. Did you ever stop to realize that many of those engaged in manufacturing came from the maritimes and the west? I believe that conditions would so improve if this action were taken that a great percentage of those people would want to go back, because to a maritimer only the maritimes is home. If a person could make some sort of living there you would never tempt him to come to central Canada. I believe the answer to our problem is to throw open the gates and give the people of this country an opportunity to buy the things they would like to buy for their homes at prices that are not unreasonable.

A few days ago when the member for Calgary East (Mr. Harkness) spoke in this debate he mentioned a fact that we do not hear from his group very often. He was bitterly critical of the freight charges which the citizens of western Canada have to pay on the automobiles they buy from Ontario. I agree with the statement he made. I have a small clipping from a Winnipeg paper which I shall not put on record, but it bitterly criticizes the fact that the western people are forced to pay that freight. Something should be done about it. In my opinion the automobile industry is the greatest monopoly of them all. Each and every one of us recognizes that. We may wink at it, but it is a statement of fact. If I purchase a car in New Brunswick I pay the freight on it from Ontario to New Brunswick. If my friend the hon. member for Comox-Alberni (Mr. Gibson) purchases a car in British Columbia, he pays over $300 freight on it. I feel it would not be any great task for anyone to take a pencil and ascertain the number of units which are manufactured in Canada each year—they are all on record in the Automobile Guide—and I think it would be found that by increasing the cost of automobiles to the residents of Ontario and Quebec by $50, an automobile could be sold to the member for Comox-Alberni for the same price as it was sold in Ontario. Two-thirds of the automobiles that are produced are sold in Ontario and Quebec. I believe that is one of the most glaring examples of "we have it; take it or leave it", the action of a monopoly. We find that no branch of the automobile industry has been established anywhere outside Ontario. We are all obliged to pay what they demand. I think the time has come when the members of the house should get together and take action. I believe the members from Ontario would be as fair as anyone else. I do not think for one minute that they believe a set-up of this kind should be tolerated. It is wrong.

There is one other question on which I want to touch briefly. There will be a discussion concerning freight rates. The people of this country who have the best means at their disposal for adjusting freight rates are the manufacturers themselves. I want to put on record the fact that some of the goods produced in the maritimes are sold in other parts of Canada for the same price as they are sold in the maritime provinces. A few examples would be Moir's chocolates, Ganong's, Stanfield's products, and the Hartt shoe company. Their products are sold in every part of Canada for the same price. But if Ganong Brothers want a truck to use in their business they have to pay the freight on that truck from Ontario to Charlotte county. In my opinion a lot could be done in this regard, and it would make us much happier than we are at the present time.

Again I should like to emphasize the fact that, as I live in a constituency that borders on the United States, so many of these things

are brought to my attention every day that seem extremely convincing that monopolies are as thick as they can be all over this country. Why should I stand up in my place and oppose any legislation this government might devise which would take care of that situation?

In conclusion, Mr. Speaker, I want to make one prediction which will never come true, perhaps, because the suggestions I have made will not get very far. Nevertheless I want to make one prediction. Throw open the gates in this country for three months and the cost of living will drop by many points. We all know that. Again I want to say that this is the Liberal approach to the problem. I only hope that the men here who have listened to my remarks today will just add a little bit to what I have said and see if something connot be done to put in their place these monopolistic organizations that we have in Canada.

On motion of Mr. Murphy the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will take up second reading of Bill No. 13, to provide for old age security; then resolution No. 8 on today's order paper in the name of the Secretary of State for External Affairs (Mr. Pearson). If we have time left we shall take up resolutions Nos. 4 and 5 on today's order paper.

At 6.30 p.m. the house adjourned, without question put, pursuant to the order of the house passed on October 26, 1951.

PROVINCIAL LIBRARY

HOUSE OF COMMONS

Thursday, November 1, 1951

The house met at 2.30 p.m.

UNITED NATIONS FORCES

PRESENCE IN GALLERY OF VETERANS OF NINETEEN NATIONS

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, I am sure that hon. members will allow me the privilege of calling to the attention of the house the presence of sailors, soldiers and airmen of nineteen of the United Nations forces fighting in Korea. They represent Australia, Belgium, Colombia, Canada, Ethiopia, France, Greece, India, Luxembourg, The Netherlands, New Zealand, Norway, the Philippine islands, the republic of Korea, South Africa, Thailand, Turkey, the United Kingdom, and the United States. Every one of these men is a veteran of the fighting in Korea.

They are sitting in the diplomatic gallery because they are representatives of their respective countries, but more than that they are living symbols of the unity of the United Nations in standing against aggression. We can see back of each one of these men the tens of thousands of their comrades—sailors, soldiers and airmen who are fighting with us; we can see back of them the millions of their populations who are standing together for the first time in the history of the world because they love and believe in freedom and are willing to preserve it at any price.

Because of what they are and what they have done I am sure that you would wish me to extend to the honoured guests of our country today a most hearty welcome, and to ask them to carry back to their comrades and to the peoples of their countries our good wishes and our determination to stand together to see that the cause to which we have set our hands is carried through to a successful conclusion in order that we may have that peace we are all striving for and which the United Nations are putting forth every effort to preserve.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I think it is perhaps appropriate that as leader of the opposition I should join in the assurances that this house extends to the veterans of Korea who are in the diplomatic gallery today. One of the features of our system, in fact what we are fighting to preserve, is the right of free speech and the right and duty to express ideas from different points of view as to the manner in which our democracies can best advance their course.

It is a particularly happy thing for us to see these gallant men who have themselves offered the highest measure of service so that, here in Canada and in the other free nations from which they come, legislative bodies can meet in freedom to discuss the affairs of state. No men could be higher qualified to sit in an assembly where free men meet to deal with public business. While under our system we cherish the right to differ in regard to the way that things shall be done within our own lands, I am sure that every hon. member agrees that there is complete unity in the expression of our respect to them and our hope that throughout the years ahead they may enjoy the memories of the service they have performed.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I am sure that all members of all political parties in this house join with the Minister of National Defence (Mr. Claxton) and the leader of the opposition (Mr. Drew) in the sentiments they have just expressed, and I am equally sure that the people of Canada do so as well. I think this is somewhat of an historic occasion because sitting in the gallery are men who symbolize the United Nations and the United Nations' determination to preserve freedom, security and peace. We join with all others in expressing our appreciation of what these men and those whom they represent have done on our behalf. I think when the fighting is all over we in Canada will join with other nations not only in establishing a firm basis of peace but in endeavouring to rehabilitate the great devastation that has been wrought by our United Nations effort to preserve the freedom of the world.

Mr. Solon E. Low (Peace River): Mr. Speaker, we should like to be associated with all that has been said about this very interesting and historic occasion. Without multiplying words, we feel we are most honoured to be in the presence of such gallant men today.

[*Later:*]

Mr. J. H. Ferguson (Simcoe North): Mr. Speaker, may I ask if we could be assured that an appropriate photograph will be taken of the heroes who are visiting us today in

the House of Commons, so that each man who forms an integral part of this gallant group visiting us will appear distinctly in the photograph. I would ask that it be made available across Canada, and that the decorations appear clearly in the photograph so as to signify to all people in Canada that these heroes have fought for what Canada and the United Nations stand for. I trust that an opportunity will be given to every Canadian to have this photograph to cherish.

(Translation):

PUBLIC WORKS

STE. ANGELE, QUE.—REPAIR OR REBUILDING OF WHARF

On the orders of the day:

Mr. Leon Balcer (Three Rivers): Mr. Speaker, before the orders of the day are called, I wish to direct a question to the Minister of Public Works. Is it the intention of his department to repair or rebuild the Ste. Angele wharf, opposite Three Rivers, next spring?

Hon. Alphonse Fournier (Minister of Public Works): Mr. Speaker, in reply to the hon. member for Three Rivers, I may say that I have received repeated representations from Mr. Mongrain, mayor of Three Rivers, and from the hon. member for Nicolet-Yamaska (Mr. Boisvert) in connection with repairs to this wharf. Should the facts they stated be confirmed by the officials of my department and providing I have the support of my colleagues of the cabinet, I would not be surprised if these repairs were made some time next year.

(Text):

PENSIONS

RELATIONSHIP OF WAR VETERANS ALLOWANCE AND OLD AGE SECURITY PAYMENTS

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): I had intended to ask a question of the Minister of Veterans Affairs. I do not see him in his place but perhaps his parliamentary assistant can deal with it. It arises out of a statement which the minister is said to have issued yesterday concerning the relationship between payments under the War Veterans Allowance Act and the new old age security measure. Can the parliamentary assistant tell us if a new statement has been issued by the minister, and if any government policy has been announced in this regard apart from what was said in the house when the resolution was under debate last Thursday, October 25?

[Mr. Ferguson.]

Mr. L. A. Mutch (Parliamentary Assistant to the Minister of Veterans Affairs): I can only say that I know of no new pronouncement. The minister was not here in the latter part of the afternoon yesterday, and I am not aware of any change since. I will inquire and if there is I will tell my hon. friend.

FINANCE

BALANCE OF MONEY HELD BY FEDERAL GOVERNMENT TO CREDIT OF NEWFOUNDLAND

On the orders of the day:

Mr. W. J. Browne (St. John's West): In the absence of the Minister of Finance I should like to direct a question to the parliamentary assistant. It concerns the statement made by the premier of Newfoundland that he has $20 million on deposit in Ottawa. In view of the fact that he has made that statement, I wonder if the Minister of Finance would be in a position to confirm or deny it.

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): An adequate answer was given to that question yesterday.

Mr. Browne (St. John's West): The answer yesterday was that the government of Canada—

Some hon. Members: Order.

Mr. Browne (St. John's West): —regarded itself in the position of a banker, but in view of the fact that the premier has made the statement himself in Newfoundland would the Minister of Finance confirm or deny the figure that he gave?

Mr. Sinclair: The hon. member should obviously direct his question to the provincial government who are the possessors of that fund. The Minister of Finance gave a complete and adequate answer to the question yesterday.

ARMED FORCES DEPENDENTS

FINANCIAL ASSISTANCE—QUESTION AS TO SETTING UP OF BOARD

On the orders of the day:

Mr. F. D. Shaw (Red Deer): I should like to address a question to the parliamentary assistant to the Minister of Veterans Affairs. Notice was sent to the minister's office yesterday. Has the government given consideration to the setting up of a dependents allowance board or some similar board through which special financial assistance can be granted to the dependents of Canadian servicemen to enable them to meet medical and hospital expenses?

Mr. L. A. Mutch (Parliamentary Assistant to the Minister of Veterans Affairs): I will take the hon. member's question as notice. I have not had any communication from the minister, and I am not in a position to answer the question at the present time.

Mr. Shaw: Might I ask the parliamentary assistant to bring the matter to the attention of the minister? I sent notice yesterday.

Mr. Mutch: Yes.

INTERNATIONAL WHEAT AGREEMENT

INQUIRY AS TO COUNCIL'S ACCEPTANCE OF SIX CENT HANDLING CHARGE

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I should like to address a question to the Minister of Trade and Commerce arising out of the meeting of the international wheat agreement council. Has the council, as the result of its deliberations during the last few days, accepted the six cent handling charge which was imposed by the minister some weeks ago?

Right Hon. C. D. Howe (Minister of Trade and Commerce): The six cent handling charge has been applied to all wheat sold under the international wheat agreement from the beginning of the present crop year. The matter of the six cent handling charge was referred from the last meeting of the council to the meeting going on at Lisbon at the present time. I believe the meeting opened yesterday. I have heard nothing from Lisbon about that or any other matter before the council. I am very doubtful whether the question of the six cent handling charge will be brought up, but if it should be, I shall be glad to announce in the house any decision that is arrived at.

Mr. Diefenbaker: Did the importing countries not appeal against the handling charge and was it not to come up before the meeting at Lisbon?

Mr. Howe: An appeal was entered. Whether it will be followed up I do not know. As I have said, the importing countries have been paying for their wheat with the handling charge added, and I rather think they are satisfied with the present arrangement.

COMBINES LEGISLATION

INTERIM REPORT—QUESTION AS TO APPOINTMENT OF COMMITTEE

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): I should like to direct a question to the Minister of Justice. Does the resolution contained in *Votes and Proceedings* for October 31 asking the house to approve the appointment of a committee to consider the interim report on the combines legislation supersede the intimation in the speech from the throne that we are to consider legislation arising out of the committee's report? There seems to be a conflict.

Hon. Stuart S. Garson (Minister of Justice): In reply to my hon. friend's question, I may say it does not supersede it; it complements it.

Mr. Coldwell: If the committee's work is to be complementary to the legislation, do I understand that the legislation is to be introduced this session for the study of the committee?

Mr. Garson: If I were to answer my hon. friend's question in the affirmative I might perhaps be arrogating to myself some measure of control over a committee that will govern its own proceedings.

Some hon. Members: No.

Mr. Coldwell: Will the legislation be introduced for study of the house?

Mr. Knowles: As intimated in the speech from the throne.

Mr. Garson: In reply to my hon. friend's last question, may I say that I would hope that the committee in the early stage of its proceedings would receive from the Department of Justice a draft copy of the bill for consideration along with the report.

Mr. Coldwell: Should the house not receive that as a bill?

Mr. Knowles: And within fifteen days, too.

Mr. Garson: My information is that the rules of the house prohibit the introduction of a bill based upon any resolution such as that now under discussion. In order to comply with the rules it has been thought preferable that we should move the resolution in the form in which it now is, and that, at an early stage in committee proceedings, draft legislation might be introduced for discussion. Then, so far as the house is concerned, the legislation would come back from committee and the fullest possible opportunity would be given to the house to consider the terms of the bill.

Mr. Coldwell: May I ask another question? Is this not a change from the procedure foreshadowed in the speech from the throne?

Mr. Garson: I am afraid that to answer that question would exceed what is properly permissible before the orders of the day are called. But, for reasons which I will explain in greater detail tomorrow, when I move the

resolution, this resolution I think can be correctly stated as being complementary, under the circumstances.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, since this subject has been raised, and since there has been an exchange of views with respect to it, may I point out that, far from the procedure suggested being contrary to ordinary practice, the procedure suggested would be entirely in keeping with it. Because when we are asked to move, or when we are asked to deal with, a resolution of this kind we should know exactly why it is necessary that such a resolution be passed. And we must expect that, when the government in the speech from the throne indicates that it attaches considerable importance to a measure of this kind, it did have within its own knowledge what kind of measure it proposed to introduce. This being so, that measure should be before the house when the resolution is under consideration.

Mr. Coldwell: That is right.

Mr. Garson: In fairness to our own position with respect to the statement just made by the leader of the opposition, that I should consider the resolution with draft bill included, to which the leader of the C.C.F. party (Mr. Coldwell) has just referred, I would say that we considered the very course which has been touched upon by him and by the leader of the opposition. In other words we were quite prepared to have a draft bill and append that to this resolution which went before the committee. We consulted the law officers of the crown, and officers who have to do with procedure of the house; and we were advised that, notwithstanding the observations which have just been made by the leader of the opposition, there was no precedent for such a course; and we rather shied away from making a precedent on this occasion.

Whether we followed that course or the course which we are proposing to follow, I do not think that in the long run it will in any way prohibit discussion, or that in any way it will curtail consideration that the committee and this house will eventually be able to give the matter.

Mr. Drew: As a matter of information, would the Minister of Justice explain the difference between presenting a bill recommending an amendment of this kind, and then referring it to a committee, and presenting a bill covering amendments to the Railway Act and then presenting it to a committee? What is the difference in the two cases?

Mr. Garson: I am speaking only from casual recollection of what originally took place in connection with the railway bill, but I think my hon. friend will agree with me that on that original occasion a bill was to be introduced, and then there was to be a motion that the bill be not read a second time, but that the subject matter of the bill should be referred to the committee on railways, canals and telegraph lines.

Mr. Fleming: It was read a second time.

Mr. Garson: But in the present instance we are faced with this position, that it has been represented to us—and we think very reasonably and fairly—that an opportunity should be given to those who are in favour of passage of the legislation in question, and those who are opposed to it, to present their views to a committee of parliament upon the subject matter.

What I am saying is this—and I hope the leader of the opposition will take note of it—that if such an opportunity is to be given, the advice we have received, after going carefully into the matter, is that the preferable manner in which to do it is to present the resolution in the form in which we have presented it; and then, when the resolution is before the committee, to bring draft legislation in, if the committee is prepared to receive it, at an early stage in its deliberations.

UNITED NATIONS

POSSIBILITY OF DISTRIBUTING REPORTS OF SPEECHES MADE AT PARIS MEETING

On the orders of the day:

Mr. Jean Lesage (Parliamentary Assistant to the Secretary of State for External Affairs): Mr. Speaker, on October 24 the hon. member for Peel (Mr. Graydon) asked the Secretary of State for External Affairs (Mr. Pearson) if he would consider making available and distributing to members of the House of Commons a verbatim report of the speeches made in the plenary sessions of the United Nations meeting at Paris.

The Secretary of State for External Affairs answered that he would look into the matter. He did so before leaving, and has asked me to tell the hon. member for Peel about the difficulties, especially that of the high cost involved in such a distribution of the records. However, instructions have been given to our people in Paris to send us each day, by airmail, additional copies of the records of the plenary sessions of the United Nations. And, if it meets with the wishes of the hon. member, those additional copies can be placed at the disposal of the members of both houses of parliament in the reading room.

Mr. Gordon Graydon (Peel): I discussed yesterday with the parliamentary assistant the

proposal he has just made today. I fancy that it will meet the requirements some hon. members had in mind when I raised the question. I believe the expense, to which reference has been made, would have been connected with a wider distribution than I had originally intended. It was only the first few speeches in the plenary sessions that I had in mind when I raised the question. I was not thinking about the voluminous report of the United Nations itself. So far as I am concerned, I shall be glad to accept the explanation given by the parliamentary assistant with respect to what the government proposes to do.

NORTH ATLANTIC TREATY ORGANIZATION

MEASURE TO APPROVE AGREEMENT ON STATUS OF ORGANIZATION, NATIONAL REPRESENTATIVES AND INTERNATIONAL STAFF—SUGGESTION TO REFER TO COMMITTEE

On the orders of the day:

Mr. Gordon Graydon (Peel): Mr. Speaker, I should like to ask a further question of the parliamentary assistant to the Secretary of State for External Affairs. Is it the government's intention, when it proceeds with the legislation envisaged in item No. 7 on the order paper, the measure to approve the agreement on the status of the North Atlantic Treaty Organization, at the appropriate stage of proceedings to send it to the committee on external affairs for study and report?

Mr. Jean Lesage (Parliamentary Assistant to the Secretary of State for External Affairs): I am not a member of the government, and would not be in a position to answer that question. That would have to be answered by a member of the government.

CANADIAN NATIONAL RAILWAYS

QUESTION AS TO RETENTION OF PENSION RIGHTS BY RETIRED EMPLOYEES APPLYING FOR OLD AGE SECURITY

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): May I ask the Minister of Transport if he is now in a position to answer my question of last Thursday, as to whether or not rule 9 of the Canadian National Railways pension fund will result in Canadian National pensioners who are 70 years of age or over losing any of their pension rights or benefits when they begin drawing the new universal old age pension.

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, I inquired from officers of the Canadian National Railways as to the position in relation to rule No. 9, and I find that no pension granted under the pension fund rules of the Canadian National Railways will be affected in any way by the position placed upon *Hansard* on Thursday of last week by my hon. friend. In other words, no pension will be reduced or withdrawn or withheld because of the receipt by the pensioner of the old age security benefit of $40 or more.

I am further informed by the officers of the Canadian National Railways that rule No. 9 has never been invoked in that sense, neither is it the intention to place that interpretation upon it.

Mr. Coldwell: These gratuities granted for retirement on account of ill health, but not under the superannuation fund, will be continued also?

Mr. Chevrier: I expected that question would be asked by my hon. friend. While it is true the gratuity is in a somewhat different position than the matter covered by the question by the member for Winnipeg North Centre (Mr. Knowles), I asked the officers of the Canadian National Railways to give attention to that point. I have not had a reply from them as yet, but when I do I shall bring it to the attention of the house.

OLD AGE SECURITY

TO PROVIDE FOR PENSIONS, WITHOUT MEANS TEST, AT AGE 70

Hon. Paul Martin (Minister of National Health and Welfare) moved the second reading of Bill No. 13, to provide for old age security.

Mr. Donald M. Fleming (Eglinton): I am sure, Mr. Speaker, it will be quite obvious, from the remarks that were made in the resolution stage of this matter on October 25, that the house will be glad to give unanimous endorsation to the principle of this bill. This measure represents an achievement in which all parties in the house have shared honourably. Indeed, it could be called the fruit of a coalition of aim and effort on the part of all parties in this house, an effort in which parties have risen above partisan considerations to bring about the fulfilment of a great national purpose.

I am equally sure that no further comment is required on the features of the pension payable under this legislation, after the full discussion that was held on the resolution on October 25. There are, however, two subjects which came to the fore during that debate which will have to engage the attention of the government and the house further. The first, Mr. Speaker, is in regard to the matter of proof of age. I know the house was glad to hear from the Minister of National Health and Welfare (Mr. Martin) that a substantial

number of applications are being processed week by week. We do repeat the warning imparted last week against too strict an enforcement of exacting standards of proof. We are glad to see that the bill itself contains a provision enabling the minister to have access to the files of the dominion bureau of statistics in the case of census records taken more than 30 years ago. We ask the minister not to wait until the first of January next to make use of that provision, but to put it into effect at once in order to give every reasonable assistance to those to whom adequate records of birth are not available.

The second point relates principally to the effect of this legislation on veterans allowances. I urge again that the effect of this measure on the benefits payable under the War Veterans Allowance Act should have the early consideration of a parliamentary committee. That matter should not be suspended until the 1952 session of this house, because it is of urgent importance to many veterans. I believe that if every individual member in this house were asked directly if he wished the enactment of this measure to deprive any veteran of any benefit he now receives under any other legislation, the answer would be an emphatic no. It is quite obvious that this measure as such does not purport to affect the rights of veterans under other legislation. Our concern is as to the effect of other legislation in the light of the enactment of this measure.

We had the assurance of the Minister of National Health and Welfare last Thursday that the veteran in receipt of an allowance or pension will be in the same position under this measure as any other person of age 70. But that is not the point. It is the converse proposition that is left in doubt. Today's press carries reports of a statement issued yesterday by the Minister of Veterans Affairs (Mr. Lapointe). It was that report which prompted the question I asked a few minutes ago on the orders of the day. It now appears that no further statement has been issued by the minister. There is nothing that the government has to add, by way of an announcement on policy, to what was said in this house on October 25. I conclude what I have to say on this subject, Mr. Speaker, with this observation. What the house heard on that occasion is not satisfactory. The house will, in justice to those who are now in receipt of benefits under the War Veterans Allowance Act, wish to be assured by solemn legislative provision that the payment of pensions under the old age security act to veterans 70 years of age and over will take nothing whatever from the benefits that the veterans are receiving under other legislation.

[Mr. Fleming.]

When the resolution was under discussion a week ago, I reserved any comments I might wish to make with regard to the financial aspects of the measure. It was not appropriate that, following the speech made by the Minister of Finance (Mr. Abbott) on that occasion, one should have been expected to make any detailed comment upon what were, after all, the equivalent of budgetary proposals. There would be more freedom on this occasion if the procedure suggested by the member for Lake Centre (Mr. Diefenbaker) had been followed, namely, that the Minister of Finance introduce resolutions which, in turn, would have been referred to the committee of ways and means. We might then have had a bill to amend the Excise Act, and a bill to amend the Income Tax Act. In the rather confining way in which the matter of the financing of the old age pension now comes before the house I should like to offer some brief comments.

First of all, the cost estimated under a full year is $343 million. This figure is slightly in excess of the estimate made by the committee on old age security in 1950. We shall not find it hard to believe the Minister of Finance when he said that in devising proposals for meeting the cost he found it "no easy problem."

I remind you, sir, that the committee on old age security did not make any recommendations concerning the methods by which the cost of the pension should be met. On the contrary the committee, and I think very wisely, reserved itself on that subject. Paragraph 67 of the recommendations of the committee reads as follows:

> The committee, however, did not consider that it was part of its responsibility to do more than indicate possible forms of contribution. The raising of revenues is a technical problem which bears a close relation to fiscal policy in general, and the committee did not feel that it should suggest more than the main outlines and principles to be followed.

In referring to paragraph 66 of the recommendations of the committee in which an example was given by the committee as to possible ways of financing the cost of this measure, hon. members should read that paragraph in the light of paragraph 67 which I have just mentioned. When the Prime Minister (Mr. St. Laurent) made his announcement in the house on June 4, as reported at page 3665 of *Hansard*, I think he recognized that the committee had taken a wise course in refraining from making any recommendation as to the way in which the cost of the pensions should be met.

The scheme of pensions which has been selected, in keeping with the recommendation of the committee, is a universal pension. This

selection in itself precludes the levying of individual contributions with separate accounts to be kept for each contributor, on the insurance principle. Because the benefits are to be equal, it precludes any complete recognition of any suggestion of equalizing or of directly relating to each other contributions and benefits. It is not strictly proper to call this a contributory scheme; certainly not in the orthodox sense of the word. The nearest approach that can be made to the preservation of the contributory feature in the universal scheme is to earmark taxes, or contributions in the form of taxes, to a special fund. The committee, in paragraph 64, sought to preserve, as far as is possible in a scheme of this kind, the contributory principle. Paragraph 64 of the recommendations of the committee reads as follows:

> The committee is in favour of the contributory principle, not only because of the importance of this in raising total moneys required, but also because of the importance of establishing a close association in the mind of the individual between his contribution to the cost and the ultimate benefit he is to receive.

In the light of these principles and in the light of the nature of the pension scheme I suppose it is fair to say that there are two purposes or overriding considerations which should guide the house in its review of the proposals as to financing the cost of the measure. In the first place, we want to see the cost distributed equitably. In the second place, I think that the house will desire to preserve—as the committee recommended in paragraph 64 which I have just read—the consciousness on the part of the individual of the association between the contribution he is making to the cost and the benefit he is to receive. It is on that basis that rest our ideas, our beliefs in the house, that we are departing as far as we can from the idea of any handout, any payment as of grace, and are seeking to supplant that type of payment with a payment which will be received by the pensioner as of right.

In examining the 2-2-2 formula proposed by the minister, one notices at once, of course, that he has recommended that the entire cost of the $40 a month pension for those 70 years of age and over is to be borne out of the special fund to be created by earmarking taxes. In the example given by the committee in paragraph 66 of its report there was a suggestion that a sum equivalent to the amount now payable out of the consolidated revenue fund—which is, in round figures, $100 million a year—might continue to come out of the consolidated revenue fund as such. I think the house will be glad to see that the minister, in his proposals, has recommended that the entire cost, without deduction of that $100 million, is to come out of the special old age security fund.

The minister proposes that this coming year there should be collected, under his 2-2-2 formula, a total of $305 million: $145 million by the 2 per cent sales tax; $95 million by an additional 2 per cent tax on personal income; and $65 million by an additional 2 per cent tax on corporation income. So far as the last of the three taxes is concerned, I suppose that in the case of corporations which are enjoying the benefit of a sellers' market, it will be possible for them to pass on that cost to consumers. In other circumstances that tax will be borne by the shareholders.

In the case of the income tax, we have noted the statement made by the Minister of Finance (Mr. Abbott) that the income tax is paid today by about one-half of the working population. There is no suggestion in this house, I am sure, in the light of the high cost of living prevailing today, of lowering exemptions to cover any extended contribution by way of income tax.

In coming to the sales tax, one observes that the minister contemplates that, out of a total of $305 million to be collected next year, $145 million shall be payable by way of the 2 per cent sales tax. In that way the Minister of Finance is proposing to collect 47.5 per cent of the total amount out of the sales tax. If inflation continues, that amount could well increase to one-half of the total amount. It would be well for the house to have that fact in mind, therefore, namely that the minister is looking to the sales tax to meet about one-half of the cost of financing the old age security measure.

His estimate of the revenue to be derived from a 2 per cent addition to the sales tax has increased substantially from the estimate which he gave to the house last spring in his budget speech. At that time he estimated that the 2 per cent addition to the sales tax would yield to the treasury $125 million in a full year. His estimate of the yield from the same percentage of taxes has now been increased to $145 million. We recognize, of course, that the minister, in suggesting a 2 per cent sales tax, is in effect transferring 2 per cent out of the present 10 per cent sales tax to the new old age security special fund. Certainly it is a matter of relief, I am sure, to members of the house that the minister has not proposed any addition to the present total of the sales tax.

We must not underestimate the difficulties faced by the Minister of Finance in meeting

this cost, and we must recognize that the cost of the old age security measure must be paid, that these measures cost money and there is only one source from which the revenue can came, namely the pockets of the taxpayers. Recognizing all that, one must indicate again, as one did last spring, that the sales tax is a hidden tax. The consumer does not realize what proportion of the price of the goods he buys goes to meet the sales tax; and in that respect the sales tax does not create any consciousness on the part of the buyer in a direct sense, that kind of consciousness that the committee referred to in paragraph 64 of its report.

We must recognize as well that it is a costly tax to the consumer because it pyramids as the result of mark-ups as the goods pass from hand to hand, from manufacturer or producer, who pays the tax in the first instance, to the wholesaler, from the wholesaler to the retailer, from the retailer to the consumer, and that a 2 per cent sales tax in this way levied on the manufacturer or producer will probably cost the consumer not 2 per cent but closer to 4 per cent on the cost of the goods that he has to buy.

We have noted what the Minister of Finance (Mr. Abbott) had to say in arguing as he did that this tax works out proportionately on all sections of the population. I am not going to enter into that discussion today. I have noted, however, the argument that the Minister of Finance did put forward in commending his proposals in this regard to the house.

I think all hon. members would have hoped that if a consumption tax were to be selected by the minister as one of the sources of revenue designed to help meet the cost of this pension, the minister might have devised some kind of consumption tax that might not have had these features about it which hon. members will recognize, I think, as disadvantages in the sales tax. For instance, it might have been possible for him to work out a proposal that would make the amount of the tax payable by the consumer known to him, and might have been cheaper in collection by being levied at the end of the chain of sales rather than at the beginning. However, Mr. Speaker, I am sure we are all aware of the fact that the experience of the federal government has been difficult in the field of the collection of a retail tax. There was some slight experience with that during the war.

Hon. members I know are aware of the fact that machinery does not exist at the moment for the collection of a federal retail tax, and machinery, as the Minister of Finance has told us, is available for the collection of the sales tax. The proposals he has made will not involve any addition to or interference with the present scheme of the collection of taxes.

One will also have to bear in mind, in commenting on these matters, that there are several provinces which themselves are collecting a retail sales tax. No doubt that also entered into the conclusions the minister embodied in the proposals he supported in the house.

Sir, there is one further matter that I think deserves comment at this moment. In his statement last Thursday the Minister of Finance indicated that, having regard to the figures of cost he submitted to the house and the figures of anticipated revenue from the application of the 2-2-2 formula, he anticipates a deficit in the old age security fund of $50 million during the first year of operation.

Mr. Fraser: Calendar year.

Mr. Fleming: The first calendar year. In the case of the fund that would be the year 1952. I consider that the government ought to be more specific in the information given to the house with regard to this estimated deficit. We are subscribing as a house, I take it, to the principle of a pay-as-you-go measure, a pay-as-you-go universal scheme, and we do not wish to see the fund hamstrung the first year of operation, if we can avoid it, by any $50 million deficit, which presumably will have to be made up as time goes on by levying more than is actually required to meet the cost of the current pensions.

Finally, sir, let us be realistic, let us be fair. In this measure we are committing Canada not just for one year, but I am sure permanently, to an additional tax burden. In place of a burden on the federal treasury that will this year amount to approximately $106 million, we are proposing that that load on the treasury be increased next year to $343 million; and we know in doing so that, with the increasing number of Canadian citizens 70 years of age and over, that amount is bound to increase year by year. There may be some who in the face of this step in creating a permanent increase in the national overhead cost of government will have misgivings. Sir, it may be that those who entertain those misgivings—and I am not one of them—will do so without adequate realization of the benefits that are going to flow directly from this measure. But to the attention of such, one would like to draw two factors which, it seems to me, are a necessary, effective and complete answer to those who might otherwise entertain concern about the permanent increase in the national overhead

cost of government. The first is this: with the development of Canada's resources, her great and almost unlimited resources, by the application of the energies of a vigorous and intelligent people we may look with confidence to a future in which an expanding national production, and an expanding national income will be able to absorb this measure of increase in the cost of government.

In the second place, sir, let us not overlook the fact that the abolition of the means test and the provision of this universal pension are going to make it more attractive for people of advancing years to apply their physical and mental energies to swell the productive effort and capacity of this country.

There are several paragraphs in the committee's recommendations in this regard which I think are deserving of special mention. On page 101 of the committee's report there are three paragraphs under the general topic "Later years of retirement." These follow paragraphs in which attention is honestly drawn to the fact that the numbers and proportion of our population in the age group 70 years of age and over are going to increase. The committee said in clauses 3 and 4 of its recommendations:

3. The committee has also in its deliberations been faced with the fact that regardless of the age which may be selected as normal for retirement, the magnitude of the problem and the numbers of persons in the population above the selected age do not remain static. Due to improved health services and the consequent increase in the longevity of our population, along with other factors, our aged population is growing from year to year.

4. In 1931 the average life expectancy for newborn males was 60 years and for females 62·1 years. The total population of Canada over the age of 65 was 576,000, representing one in every eighteen of the total population. Since then the average life expectancy of new-born males and females has risen to 65·18 years and 69·05 years respectively (1947 figures). Combined with increased longevity was a decline in the birth rate, since reversed, which has contributed to a higher proportion of population in the advanced age brackets. The total of persons 65 or over in 1951 will number approximately 1,101,400 or one in every thirteen of our population. This trend towards an ageing population may reasonably be expected to continue through the decades ahead. It is estimated that in 1961 the population 65 and over will approximate 1,372,500, and in 1971 it will rise to 1,630,000.

Then the committee went on to say:

6. As large numbers of persons reach what may, under present circumstances, be considered the normal ages of retirement, and as they find themselves in better health, it may be expected that they will show increasing reluctance to accept the inevitability of retirement at such ages. It is in the interests of the individuals themselves and of the country as a whole that we should rethink our attitude towards continued gainful occupation of these older age groups.

7. The committee believes that increasing emphasis should be placed on efforts to remove from people's minds the idea that there is any set or accepted age for retirement. Each individual in the nation's population should be encouraged to continue as long as possible in gainful employment.

8. Not only is this a matter of importance to individuals themselves in terms of their health and mental outlook, but it is of even greater importance to the over-all economy of the country. Surely a country like Canada, with a wealth of natural resources still in large part undeveloped, is justified in having profound faith in its economic future. If we are to develop these resources adequately, we shall need to retain in active undertakings the largest possible number of our nation's population. The committee believes that, in the years ahead, our economic progress and prosperity will depend in significant measure on the success of efforts made to utilize to the fullest possible advantage the mature skills of these older workers.

That last fact was emphasized in some excellent presentations made to the committee by various groups, including employer groups, who stressed the value to industry of older men whose skills are great and who under the current pattern of industrial pensions are being retired. It will now become possible, without depriving any of these workers of their rights under industrial pensions, for them to enjoy the benefits provided by this present measure. That will be a great step forward and the therapeutic effects of encouraging people in advancing years to feel that they are useful to society, that they still have a place of usefulness in the Canadian economy, will be of benefit to our ageing population far beyond the capacity of any of us in this house to measure adequately, let alone to exaggerate.

Especially at a time like this every effort should be bent to increasing the total productive capacity of the country. The means test did a great deal to discourage people seventy years of age and over from continuing to contribute their skills to the national productive capacity, and the abolition of that means test is a great step forward and one that I am sure will be hailed by all members of the house in acclaiming this new type of pension on a universal basis.

We can help to counteract the ageing trend of our population by encouraging the expansion of our population of working age through immigration. We can help to contribute to the capacity of the country to carry the financial weight of measures of this kind by pursuing, in this house and throughout the country, policies which will contribute most effectively to the development of the great natural resources of this country by an aggressive, intelligent and industrious Canadian people.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, when the resolution preceding this bill was introduced on Thursday of last week we were given an explanation of what was to be in the bill, an explanation which was in two parts. On the

one hand, the Minister of National Health and Welfare (Mr. Martin) made it clear that with regard to the benefits of the new old age security legislation the intention was to carry out the recommendations of last year's committee on old age security. On the other hand, the Minister of Finance (Mr. Abbott) gave us the government's proposals with respect to the financing of this plan. As has already been pointed out, that side of the program represented a decision taken by the government itself.

As I have reviewed the debate that took place last Thursday I have realized that the points at issue in connection with this matter have been pretty thoroughly discussed. My own feeling, after having given the matter a further week's thought, is that the two main objections which I registered a week ago should be drawn once again to the attention of the house and the government. Like the hon. member who preceded me, and I am sure all hon. members, I welcome with the greatest pleasure and enthusiasm this important measure. It represents a step that some of us have long wanted to see taken, in that it removes the means test from the old age pension, at least for those 70 years of age and over.

Nevertheless I feel that our responsibility to the people of Canada is such that we cannot content ourselves with boasting of what we are doing. Rather we should examine the legislation before us and point out any weaknesses or flaws that we may see, in the hope that they may be corrected as this bill goes through the house or, failing that, that they may be corrected by amendments to the legislation at the earliest possible opportunity.

As I indicated a week ago today, the flaw which stands out most prominently in this bill is the fact that the government has failed to increase the amount of the pension beyond the $40 figure which has been the amount of the means test pension since 1949 and which the minister pointed out was included in the report of the committee. All of us are fully aware of what has happened to the cost of living since the committee made its report in June, 1950. That increase makes absolutely imperative an increase at this time in the amount of the pension.

As I pointed out at the previous stage, $40 today in terms of the value of the dollar in 1949 when the pension was first brought up to $40 is now only $33 in relation to the general cost of living index, and only $31.62 in relation to the food index. Similarly, when one looks at the value of the dollar on the 1935-39 basis, $40 today is worth only $21.07 on the general index, and only $15.92 in relation to food. I single food out for the obvious reason that that is the expenditure which our old people have to deal with in the first instance, and it forms a very large part of their cost of living.

I want to say that I feel there are two things that are tragic about this $40 figure. On the one hand I think it is most unfortunate that that is all that is being provided at the present time when certainly for great numbers of our older people a larger sum is needed. I think in particular of the more than 200,000 old age pensioners who are already drawing the full $40 under the previous legislation, the old age pension with a means test. For them there is no improvement in their position whatsoever as the result of this legislation as it stands. Their need for some improvement is demonstrated by the fact that they have already met the existing means test. In other words, such other income as any of them might have is so little—and in most cases it is none at all—that they are clearly in need of more than this amount in order to keep going at all. I feel that we should consider the plight of that group of people, and that something should be done for them now.

It is no solution to their problem, no solution to the old age pension problem as a whole and the whole question of social security, for anyone to suggest going back to the means test principle even for a supplement for these people. To submit them to another means test would be unthinkable. As I see it, the only answer to their problem is an increase in the amount of the pension and a proper taxation system to see to it that any such increase that accrues to millionaires who do not need it comes back into the general revenues of the country. On that basis I urge most strongly that this house press upon the government during the course of this debate, and particularly when we get into committee of the whole on the bill, that consideration be given to increasing the $40 figure provided in the legislation.

As I said the other day, if one looks merely at the rise in the cost of living that has taken place since 1949 the amount of the pension should be very close to $50 a month. Even that in my view would not be enough. I am thinking not in terms of the distant future; I am thinking in terms of ordinary decency, justice and fair play today; and on that basis I feel the amount ought to be $60. I insist that the house should bring this fact very forcibly to the attention of the government during the course of the debate.

As I see it, the other tragedy about the $40 figure in the bill is that the government has already set up its defences against any campaign for an increase in the amount at a

later stage. We have, for example, the statement made by the Prime Minister (Mr. St. Laurent) on February 20, 1950, even before last year's committee was set up, to the effect that he hoped that any old age pension plan would be on the kind of contributory basis that would make it clear that if any section of the community wanted an increase in the pension there would have to be a corresponding increase in the taxes collected directly for that pension. Now we have the Minister of Finance (Mr. Abbott) not only setting up a special fund but writing into the legislation the necessity of the Minister of Finance reporting to the house each year on the state of the fund, drawing attention to any deficit that may obtain and making recommendations to the house as to what additional taxes should be imposed in order to meet the deficit. In other words, in the language of the Canadian Tax Foundation, which has already been sending out some literature on the new old age pension plan, the Minister of Finance is setting up defences, setting up ways and means of blocking what these tax foundation people call extravagant demands for increases.

Not only have we defences set up in the legislation itself but we have statements such as the one that was made yesterday by the hon. member for Vancouver South (Mr. Laing) who said he deplored the evidence of the fact that pleas would be made in various parts of the house, and perhaps throughout the country at the next election, for an increase in the amount of the pension. He even went so far as to say that if different parties were bidding higher amounts for the pension that would be bad for the people of Canada. I do not agree. It seems to me that what is really bad for the people of Canada is to suggest that the $40 figure is in any way frozen, in any way a figure that must last for all time. Surely members of the house will recognize that we do not live in a static world or a static economy. Things move on, things progress, and as we increase our productive capacity, as we increase the standard of living that is made possible by steadily improving technological developments, surely we ought to give a proper portion of that improvement to those who have contributed to this possibility during the years prior to the age of retirement.

In my view it is an integral part of the whole idea of old age security, and it is particularly germane to the universal pay-as-you-go concept which the committee has brought back to the house, that social security is not something static, but rather that it moves on, that there are increases that must be made in old age security commensurate with the changes and the improvements that are made in our economy as a whole. Therefore I say to the hon. member for Vancouver South, and to others who suggest that we should be satisfied with this $40 figure, that we are not satisfied, and appeals will be made by us to parliament, to the government and to the country for an increase in the amount of the pension.

As I have already said, I think that such an increase should be made before the bill finally passes parliament at this time. If the government does not see fit to agree to that request we will certainly continue fighting for it as time goes on. Some members of last year's committee may say that we should have argued this way with respect to this phase of the matter when the committee was meeting last year. They will remember that in the committee we were not satisfied with the $40 figure but we were prepared to accept it at that time because of the great importance that we attached to getting rid of the means test and to getting a pension started at an earlier age, namely, the age of 65. But since June, 1950, there has been a staggering increase in the cost of living which alters the whole picture. I say that to carry out the intent, spirit and heart of the recommendation made by the committee for a universal plan on a pay-as-you-go basis, a plan which takes a portion of the wealth that is produced currently and gives it to old age security, there should be an increase in the amount of the pension right now.

Not only have we defences set against any demand for an increase as I have already indicated, the statement made by the Prime Minister, the statement made yesterday by the hon. member for Vancouver South and statements by others, but even in the very good suggestion that something is to be done to amend the annuities act so as to integrate government annuities with old age pensions I see an attempt to set up a barrier against any move to try to get the amount of the old age pension increased. That is an admission that the $40 provided by this legislation is not sufficient. But it also is a suggestion to the Canadian people that one way to obtain an increase in the amount they are to enjoy is to purchase government annuities. I welcome changes in the Government Annuities Act which have been forecast, but I suggest that they do not deal sufficiently with this problem of old age security, in terms of the needs of our people as a whole.

That sort of solution will help only a limited few. The heart of our committee's report was that we wanted to have established a plan that would meet to some extent—to a

reasonable and worth-while extent—the problems of all our people. We were not concerned with just a limited or privileged few, but we were concerned for all the members of our society. I shall not proceed further with that question, or with the argument as to the amount. I feel strongly about it, and I say to the members of last year's committee that I feel even more strongly about it now than I did then. And those members knew then that, the moment this legislation was introduced, some of us would be in there fighting for an increase in the amount.

I say again that because of the increase in the cost of living that has taken place since that time we cannot wait until the morning after this legislation becomes effective. We are in there now, asking justice for our older people; and it is not justice at this day and age, at today's prices, to limit them to the figure of $40 a month.

The other aspect of the legislation, about which I had something critical to say last week, stems from the information given to us by the Minister of Finance (Mr. Abbott). In particular I criticized strongly last Thursday his proposal that there should be a maximum of $60 per year set upon the old age security tax to be paid by individual income tax payers in the higher income brackets.

The Minister of Finance made it clear in his speech—and it is clear in the bill—that this 2 per cent tax is to be paid only on one's income above the normal exemption level. That is good. But it is to be paid only on the first $3,000 of taxable income. With that limit I disagree. In other words a married man without any children, earning $3,000 a year, has the normal $2,000 exemption and pays 2 per cent on the first $1,000 above that, or $20 a year. The married man who has $5,000 a year income likewise gets $2,000 exemption and pays 2 per cent on the other $3,000, or $60 a year. But anybody above that figure, whether his income is $100,000 a year, or whatever it may be, still pays only the maximum of $60 into the old age security fund, by means of income tax.

The result of that is that since you are relieving that group of people—they may be small in number, but nevertheless the principle is important, and the amount of money is considerable—to the extent that you relieve that group from their obligation to pay on at least a proportional basis with respect to all of their income, you are throwing that burden onto those in the lower income brackets, and onto that large group of people, including all of us, who pay through the medium of the sales tax.

[Mr. Knowles.]

On the other hand if the Minister of Finance had not fixed that $60 ceiling on the tax to be paid by individuals, if he had collected from them the full amount of the tax all the way up, he could have done either of two things: either he could have reduced to 1 per cent or 1½ per cent the amount of the income tax on those just over the exemption level—and, by the way, those percentages were thrown about in last year's committee—or he could have refrained from resorting to the sales tax as a means of collecting for old age security.

I feel there have been a number of inconsistencies in this whole question. In my view the Minister of Finance has made statements opposed to the position taken by the Minister of National Health and Welfare (Mr. Martin). I feel, too, that the Minister of Finance has made statements of his own that are inconsistent with each other, and I feel likewise that he has not given sufficient weight to the views expressed on this phase of the matter in last year's committee on old age security.

With respect to the first inconsistency to which I referred, may I point out that, in his speech last Thursday, the Minister of National Health and Welfare made it very clear that he, on behalf of the government and on his own behalf, accepted without question the judgment of the committee that what we should have is a universal plan based on the pay-as-you-go idea, and on the idea that old age security is paid out of current production.

He gave us an excellent statement of that as it is set out at page 383 of *Hansard* for October 25, when he said:

> The cost of pensions in the final analysis, whether financed on an actuarial reserve basis or not, must be met, in terms of the food, clothing, shelter and health care which these pensions buy, out of the current production of the country. This leads inevitably to the conclusion, particularly with reference to any pensions program that is universal in its scope, that the simplest, most direct way of reflecting and of meeting these costs is to pay them annually out of current production.

Not only did the minister accept that idea, and spell it out in terms with which I am in full accord, but he pointed out—and here he was drawing on the findings of the committee—that there are some serious shortcomings to any plan based on the insurance principle or the benefit principle.

The word "contributory" gets thrown about, and is capable of so many different meanings, that it is difficult to use it in a debate of this kind. But anyone who is familiar with the subject knows what is meant by the insurance principle or the benefit principle, as opposed to the universal concept. In the insurance or benefit principle the idea is that the individual pays for what he is to get,

and gets what he pays for. The rich do not pay for more than they get back; the poor pay for all they will get. That is the benefit idea.

The Minister of National Health and Welfare pointed out at page 383 of *Hansard* that any program based upon the insurance or benefit principle has some very definite shortcomings. He concluded that part of his remarks by saying this:

> Let me repeat. Where such a system operates, two programs exist indefinitely side by side:
> (a) a system of insurance benefits, paid as of right only, to those who have made the required contributions; and
> (b) a system of old age assistance, based on a "means test" for those who cannot so qualify.

What the Minister of National Health and Welfare was telling us there was something we learned in last year's committee, namely that if any country tries to base its old age security merely on the benefit or insurance principle, it is impossible to provide enough old age security for the great masses of the people and to avoid the necessity of supplementing it with a means test program. Our committee said, "We do not want that". I believe the government does not want it, and I am sure the people of Canada do not want it. I agree wholeheartedly with the emphasis used by the Minister of National Health and Welfare in that connection. I could quote other places where he made similar remarks to spell out the same idea, and they are taken clearly and faithfully from the ideas of last year's committee.

On the other hand I find the Minister of Finance rises in the debate immediately after the Minister of National Health and Welfare and tells us this, as it is recorded at page 388 of *Hansard*:

> , Taxation for social security finds justification in the benefit principle of taxation. All pensioners, rich and poor, receive equal benefits. From this it could quite reasonably be argued that all should make equal contribution towards the fund . . .

Let me say I am cutting off in the middle of a sentence, the rest of which is to the effect that if we did go to that extreme it would seem harsh and impracticable. My point is that the Minister of Finance, despite the views of the committee and despite the statement of the Minister of National Health and Welfare, says that so far as he is concerned he thinks there is an argument to be made for the benefit principle by requiring that, since everyone is getting the same pension at 70, he should make the same contribution across the years. On page 415 of *Hansard* the Minister of Finance expressed the same idea when he said:

> It should be based on the benefit principle of taxation and in strict logic everyone should make the same contribution.

You see, these ideas keep coming out from the Minister of Finance. They reveal the way he thinks about these things. On that same page he said:

> But on the principle that it is fair and just that everyone should get equal payment then contributions should be made on the benefit principle.

The committee rejected the benefit principle, and so did the Minister of National Health and Welfare. The Minister of National Health and Welfare stated, as did the committee, that if you go in for the insurance or benefit principle the day will be reached when you will have to supplement that scheme with a means test program.

May I interject for a moment to give you my own analysis of why the day comes when you have to bring in a means test program to supplement the universal plan if it is on the benefit or insurance principle. The fact is that if you require that the rich shall not pay for more than they are going to get and therefore make the poor pay for all that they are going to get, you have to keep the amount of the pension low enough to keep it within the means of the poor. The result is that it is only a matter of time until that pension is inadequate for everybody, except those who have private means. It is because that situation develops that it is necessary to bring in a means test program to supplement any scheme based on the insurance or benefit principle.

I have a great deal of pride, Mr. Speaker, in last year's committee's report. I believe it is one of the finest documents in the social field that was ever presented to this parliament. I have a particularly keen interest in it, and I want to see the principles enunciated therein carried through. I listened with interest to the speech made last week by the Minister of National Health and Welfare. Apart from the little boasting he threw in, which we all recognize he likes to do, he was right on the beam in enunciating those principles. Then the Minister of Finance comes along and reveals that he would like to keep this as a benefit plan. He would like to keep it on the insurance principle. The plain fact of the matter is that he has pulled it as close to the insurance principle as he could, in the face of the clear-cut recommendations of last year's committee and in the face of the views of the Minister of National Health and Welfare.

As a matter of fact, as I said a moment ago, I see inconsistencies in some of the things the Minister of Finance himself said. On page 388 of *Hansard* he said:

> I shall not burden the house with the results of considering various other miscellaneous kinds of taxes. It will be sufficient to say that in the final result, after surveying the whole field, it seemed

most sensible to utilize the main taxes which at present support our revenue systems, namely, sales tax, individual income tax and corporate tax.

So far so good. The Minister of Finance was there saying that we are going to finance old age security on the same tax basis as we finance other government responsibilities and obligations. But then we go a little bit further and we find he vitiates the accepted principle of government taxation by putting in the income tax a maximum of $60 per year which does not appear anywhere else in any system of government taxation.

That reminds me, Mr. Speaker, of the fact that in last year's committee this whole question was discussed. I admit it was not discussed at length, but it did come before us on Wednesday, May 24, 1950. In that connection I have in my hand a copy of the minutes of proceedings and evidence for that day. The witness was Mr. Mitchell Sharp, who was then director of the economic policy division of the Department of Finance. Mr. Sharp presented to the committee a number of tables showing how the various kinds of taxation would raise money, and indicating the amounts to be realized by various schemes of taxation.

One of these sets of tables gave us the amount to be raised by a certain tax rate if there were no maximum; then if there were a $25 maximum; and then if there were a $50 maximum. I find that this question of whether or not there should be a maximum was discussed by only three members of the committee, all of whom are in the house at the present time. They were the member for Spadina (Mr. Croll), the member for Eglinton (Mr. Fleming) and myself. It will not be any surprise to the house when I say that I opposed the idea, and made it quite clear that I was scandalized at the thought of a maximum being set on the amount to be paid by the wealthy and by those in the upper income brackets.

Mr. Lesage: You were the only one who was scandalized.

Mr. Knowles: Let us see about that. The member for Eglinton did not say very much on this point but it is quite clear, from what appears on page 967 of the committee evidence, what was in his mind. It reads:

By Mr. Fleming:

Q. On table 7, Mr. Sharp, you have given us a maximum of $50 and a maximum of $25. What period would that cover? A. That is in a year.

Q. $50 in a year as a maximum? A. Yes.

Mr. Fleming: Was it in that tone of voice?

Mr. Knowles: The member for Eglinton (Mr. Fleming) wants to know if it was in that tone of voice. I ask him to note his next question and see if it does not suggest that it was in that tone of voice.

Q. Have you got calculations for a higher maximum contribution?

In other words, the member for Eglinton was—

Mr. Fleming: Looking for information.

Mr. Knowles: No, he was amazed at the suggestion that a tax of this kind would have a maximum of $50. The maximum in the bill is a little higher, since it is $60, but the principle of a maximum is still there.

The member for Spadina (Mr. Croll) had something to say about it as well. It is difficult to put his remarks together because they occur at three different places. On pages 963, 964 and 965 of the minutes of evidence he does say quite clearly that he does not like this idea of a maximum. I shall point out in a moment that the member for Spadina went even further. Just to put something on the record to show what he thought, this is found on page 965:

Then we should not be far wrong, it seems to me, if we followed the same principle with respect to social security. We would be following pretty well the laid-down principle of any governmental taxation?

Mixed into this discussion as to whether or not there should be a ceiling on the amount paid was a discussion as to whether we should adopt proportional taxation or graduated taxation. Proportional taxation is the kind the Minister of Finance has introduced, except that he has truncated it, namely 2 per cent across the board. Graduated taxation is the kind where the percentage rates go up as you get into the upper brackets. The member for Spadina very clearly joined me in saying that for social security we should follow the same principles that are applied in general taxation, namely, the graduated idea rather than the proportional idea. The member for Eglinton did not take too much part in that phase of the discussion. I have already indicated that he expressed amazement at the suggestion there should be a maximum. That is about all there is in the record of the old age security committee by way of a parliamentary discussion of this question. There were three different political parties speaking, none of whom liked the idea of a maximum on the amount to be paid by the wealthy.

The member for Spadina and I were both quite clear that we wanted graduated taxation rather than proportional. Who won: the members of parliament, speaking for the people on an important committee, or the Department of Finance? Look at the bill. The Department of Finance won hands down.

Mr. Fleming: They always win.

Mr. Knowles: Not only did they reject our contention that it should be graduated taxation, but they even cut proportional taxation off at $3,000 taxable income. I am glad to see the hon. member for Spadina (Mr. Croll) nodding his head in approval of the way in which I am quoting him, and I hope that he will get into this debate at the appropriate opportunity and confirm the position that he took last year. I think he was absolutely sound when he said, as I have already quoted him, that we should not be far wrong, it seems to me—and these are the words of the hon. member for Spadina—if we followed the same principle with respect to social security. We would be following pretty well the laid-down principle of any government taxation.

Mr. Sinclair: In that case why not pay it right out of taxation, as the Minister of Finance (Mr. Abbott) remarked?

Mr. Knowles: As a matter of fact, I have no objection to that idea.

Mr. Sinclair: The logic would be right.

Mr. Knowles: Perfectly right. The point is that the Minister of Finance is trying to get as far away as he can from the idea that the hon. member for Coast-Capilano (Mr. Sinclair) has now attributed to me, which I think is a fairly good principle. He is trying to get as close as he can to the benefit idea, to the insurance principle.

Mr. Sinclair: Hear, hear.

Mr. Knowles: The hon. member says "hear, hear". The Minister of National Health and Welfare (Mr. Martin) has already pointed out that if you follow the insurance plan or the benefit plan, it becomes necessary to supplement it with a means test plan. I will admit readily that this is not clearly the insurance or the benefit kind of plan such as they have had in the United States and which the Minister of National Health and Welfare was talking about, but it approaches it. Oh, don't shake your heads over there.

Mr. Sinclair: Name the head.

Mr. Knowles: It is the other head. To the extent that it approaches the benefit plan or the insurance plan, the government will find it necessary to keep down the amount of the pension; and to the extent that the amount of the pension is kept down you will have a clamour for supplementing it on a means test basis.

In this legislation we have got away from the means test. Let us not do the kind of thing that would make it necessary for that means test to be brought in again. The parliamentary assistant to the Minister of Finance is following me, and I thank him. With respect to his minister I want to say again that when he started to talk about financing this plan the other day, he expressed sentiments which the hon. member for Spadina must have thought would be sentiments he could defend when he said: I think that it is well to stay with the same methods of taxation that support our existing governmental expenditures. But he did not stay with even the kind of taxation that the government already has. He took the one form of taxation which comes closest to home, the one form of taxation of which our people are most conscious, namely, the individual personal income tax, and changed the basis completely. He got away from the graduated scheme that runs through our income tax and put it on a proportional basis; and then to make it that much worse, he cut it off at the maximum of $60.

The hon. member for Coast-Capilano remembers how, in our discussions last year on the defence surtax, he took pleasure in pointing out to us that the defence surtax was not only a graduated tax but that it was a graduated, graduated tax—

Mr. Sinclair: There was no pleasure in it.

Mr. Knowles:—because it was a percentage of percentage rates. Now when we get to old age security we go to the other extreme. As I say, Mr. Speaker, I wanted to point out that it seems to me that the Minister of Finance has not got the spirit and the heart of this report as well as has the Minister of National Health and Welfare.

Mr. Martin: If my hon. friend will allow me to interrupt him, I should like simply to say this. I happen to know of the interest of the Minister of Finance. I know of the long hours he has put in on the matter. The suggestion that one member has a greater interest in this matter than any other is not I believe a good comment. Certainly in this particular instance it is wholly inaccurate.

Mr. Knowles: It is not a matter of interest. It is a matter of the views that they have expressed—I am talking about the two ministers—as to the way to handle this problem of old age security. The Minister of National Health and Welfare has quoted the views that were expressed by the committee. The Minister of Finance, in my judgment, has done his best to move in the direction of the benefit or insurance principle which the Minister of National Health and Welfare pointed out has these serious shortcomings.

While I am speaking of this $60 limit, may I point out just one of the anomalies that emerge when you get away from the across-the-board principle. The bill says that every individual taxpayer is to pay whichever is the lesser, either $60 a year or 2 per cent of his taxable income. I ask hon. members to consider what that does to a married couple where both are working. There are many cases in which the wife is working because of the necessity to earn additional income. If a married man is making $10,000 a year and his wife is not working, he will pay only $60. If he is earning $10,000 or $50,000, or whatever the amount is, his maximum tax will be $60. But in the case of the married man who is earning $4,000 a year and where his wife has gone out to work and is making $2,000 a year, just figure out what happens. The married man will pay the maximum of $60 because he has only $1,000 exemption. The wife will also pay $20 on her $1,000 taxable income. In other words, between them, they will pay a total of $80 in taxes. Therefore you have a man and wife with total income of $6,000 required to pay $80 in tax for old age security purposes whereas the millionaires and all the rest of those in the higher income brackets, provided their income is in the name of one member of the family only, have a limit of $60 a year.

Mr. Sinclair: On income tax.

Mr. Knowles: Right.

Mr. Sinclair: There is no limit on sales tax.

Mr. Knowles: The hon. member keeps talking about the sales tax. But the plain fact of the matter is that I am comparing two sets of married couples as to the amount of income tax that they pay and that is the one that comes closest to home. If he thinks that by referring to the sales tax he can justify the fact that one couple making $6,000 has to pay $80 tax and another couple making $50,000 or $100,000 pays only $60, he will have a difficult job.

I notice, Mr. Speaker, that you are getting ready to deliver a little message to me so I will just draw these remarks to a close. I had many other things to say, but I will not impose on your generosity. I want to say that I was glad to get the announcement from the Minister of Transport (Mr. Chevrier) today that rule 9 in the Canadian National Railways pension rules will not be applied so as to interfere with the rights of railway pensioners to draw their railway pension as well as their old age security.

If time had permitted I would have had something more to say about burnt-out pensioners, but I will not open up that subject. Some of my colleagues will deal with it, because I feel that it is one matter that we certainly have to deal with.

In closing, I just want to say that no one can overestimate the importance of this legislation, and I take second place to no one in praising the excellence of the idea that is woven into the report of last year's committee and which is at the heart of this legislation, so far as the pension principle is concerned and so far as the pay-as-you-go idea is concerned. But it is so important and so good, and is such a tremendous advance in the social history of this country, that I do not want to see it vitiated by moving at all in the direction of the benefit or insurance principle. I do not want to see us get off on the track which would make at all necessary any return to the means test, even on a supplemental basis. Rather I hope that we will take what we have today, build on it and improve on it; that we will increase the amount and that we will review this whole taxation principle that has been written into it until we have the kind of system that will lay the basis for old age security, and for overall social security, including adequate provision for health. I believe that these things are the right of our people. They are not handouts. They belong to them on the basis of the wealth they produce. I believe it is the destiny of our way of life to move in that direction.

Mr. F. D. Shaw (Red Deer): Mr. Speaker, since I have so recently expressed the views of myself and my colleagues relative to the matter before us at the present time, it would seem unnecessary to take more than just a few moments to say the things which we think should be said at this time. Last week, when speaking upon the resolution, I spent some time explaining my observations in the house in connection with the amount of pension. Today I desire to devote another moment or two to that same subject. Before doing that, however, may I repeat what I said before, namely, that we do look upon this measure as a forward step. We feel that inasmuch as the universal principle has been applied to those over 70, inasmuch as we have moved to age 65 in order to provide some measure of assistance to those between the ages of 65 and 69, it is good. We have never felt, however, that we should be called upon to regard any bill as rigid or fixed or permanently established in the sense that it cannot be changed when hon. members regard change as essential.

The mere fact that in 1950 we did, in seeking a compromise basis of agreement, support the $40 a month payment does not mean that we should not change the amount today. I

would remind the house that that $40, as far as I can recall, was more or less picked out of the air. It is true that our pensioners were in receipt of a basic pension of $40 a month, but I cannot recall that any attempt was made to justify a payment of $40 a month by taking a typical budget, or by trying to analyse the basic requirements of our pioneer citizens. It was, as I repeat, more or less picked out of the air. The various organizations which appeared before the committee expressed different views in relation to the amounts, but with all was this general idea advanced by the financial experts of the government: we must proceed with caution; we must recognize that this is a new thing. It is going to involve heavy expenditures, and little experience has been had with respect to it up to this time. Therefore we must be extremely careful in that we do not set an amount that is too high before a certain amount of experience has been acquired.

Prior to June, 1950, my colleagues and I took the position that, in the light of living costs, $40 a month was inadequate as far as a great many of our pensioners were concerned, namely, those having very little, and certainly not more than $120 a year of outside income. We had pressed, prior to June, 1950, for an upward revision in the amount of the pension. We could not help but contrast the pensioners in certain parts of Canada with pensioners in certain other provinces of Canada. For example, we knew that in British Columbia certain supplementary benefits had been paid to the pensioners. In my own province of Alberta they were receiving $10 a month supplemental payment. That was paid to all pensioners regardless of the amount of pension for which they found themselves eligible. In other words, a pensioners receiving the basic $40 a month received the $10 pension, and/or if he were receiving $2 a month out of the basic pension he also received $10 supplemental payment with no means test, of course, as applied to that supplemental payment. On top of that there were the medical, dental, optical and hospital services which I understand were supplied in British Columbia, and then Saskatchewan had this bonus system. I believe a lower supplemental payment was made, and I am not too certain of all the facts relative to their medical or hospital services. But in other parts of Canada, where the average pension payment within the province was extremely low in relation to the maximum payable in these three provinces there was no supplemental assistance outside of what we might call municipal assistance to meet hospital or doctors' bills. I remind the house that prior to June, 1950, we did not regard the $40 a month payment as adequate. Conditions which have developed since June, 1950, have served only to confirm our conviction that the $40 is not adequate.

In checking the evidence, I notice they suggested rates of pension ranging from $30 a month to $60 a month; that is, as far as the seven organizations which gave evidence before the committee are concerned. The lowest rate of $30 was recommended by the Canadian Chamber of Commerce as a tentative and exploratory measure. I am not surprised that the lowest amount recommended came from that organization. Of course they used the argument that this amount should be increased after a period of administrative experience. They also drew attention to the government's present budgetary position, rising defence costs and so forth. Of course I could say that we could look at the government's budgetary position today, and I am sure that even the Chamber of Commerce would have to admit that its budgetary position is such as to make a proposed $30 a month appear almost ridiculous.

The Canadian Welfare Council would set the minimum rate at at least $40 a month, and I underline the words "at least"; but they suggested a review of the amount in terms of a minimum standard of health and decency after a careful study of living costs. To me the Canadian Welfare Council hit the nail squarely on the head. Let me repeat, "an amount in terms of a minimum standard of health and decency after a careful study of living costs". It does occur to me, Mr. Speaker, that hand in hand with a proposition such as is contained in this bill, some branch of the minister's department should be working constantly with respect to this matter of living costs in relation especially to our pioneer citizens.

The Canadian Association of Social Workers also followed the approach of the Canadian Welfare Council, but they recommended no specific pension rate. If I recall correctly, they were particularly anxious that the pension should bear a fair relationship to the cost of living so that health and decency could be made to prevail. Therefore they were not keen about setting a specific amount.

The Canadian Life Insurance Officers Association, while not opposing the $40 pension, believed this rate rather high in relation to more or less average expenditure on goods and services, and suggested that most elderly people have some personal savings or other resources. The Canadian Congress of Labour, on the other hand, severely criticized the

existing $40 pension, particularly in the light of national income of nearly $13 billion. They proposed a $50 payment as a moderate figure. We had the trades and labour congress also. They pressed for a $60 pension, and they contended that the present average income of the working population and the present-day living costs justified that amount. It must be said that while the figures submitted by the various organizations were not tied strictly to the statistical computation of living costs, certainly I think they appreciated the fact that experience had taught us that the $40 per month which had been payable was inadequate.

I feel very much as does the hon. member for Winnipeg North Centre (Mr. Knowles) in connection with these supplementary payments. I notice on page 72 of the report of the joint committee the following:

> All organizations considered that some type of supplementary assistance would be required to meet the residual income needs of older persons. Both the Canadian Association of Social Workers and the Canadian Welfare Council favoured payment of such supplementary assistance on the basis of need through adequate programs of public assistance at provincial and/or local levels; the Canadian Welfare Council submitted that such programs should be assisted by federal conditional grants-in-aid.

I shall not read any more than that. While I have no objection to the provinces granting whatever assistance they feel they should to recipients of pensions, I submit that we should endeavour to provide a national pension scheme with an eye to setting an amount and establishing conditions which, as the Canadian Welfare Council indicated, will provide a minimum standard of health and decency.

We realize, and I said so last week, that it is not a problem easy to solve because we find such a variation in conditions as between urban and rural communities and as between the cost of housing in one community as compared with the cost in another. It is quite conceivable that local governments will find it necessary to come forward with additional assistance. I am convinced they will have to if we continue to pay $40 per month under conditions such as prevail at the present time.

I hate to think of the introduction into our universal old age pension system of anything even remotely resembling a means test. It has taken us long enough to get rid of that as far as it has applied to one group of our Canadian people. Of course our objective is that when conditions permit we should get rid of the means test as applied to those in the 65-69 age group and not bring it back in another form as far as it applies to the group from which we have been able to eliminate it.

Last week I indicated that I did not intend to say very much with respect to the Minister of Finance (Mr. Abbott) relative to financing. However, I was interested in one assertion he made, and if he were here today I would probably ask him for an explanation. He said there was only one way to meet the costs, that we would have to take the money out of the pocket of one person through taxation and pay it to another person. I have been following the Ontario election campaign rather carefully and I notice that a hospitalization plan is to be provided by Mr. Walter Thomson, the Liberal leader, if and when he is elected, at a cost of $30 per month to be procured by taxation. He has stated that if it costs more the money will be secured elsewhere. I would like to ask the Minister of Finance if he and Mr. Thomson have ever got together in order to establish whether their views are uniform, because what Mr. Thomson has been telling the electors of Ontario is not at all like what the Minister of Finance said here last week. The Minister of National Health and Welfare (Mr. Martin) says it looks as though he is going to win the election. I do not know how much he would be prepared to put on the line in that connection. I realize that he is looking at things through Liberal eyes.

I am rather surprised that the Minister of Finance placed a $60 ceiling on the amount to be paid by the Canadian taxpayer in the way of income tax. We have always recognized that under our system of taxation the income tax is probably the fairest tax inasmuch as it is based upon the principle of ability to pay. We wonder if it would not have been possible and much fairer for the minister to have forgotten about that ceiling and at the same time have forgotten about the 2 per cent sales tax that is to be earmarked for this purpose. We have no indication as to what the revenues would be from the 2 per cent sales tax; therefore we would like to see a breakdown of that and a comparison with the revenue anticipated to be obtained from the 2 per cent income tax. We have always taken exception to the sales tax, as did the Liberals for years except when it suited their own purposes to use it. I believe it was a year ago last February that I went back into history to 1930 and quoted prominent Liberals who had condemned the sales tax. They could condemn it when they set out to do so. They reduced it to about 1 per cent in 1930, and then from 1930 to 1935 they called it just about everything you could

find in the dictionary in the way of adjectives. In the spring of 1936 when they brought down their first budget after the election they immediately jumped the thing and imposed an additional $26 million upon the people. It has been going up ever since. As I said the other day, I object strongly to giving this sales tax some complexion of permanency and some degree of respectability which I do not think it should be given. I would far sooner see no ceiling placed upon the 2 per cent income tax and eliminate if possible the earmarking of 2 per cent of the sales tax.

Listening to the minister I could not help but wonder why, when information from the bureau of statistics is used to prove age, they have to go back thirty years or more. After all, twenty years' residence in the country is all that is necessary to establish eligibility. If the thirty-year stipulation is enforced it will deprive many of our pioneer citizens of this pension. Over the years many of us have found that we have had to fall back upon that source of information. There have been cases of fire where every available document has been destroyed, where nothing was left with which to establish age, and it has been necessary to fall back on the census records. A man may have entered the country in 1927, 1928 or 1929. He would be recorded in the 1931 census, in the 1941 census and I assume in the 1951 census. Unless this stipulation, like the $40 per month, was more or less picked out of thin air, I cannot understand why it is imposed. There is another matter which rather interests me. We do not know what regulations have been devised prior to this time or are going to be devised to operate hand in hand with the act, but if regulations have been drafted I should like to ask the minister whether they will be submitted to the house or at least made available to the members. So frequently we find that regulations have the effect of making an act say and do not what we thought but almost the opposite. Therefore I think it is most important that we be given at least a glimpse of the regulations.

We are content that it be a universal pension to those over seventy. Government officials have asserted that because of the contributory aspect a man's dignity is to be maintained. He is going to feel that after all this is his, that he bought it. Nevertheless the government is already laying down innumerable regulations under which a person may be deprived of the pension. That is a matter which we intend to pursue when we are considering the bill in committee. We want to know more about the conditions under which a man can be deprived of a pension after he has contributed toward the purchase of it for ten, twenty, thirty, forty or fifty years. I think this is a matter to which the house should give careful consideration.

I should also like to refer to the question of war veterans allowances and their relation to this legislation. Much has been said on this subject. Last week the Minister of Veterans Affairs (Mr. Lapointe) was asked a number of questions. I heard or read the questions and either heard or read the answers. I have tried to weigh one against the other and I am still somewhat confused, as many members must be, with respect to the actual status of the recipient of war veterans allowance in relation to old age security. I know the minister said it is hoped that certain things will be clarified at the next session by the committee on veterans affairs. I still protest against leaving this matter until that time even though the benefits that may accrue to a recipient of war veterans allowance may be payable from January 1. That is conceivable, but this committee may not report until May or June. Between now and next May or June the war veteran will be in a state of confusion as far as—

Mr. Martin: I do not want to interrupt my hon. friend, but I want to make it clear that the place to make that argument is not on this bill. This is a bill to establish old age security under which there would be no excluded group. I am sure my hon. friend does not intend to go on much longer, but I want to put myself on record in case I might be accused later on of not having taken the position at the outset that this is a matter that should be discussed under the proper legislation.

Mr. Shaw: I realize that. Possibly I was led off the track by the fact that representatives of the Department of Veterans Affairs appeared before the committee to answer questions and make certain submissions, and also because reference is made in the committee's report to war veterans, especially those in receipt of war veterans allowance. I shall not pursue the matter. I only regret that we are leaving these men in a state of confusion so far as their knowledge of what may happen to them is concerned. It is a condition of complete uncertainty, and even though we may make the benefits retroactive later on we are not creating a very happy situation for the present so far as they are concerned. I shall not take more time. In case we may be misunderstood, let me repeat that this is definitely a forward step. We appreciate the new benefits that are to accrue. I hope we will be excused if we feel that in some respects probably certain things could be done

a little better or that methods could be employed which we think would meet the purpose more adequately, fairly and suitably.

Mr. George H. Hees (Broadview): Mr. Speaker, I agree 100 per cent with what the hon. member for Eglinton (Mr. Fleming) and other members have said about the necessity of bringing up the question of war veterans allowances at this session. It is now proposed that it be put off until the next session. I feel it is a vitally important matter.

Mr. Martin: Mr. Speaker, I do not want to raise the point of order I mentioned to my hon. friend who spoke a few moments ago, but under the existing legislation no one is excluded. As to the benefits that may be provided for a particular group under other legislation in existence or in contemplation, surely under the rules of the house that is a matter to be discussed at another time and not on this bill.

Mr. Hees: I sincerely hope, as I say, that the matter will be brought up at this session. Speaking on the resolution stage of the bill a week ago I pointed out to the minister that a great many applicants for old age pensions have no other proof of age than statements in very bulky family bibles, and that these people are being subjected to a great deal of trouble, expense and inconvenience in having to send these family bibles considerable distances to have the notations therein verified by the department. I suggested to the minister that if applicants for old age pensions were allowed to take their family bibles to the nearest crown attorney or judge, he could sign an affidavit to the effect that he had inspected the family bible and that certain statements were contained therein showing that the applicant had been born on a certain date. I suggested that such a statement, by either a judge or a crown attorney, should be just as satisfactory evidence to the department as inspection by one of their clerks.

The minister replied that he was not willing to accept the word of a judge or crown attorney. To me that is a completely ridiculous situation. If you cannot accept the word of a judge, whose word can you accept? Why is the word of a clerk in the Department of National Health and Welfare any more trustworthy than that of a judge? When the family bible comes to the department it certainly is not the minister or deputy minister who inspects it. It is one of the clerks in the department, and he says whether or not the proof is satisfactory. To my mind, if a judge says that he has inspected a family bible, and if he certifies that a certain statement is contained therein, that should be satisfactory to the department as proof of age.

By his attitude in this matter, I believe the minister has shown a complete disinterest in the very real inconvenience and expense to which old people applying for pensions are subjected at the present time. It is one more example of the sort of thing that happens when a government has been in office too long and builds up a bureaucracy around it. When that happens, people cease to count as human beings. They simply become names in files, whose duty it is to fill out forms and obey orders. This attitude towards the people was one of the reasons the government was defeated in the last four by-elections. In one case the reversal of votes was as high as 8,000. I believe the people are fed up with the kind of arrogance with which they are being treated, and the more by-elections we have, the more people are going to continue to show their resentment. I think—in fact I know—that the minister is really a very nice fellow when he gets out of the bureaucratic atmosphere of his ivory tower. I sincerely hope he will reconsider this matter, because it is very important to a great number of people in rural areas who are applying for the old age pension. I am sure that, after thinking this matter over, he will decide to treat old people as he himself would like to be treated if he were in their place.

Mr. Martin: I am sure my hon. friend would permit me the opportunity to make this interpolation, because I know he is as anxious as every other member in the house, regardless of where he sits, to see that those who are entitled to this old age pension, get it. There is no confusion whatsoever. We are experiencing no real difficulty, as my hon. friend suggests. Let me give an example. My hon. friend spoke about bibles. I said the other day that only 1 per cent of the people who are seeking to establish the right to old age pensions have offered proof of birth through bibles. All sorts of methods are being used. And just so my hon. friend and his friends will not go out and indicate that we who are administering this legislation are a heartless and cruel bunch, and so that his words will not have the effect of discouraging people from coming in, I wish to give an example of the attitude of the applicants themselves, as well as of our attitude.

Mr. Casselman: Whose speech is this?

Mr. Martin: My hon. friend was good enough to agree, and I know why. What I have here will show the spirit behind the applicants, and our spirit in the matter. I hold in my

hand a medal received from a woman in Arnprior. This medal, awarded to the lady, whose name I shall not give, was from the Arnprior high shool. On the back it bears the notation, "First class examination, July, 1887." There was not any hesitation in this instance: we accepted this as proof of her qualifications, and accepted it at once. There was no effort to be cruel or difficult. We did our best, as she did her best.

I know my hon. friend would not want to convey the impression that people are finding it difficult, because we have had no experience of difficulty along the line he has suggested.

Mr. Casselman: There is great difficulty.

Mr. Martin: If my hon. friend will bring the difficulties to my office I shall do whatever I can. But when we realize that in less than three months we are ready to pay 500,000 people out of a possible 700,000, we must realize the extent of the facilities for examination which have been provided. I thank the hon. member for allowing me the interruption. I know that is what he wanted me to do. It is not complete, but it complements his speech.

Mrs. Fairclough: May I ask the minister—

Mr. Sinclair: Whose speech is it?

Mrs. Fairclough: In view of what he has said, is the minister prepared to accept a marriage certificate dated 1889?

The Acting Speaker (Mr. Beaudoin): Order.

Mr. Casselman: No, no.

The Acting Speaker (Mr. Beaudoin): In the first place, the hon. member for Broadview (Mr. Hees) has the floor.

Some hon. Members: Hear, hear.

The Acting Speaker (Mr. Beaudoin): It was with his consent that the Minister of National Health and Welfare gave some explanation. The question now asked by the hon. member for Hamilton West (Mrs. Fairclough) would more properly be asked in committee of the whole on the bill.

Mrs. Fairclough: I shall repeat it at that time.

Mr. Hees: Mr. Speaker, the minister has said that the department is doing all it can to handle these applications as quickly as possible, and I am glad to have that assurance. But I do not think we can quite accept his statement that there is no trouble. I have seen many letters from people living in rural areas who have had great trouble in having their applications accepted. The point I made was, I believe, a reasonable one. I had referred to the trouble many people have been caused because of large and bulky, and also very valuable family bibles, which in many cases contain statements of the births of various members of one family located in various parts of the country. The difficulty in connection with the use of the family bible is a real one. I do suggest that the minister consider favourably the suggestion that these people should be allowed to take these bibles to crown attorneys or judges. I am suggesting that the word of those public officers should be accepted. Let the bibles be examined by them and, if found satisfactory, an affidavit could be supplied stating that certain statements had been found in the bibles in question.

I believe this a reasonable suggestion, and one which would eliminate many of the difficulties some people are having. These people are old, many of them are not in good health, and they are worrying about receiving their pensions. It is up to us to make things as easy as we can in every way. I am sure the minister is doing a great deal to help the applicants. This is one instance where I think something more could be done, and I am sure it would be appreciated if my suggestion were accepted.

Mr. A. Earl Catherwood (Haldimand): Mr. Speaker, I do not wish to take up the time of the house unnecessarily, but I rise at this time in support of the remarks of the hon. member for Broadview (Mr. Hees). Before proceeding, however, I should like to say how greatly our citizens appreciate this measure, which is welcomed by all people across Canada. This legislation, which I hope will be accepted unanimously by the house, is the result of a recognition and understanding of the needs of our older people. Concrete action is now being taken following a review of the situation by a parliamentary committee, the work of which has been most gratifying indeed. Let me take this opportunity to compliment all those who served on the committee upon their diligent and untiring efforts in bringing this matter to the point where we in this parliament can debate the measure in detail. As a result of their recommendations this bill is now before us. Perhaps it is the greatest piece of social legislation that has come before a Canadian parliament since confederation. The minister has well said that this higher level of living will result in better health among those receiving the benefit of the pension. I believe it will also eliminate the fear of poverty, perhaps the greatest fear so many of our older people feel as they approach the sere and yellow leaf of old age. They will be more contented in their passing years, with a happiness that should be the lot of all our people.

I believe the minister was sincere in his remarks, and fully believes that the work in connection with instituting this pension program is being carried out expeditiously. However, I was in my constituency over the week end and had to meet a barrage of questions from older people who are making application for pensions. They were asking why they have to fill out all these forms and why are they being rejected. Perhaps the minister is not fully aware of the situation in the rural areas. I would hope that some uniform example would be sent out to the regional directors so they would know where they stand. I am in sympathy with the recommendation of the hon. member for Broadview (Mr. Hees) that crown attorneys and judges in various counties should be permitted to pass judgment upon notations in bibles they are shown. I do hope that the minister will consider carefully the recommendation made by the hon. member.

The Acting Speaker (Mr. Beaudoin): Perhaps I should point out that the second reading stage of a bill is the stage when it is proper to enter into a discussion of the principle of the measure. On the motion for second reading it is out of order to discuss sections of a bill. I would refer hon. members to citation 656 in Beauchesne's third edition, and ask them to keep it in mind during the debate. If they enter into a discussion as to the interpretation or the application of a section, then they are not discussing the principle of the bill. Such details can be considered in committee. I believe what I have said reflects the sense of the remarks made a moment ago by the Minister of National Health and Welfare.

Mr. H. W. Herridge (Kootenay West): I have taken a great interest, Mr. Speaker, along with many other members of this house, in this very important matter of old age security. I am going to take this opportunity to make a few observations. Before doing so, however, I should like to quote from a small pamphlet, a copy of which I believe most members of the house received, entitled "The Proposed Old Age Pension", which is published by the Canadian Tax Foundation. I find that this is a non-profit organization established by the Canadian Bar Association and the chartered accountants.

Mr. Martin: That is the one written by Professor MacGregor.

Mr. Herridge: Yes. I want to read one paragraph in the introduction to this pamphlet to which I take strong objection. It reads:

> It now seems likely that the bill will be slipped quietly through a well-disciplined House of Commons, whatever its provisions, so long as it pays forty dollars monthly, for reasons sufficiently obvious and reminiscent of the family allowance of 1944. None of the opposition parties can be expected to look the gift horse in the mouth, nor can the Senate, although that is its peculiar function. In these circumstances, the nation cannot count on effective parliamentary criticism.

I quote that, Mr. Speaker, because I take strong objection to it. I think it is a reflection upon the members representing all parties in this house. I am quite sure that it is proven untrue by a perusal of the records of this house concerning the many questions that have come before it throughout the years, and by the debate that is now in progress on this measure.

There is no doubt about it, this legislation represents an historic step towards the building up of an adequate social security program in this country. I would say that this bill brings at least to partial fruition the work of a great many members of this house, past and present. I am sure that many of us here can recall hearing of the debates, and reading the debates, of years past in connection with old age security, and of the work members of all parties in this house did to promote the program which finds partial fulfilment in this bill we are discussing now. Then many Canadians and many organizations throughout Canada have taken a great interest in this question. I believe we should recognize the effect their conduct has had on the bringing into this house of the proposals contained in the bill we have before us this afternoon.

I should like also to pay tribute to the work of the parliamentary committee. I read the report, and I listened to a few of the discussions when the committee was sitting. But I was surprised to find that even in some of the remote spots of my constituency there were people who had followed the proceedings of that committee. I remember going to one isolated spot where a man living in a log cabin on the side of a swiftly flowing mountain stream some twenty-five miles from his nearest neighbour told me of having closely followed the work of the parliamentary committee on old age security. I had other instances of the close attention paid to the work of that committee. This indicated to me that the problem was one of prime importance, of direct and personal importance, to many people in this country.

I am sure we all rejoiced to learn that the means test had at last been abolished. I believe that is a great forward step. I am sure we all rejoiced in knowing that this plan is being put forward on the basis of a universal pay-as-you-go scheme. I am sure that receives general support. We are all glad to

know that the principle of this bill at least has the unanimous support of all members of the house.

Without a doubt this legislation will lift a shadow that has darkened the lives of many of our senior citizens. This will be accomplished by the removal of the means test. During the years prior to being a member of the British Columbia legislature and a member of this House of Commons, I learned from personal experience the worrying effect the means test had on a good many of our old age pensioners. Just before coming to this house I remember speaking to an old gentleman who was telling me about his invalid daughter and his ailing, invalid wife. They were not ill enough to require hospital treatment or treatment in an institution, but merely ill enough to be unable to do the things that normal people could do. This old chap had gone to work with a department of government in British Columbia to earn a few dollars. He told the department that he did not want to disobey the provisions of the Old Age Pensions Act, and they were to let him know when he had earned the maximum amount. The department failed to let him know, and for three years this old gentleman earned somewhere between $80 and $90 per year more than he should have earned. Suddenly he was confronted with the fact that he had been overpaid. Deductions were made from his monthly cheque, and he was left with a small amount per month on which to live. He was unable to earn any more. He said to me: "No one will know what the removal of this means test means to me and my family". There must be thousands of cases like that.

I remember on one occasion some years ago an old lady of 89 showed me a letter she had received from the old age pension board in which they advised her they were going to cut off her old age pension because she had not reported her earnings of the previous year. I am very glad to know that this sort of thing is finished with abolition of the means test. I am sure the provincial and federal officials who were responsible for the administration of the old age pension legislation will rejoice, along with the members of this house, in the abolition of the means test. However, I do not think that under the circumstances we, as members of this house, should flatter ourselves to any great extent over some provisions in the bill.

I thought the member for Winnipeg North Centre (Mr. Knowles) made an excellent speech this afternoon. He made a careful analysis of the criticisms of this bill according to the viewpoint of the party to which I belong. I am not going to attempt to repeat his criticism in full, but I do want to deal with two major criticisms from our point of view.

We believe, in the first place, that the $40 per month is insufficient. I believe the member for Winnipeg North Centre was quite correct when he said that if $40 per month was sufficient in 1949, then because of the increase in the cost of living since that date about $50 per month would be required to equal the pension recommended by the committee. The second major criticism we have is that there is a ceiling on the personal income tax of $60. The member for Winnipeg North Centre dealt with that question at some length. I am not going to deal with it at any length, but I do want to deal with the amount of pension proposed in this bill. In doing so I should like to quote from the minister's remarks when he was speaking on the resolution. I quote from page 379 of *Hansard*:

> To these criteria we must attach the greatest importance; for in all our efforts to achieve social justice through such measures as this, there is one thing that we must never forget. There is no magic formula for social security. It can be provided only through work. It cannot be too strongly emphasized that social security has to be paid for out of production. It is the people themselves who —through their hard work—provide governments with the financial resources to maintain these social services.
>
> The weight of each new social measure must be considered in relationship to the need for it and to the capacity of Canadian income earners to carry this added responsibility. To overburden our working force endangers the stability of our economy—which provides the primary basic security that individual social measures can only serve to reinforce.

I agree largely, Mr. Speaker, with what the minister has to say in that case. In fact he emphasizes the point that social security and increased social security is provided out of production. We in this group agree absolutely with that point of view. But I want to bring to the attention of the house the fact that the production of this country in 1926 was about $5 billion. According to the figures given by the Minister of Defence Production (Mr. Howe) the estimated production this year is about $20 billion. We all recognize the fact that at the present time the dollar is worth about 50 cents. As a matter of fact, then, in this bill we actually give the pensioners, in purchasing value, about the same as they were being paid in 1926 or 1927. Allowing for the fact that the dollar has decreased in value to 50 cents, although the dollar value of our production has multiplied four times, without question in reality our production has multiplied twofold. We have doubled our production, yet in this bill we make provision actually to give the old age pensioner practically the same purchasing power he was given in 1927. I do

not think the benefit under this act indicates that the old age pensioners are being paid in relation to the increased production of this country at this time. I remember that during the 1945 election the Liberal party had large posters throughout the country on big billboards saying: Vote for the Liberal party and the new social order. Surely you cannot say this is a new social order when, in 1951, you are bringing forward a bill that aims to give our old age pensioners almost the same, in purchasing power, as they received in 1927, though the production of this country has without question doubled.

In the government's proposals of 1945 I noted that they aimed to provide minimum subsistence. I think that statement is quite correct. When I look up the dictionary I find that the word "minimum" means the least quantity or the least part of; and that the word "subsistence" of course means livelihood and nourishment. Hence in that respect the government is living up to the proposals as outlined in the green book of 1945 by providing the least livelihood and the least nourishment for our old age pensioners.

When I speak on a question like this, Mr. Speaker, I see not only the bill and the notes that I have in front of me. I also see many people I know in the country who will be affected by this legislation, many of whom have been receiving old age pensions in the past. Just prior to coming to Ottawa I remember talking to a miner, a man who had mined for between forty and fifty years in Kootenay West. He worked in the mines at Rossland, in Sandon, in Slocan and in Salmo. He had given fifty years of his life to mining. He was telling me what a hard time he was having in getting along on the $50 a month he was receiving in British Columbia. That $50 is made up of $40 plus the $10 cost of living bonus paid by the government of British Columbia. For that old-timer I have extremely warm feelings, as I have for others of these old-timers in our country because to me they are a living link with an interesting past. This man told me that he had to pay $20 a month for his room and had to live on the other $30. He said he managed to do it by having coffee and toast for breakfast, by having a very light lunch, and then having one good meal a day. He said that fortunately, owing to the kindness of a Chinaman who ran one of the local restaurants, he was able to make it do, because the Chinaman charged him about half price for the larger meal at the end of the day.

Then I remember talking to an elderly widow, without sons or daughters or relatives to care for her. She told me she was having great difficulty under present conditions, and that she was only able to carry on because of the assistance she received from old-timers in the district who knew her.

Then again I was talking to an old lumber worker, one of those old loggers who would go into the woods and take a skid horse, cut the logs and skid them to the lake. This man had worked at that type of work since the early days of logging in my constituency, and in his lifetime had cut millions of feet of timber. He was telling me what great difficulty he had to get along. May I point out that these people living in country places, in a log shack or cabin, can live more economically than persons living in the larger centres. In fact, I always tell old age pensioners that they would be well advised to go to live in a small village, or some little country town, to get a small cabin if they can, because under those circumstances living costs are considerably reduced.

Then I have in mind particularly an old gentleman whom I have known for forty-five or forty-six years. He is a French Canadian who went from the city of Ottawa to my constituency fifty-eight years ago. That would be in the days of general exploration, the first days of mining and lumbering in that area. He has packed all over the country, prospected, logged, cooked in camps and so on. As a matter of fact I have in my office a manuscript of seventy-five pages which he dictated to a stenographer quite recently, giving his experiences in the country since his arrival. That manuscript is going to be placed in the archives of Canada, and a copy is going to the provincial archives. That man has made a great contribution to the building up of the interior of British Columbia. He received the old age pension some years ago but because he happened to earn, on one occasion, $5 more in one month than he was supposed to earn, the social welfare worker at that time told him that he would have to stop this, that by earning at this rate he would lose his pension. He was an independent sort of old gentleman, so he told the old age pension visitor to relegate the old age pension to some unconventional locale and went back to work again. He worked until he was eighty-five, then finally became ill and had to take the old age pension. Now he is in poor health. He is having to do the best he can on the $50 a month which he receives in British Columbia.

I mention these individual cases that I know, or a few of them, because they indicate clearly the difficulties many of these good citizens will have in living on the $40 a month, plus the $10 a month cost of living bonus that is provided by the government

of British Columbia. I think the hon. member for Winnipeg North Centre (Mr. Knowles) was absolutely correct when he said that, in order to compensate for the increase in the cost of living since the committee reported in 1949, we at this time should be providing not less than $50 a month for old age pensioners.

I just want to say a few words with regard to my second major criticism in connection with this bill. Like the hon. member for Winnipeg North Centre and others, we are sorry there is a ceiling on personal income tax of $60. This means that anyone with a taxable income above $3,000 will pay no old age security tax on income above that figure. Like the hon. members who have previously spoken, I would have preferred to see the 2 per cent sales tax abolished and this extra amount raised by taxing for old age security according to ability to pay. In my opinion, Mr. Speaker, we should not view this matter as a fiscal burden, but should fully accept our collective responsibility for the welfare of our senior citizens.

We in this group believe that if we are to redistribute wealth or attempt to redistribute wealth, so as to equalize the burdens in life under this present system, cost of the old age security should have been collected completely on the basis of ability to pay. So long as you limit the amount to be contributed by any citizen in this country, millionaire or not, to $60, you are not giving effect to the principle of sharing the benefits of increased production.

Before I conclude I want to deal for a minute or two with the question of those applicants for old age pension who are receiving war veterans allowance at the present time; and I trust, Mr. Speaker, that in that connection I will be in order. I want to quote from *Hansard* of last session, at page 4533, where the hon. member for Winnipeg North Centre (Mr. Knowles) had this to say:

> Mr. Chairman, on Friday, June 15, the minister answered a question of mine with regard to the relationship between the War Veterans Allowance Act and the new old age pension legislation, and I quote from his answer as recorded on page 4136 of *Hansard:*
>
> "The matter referred to in the question asked on Tuesday by my hon. friend is being reviewed and considered at the present time."

Then again, in reply to the hon. member for Peel (Mr. Graydon), the minister said at page 4532 of *Hansard*:

> At the present time we are considering the whole question of war veterans allowances and reviewing the act in the light of the new old age security legislation—

Mr. Martin: I do not like to interrupt my hon. friend—I do not like to interrupt anyone who is making a speech—but surely he will agree that this is out of order. Indeed, as was recognized earlier in the debate,—

Mr. Herridge: Mr. Speaker—

Mr. Martin: Perhaps my hon. friend was not in the house, but the point was made earlier that under this legislation no one is excluded. We are dealing only with this legislation, and if a particular group of individuals deserves some additional treatment, that comes under another act which is not now before the house. I think on that account the Speaker earlier in the day took the position that a discussion on veterans allowances was not in order.

Mr. Herridge: Mr. Speaker, I should like your ruling on that point. I want to deal for a few minutes with the question of applicants for old age pensions who are at the present time receiving war veterans allowances. Would I be in order to continue on that basis for a minute or two?

The Acting Speaker (Mr. Beaudoin): I believe an understanding has already been reached on that subject. The understanding was to the effect that it is quite in order to discuss the principle of the bill but not to enter into a discussion of the details of the various clauses at this time. Furthermore, as was already pointed out, the matter now before the house is not veterans legislation. That is not the matter under discussion, and it has nothing to do with the present bill.

Mr. Herridge: I just want to say that I have received a number of letters from veterans who are drawing war veterans allowances and who intend to make application for the old age pension. They have written to the officials of the Department of Veterans Affairs, and that department was unable to give them the information they required. We are of the opinion that the committee should have sat during this session so the relationship between the war veterans allowance and the old age pension could have been settled at this time.

I have spoken briefly on the bill. In conclusion, I want to say that we in this group regret to find these flaws in the legislation that is now before us that I have brought to the attention of the house. We hope they will soon be corrected and thereby provide an adequate security scheme based fairly on our increasing production.

Mr. J. W. Noseworthy (York South): The introduction of this bill must give a great deal of happiness to the Minister of National Health and Welfare (Mr. Martin). It has received a great welcome from other groups in the house as well as from those who sit

on the government benches. As a matter of fact a lot of people are taking credit for this legislation at the present time. In reading the program which the government party in the province of Ontario is presenting to the public I was very interested to see that—

Mr. Martin: Yes, I have it right here.

Mr. Noseworthy: —one of the first items on the program was taking credit for this universal old age pension. Regardless of who attempts to take credit for this measure certainly all groups in this house and groups of citizens, organized and unorganized, across Canada have throughout the years aimed to secure for our senior citizens the kind of pension—a pension without a means test—that is proposed in this bill; and hundreds and hundreds of thousands of our citizens will welcome this legislation.

The old age security legislation, the Old Age Assistance Act, and the revised or amended Blind Persons Act will take their places, along with other social security legislation that already exists on the statute books of this country, federal and provincial, with the workmen's compensation act, which goes back to 1914, with mothers' allowances, first introduced in Manitoba in 1916, with unemployment insurance, which was one of the constructive outcomes of the depression, with family allowances and other welfare services, with veterans programs and with such provincial health measures as now exist within the provinces with federal aid. The Canadian Welfare Council estimates that in all Canada is spending at the present time from $1 billion to $1,500 million on social welfare. That represents the great advance we have made since the turn of this century, most of which has been made, as the minister suggested, within the last quarter of a century.

I think it would not be out of place at this point, however, to call attention to the fact that our social welfare legislation is at the present time a series of piecemeal services. We still lack a comprehensive national system of social security. Now that we have achieved this score we should all raise our sights and aim next at a national system of social security that will be comprehensive and national in scope, and will make provision for the loss of income by whatever cause that loss may be incurred. At the present time there are still many gaps in our social welfare legislation. The one thing that requires immediate attention is the matter of health insurance. Never before in our history has there been a greater need for this.

The Acting Speaker (Mr. Beaudoin): I am most anxious to hear the hon. member speak about this old age security legislation. In the preamble of a speech it might be useful to discuss the whole picture of social security, but as we have before us now an old age security measure, I invite the hon. member to discuss the bill.

Mr. Noseworthy: I had intended to review the picture as far as social security legislation is concerned, and I thought this was an opportune time to do so. If you say that I am out of order, Mr. Speaker, I shall abide by your decision and find some other opportunity, possibly during this session, to say what I have to say on that subject.

There are two or three points I should like to mention in connection with this bill, which have been touched upon already by other hon. members. The minister called attention to the fact that our present social security legislation was passed during the past quarter century. He pointed out that the first old age pension cheque was mailed about twenty-four years ago. I should like to mention again, as others have, that we in this group take some credit for the success which has been achieved in the matter of old age pensions. I need only mention the part which the founder of this group, the late J. S. Woodsworth, played in bringing about the initial old age pension scheme twenty-four years ago. Down through the years he insisted that the original scheme should be improved.

The minister told us that it is a far cry from those days to the present. It is a far cry from the days when the first cheque was issued twenty-four years ago. I would like to remind the minister, however, that when that first cheque for $20 was issued twenty-four years ago it represented more purchasing power for the pensioner than will the cheque for $40 which is to be issued under this scheme after January 1, 1952. In some respects we have made considerable progress during those twenty-four years, but the actual position of the pensioner who will receive a cheque for $40 after the first of the year is no better than was the position of the pensioner who received a cheque for $20 twenty-four years ago. The purchasing power of the pension cheque to be issued next year will be less than the purchasing power of the cheques issued twenty-four years ago. That is a fact that I think we must bear in mind.

I was a member of the parliamentary committee which sat in 1950, and I agree with the conclusions reached by that committee. I think most members of the committee made it quite clear that they did not by any means consider, even in 1950, that a $40 pension was sufficient in view of the then high cost of living. The rise in the cost of living since 1950 certainly warrants our request that the

government give consideration to increasing the pension to at least $50 per month.

I have no recollection of the committee having given any thought to a new feature which has been introduced in this bill, that is, the ceiling of $60 upon taxation by way of increased income tax. The underlying principle of old age pensions is that there is a transfer of payments. They provide the means whereby the wealthy and those classes which are better off can contribute toward the support of those who are less fortunate. One sound principle of any old age pension scheme is that those who contribute by way of taxation should contribute according to their means or ability. I think the $60 limitation upon the amount of income tax to be paid is undemocratic. It just is not sound. The man who has $3,000 of taxable income will pay the same amount in taxes under this scheme as the man in receipt of $100,000 taxable income. We think that is unfair. If the members on the opposite benches care to support that, if they think that that is democratic and fair, that is their privilege. I would not want to go before the people of this country and defend that way of financing old age pensions. If the minister and his colleagues and those who support them want to take that stand, that is their business, but I want to register my protest.

There has been some comment about the earmarking of 2 per cent of the sales tax. I claim that is unfair. I am opposed to a sales tax in any form, whether it be provincial or federal. It is a hidden form of taxation. It bears heaviest on those with the largest families. For that reason I support those who have maintained that this scheme should be financed by all those who contribute on the basis of their ability to pay, and out of other forms of taxation than the sales tax. I know that when we suggest at this time that the old age pension should be raised to $50 a month, when we complain about the effect upon those on war veterans allowance—and I am sorry we cannot discuss that in this debate—when we ask for more expenditure for these things, we are bound to be reminded that there is a rearmament program, that we have to prepare our defences. However, as the last speaker has said, I disagree with the minister when he tells us that these payments have to come out of production, or that they will in any way decrease production. I think the minister's words were that all such social measures take from production.

These are transfer payments. They do not prevent us from producing aeroplanes or machines of war, guns and ammunition. As a matter of fact most of our present social welfare legislation grew out of two wars and the depression. Some of it grew out of the depression because people had reached the point where they would no longer tolerate the dire needs which existed among the people. Much of it grew out of the first and second world wars in order to assist in maintaining morale and efficiency both on the firing line and on the production line. Far from reducing our potential capacity for building our defences, such measures as the one now before us assist in strengthening our defences and maintaining our way of life. The editor of the London *Economist* in a recent issue had this to say on that subject:

> The free world cannot go on preserving itself by being strong enough to deter aggression . . . At some point in the twentieth century the success of the free world will consist in its ability to advance—which means, in democratic terms, its capacity to offer both for its own people and for the poor communities of Africa and the east, rising standards, both material and moral, that dictatorships cannot provide.

Therefore when some of us advocate that we should raise our sights in the matter of old age pensions and other social security measures, we are not detracting from our defence programs. We are assisting in the defence of our way of life. We are making it possible for our people to realize more fully that that way of life is worth all the effort and all the money we can put into it in order to defend and maintain it.

Mr. H. O. White (Middlesex East): Mr. Speaker, I do not propose to take very many minutes, but there are two or three observations I want to make. It is needless to repeat what so many have said, that this legislation is welcomed in this country. I would think now that we should plan to bridge the gap between 65 and 70. Labour and industry are planning their retirement programs for age 65. Therefore we should plan to bridge the gap between 65 and 70. I should like to point out to the house that all these things must be paid for out of wealth produced, or they will not bear any relation to the price of the things that the pension, whatever it may be, will buy. I do not know whether or not anyone else has mentioned it, but there is a residence requirement in the bill; and I am wondering about those Canadians employed abroad in the service of the government or in the service of Canadian firms outside of Canada.

Mr. Martin: No difficulty.

Mr. White (Middlesex East): Then they will be covered. Those were the three items I had in mind, and I am glad the minister has cleared up that point.

Mr. Jones: Mr. Speaker, for one or two minutes—

Mr. Cruickshank: When do I get in here?

The Acting Speaker (Mr. Beaudoin): A few moments ago the hon. member for Fraser Valley (Mr. Cruickshank) rose at the same time as the hon. member for Middlesex East (Mr. White). If he wants to speak now I will recognize him.

Mr. G. A. Cruickshank (Fraser Valley): Mr. Speaker, I have to speak a little slower than usual because I want to say what I have to say and still be in order. I do not know whether I will be able to do that. I understand there has been some discussion as to who should get the credit for this magnificent legislation. I would say the main credit belongs to the deputy minister of national health and welfare, who comes from the province of British Columbia. Probably credit is then due to the chairman of the committee, because he had the great advantage of sitting between two British Columbia members who at all times were capable and willing to advise him on any matter on which he was not clear.

The main thing I want to say with respect to the bill is that certain people are not properly looked after. They are penalized so far as the amount of pension they can receive is concerned. Probably I am not allowed to refer to the particular people by name, but the member who sits right in front of me is closely allied with those whom I think are not being justly treated. Parliament itself says that it requires 85 cents worth of food per meal to feed the ordinary individual doing no physical work, and not very much intellectual work either. That is the rate set by parliament. That is the amount that it costs per meal for food. I cannot see how any individual who has given much of his time to his country overseas can live on $40 a month.

You know, Mr. Speaker—and I am keeping in order—to check on what it costs to live in this town of Ottawa the other day I purchased two apples of a kind that sell for $2.40 a bushel wholesale; and they are bought by this government. Look at them. How do you expect an individual to live on a pension of $40 a month?

Mr. Cardiff: Where did the apples grow?

Mr. Cruickshank: I was being kind and generous. I did not want to say it, but my friend has asked me, and it is one of the duties we have in this house to reply and not to evade. They are from Ontario.

Mr. Cardiff: Those are not first class.

Mr. Cruickshank: I bought them in the parliamentary cafeteria. The government bought them at $2.40 a bushel wholesale; yet we expect these individuals to live on $40 a month.

Mr. Cardiff: They were not buying first class apples. Do you suggest they were buying culls?

Mr. Cruickshank: I was being generous about it. I do not believe in advertising British Columbia apples. If they do not see fit to buy real apples from British Columbia, it is not my fault.

Mr. Cardiff: Even those scrub apples taste better than British Columbia apples, anyway.

Mr. Cruickshank: Well, I believe that is true, because it is a matter of taste; if you are used to eating the wormy kind, you begin to like them.

Perhaps I might be permitted to say why I approve of the bill, although there are some features I do not like. I am not a financial expert, but I think the Minister of Finance (Mr. Abbott) endeavoured to bring out a formula which will be accepted throughout Canada, as certainly it will be in my riding. However, we would have preferred a higher corporation tax, and I do not see why that would not be possible. I would ask the minister to read the financial statements of some firms in his own town; and he would find the same thing in my province. One lumber company had a net profit of $13 million in nine months; that is H. R. MacMillan. I understand one mill out in British Columbia has already placed an order for the convertibles used on the royal tour for the use of their office staff. That is the kind of money they are making out there. I think there could have been a higher corporation tax. Why it was not done, I do not know.

The people who, as I see it, are being penalized are those who are in receipt of an allowance from another source. They are going to be penalized now—

An hon. Member: No.

Mr. Cruickshank: Yes, they are. If they get the old age pension, these people—and everyone knows who they are—will be penalized.

Mr. Martin: I do not like to interrupt the hon. member, but I suggest he is out of order. As I have taken this position with regard to hon. members opposite, I cannot very well take a different position where he is concerned. The only matter before the house is second reading of the old age security bill, under which no group in this country is being excluded. That is the only matter before us now. I suggest the position taken earlier must be repeated at this time.

An hon. Member: Consider yourself spanked.

Mr. Cruickshank: I am sorry if I was out of order; I certainly did not intend to be. I just wanted to say what I wanted to say. Apparently I was not in the house when other members were ruled out of order, but I do not want any favours. Therefore I shall confine myself to saying that I am all for the old age pension, and I intend to make a most excellent speech at a later time on behalf of the war veterans.

Mr. O. L. Jones (Yale): Mr. Speaker, I am sure everyone in Canada welcomes this bill. We in this group are particularly pleased because we feel we have played quite a part through the years in keeping the matter before the house, and eventually coming to the place where the means test is being abolished.

As other members from this group have already dealt with the details, I shall not repeat what they have said. However, I would place on record my experience from many years in municipal life, particularly the period six or seven years ago when the pension stood at from $30 to $40 a month. Eventually in British Columbia it was raised to $50. So the period to which I am referring was the one when a pension of $50 was paid to old age pensioners in British Columbia. Even then we found in the municipality that we had to give social assistance to many of these old people who, in many cases, had to meet high rental costs, and whose cost of living was greater than the $50. Upon investigation we found that they could not manage on that sum.

If we had a problem in British Columbia at that time, where we paid 25 per cent more than many other provinces in Canada, in view of the great increase in the cost of living since that time I feel there should be an immediate increase in the amount of this pension. I shall not suggest a sum, but it should be something more in keeping with the present cost of living.

I am going to make one suggestion which I hope will not be considered out of order. My suggestion deals particularly with single pensioners who are often sick and incapable of taking care of themselves. Presumably they would have the maximum pension; but having to get help to run a house, to pay for rent, light and water, then to go out to restaurants once or twice a day for their meals, as well as pay for washing and buy clothes, I find that these old people have a real problem on their hands.

In the city of Kelowna we tackled the problem some years ago, when we got a group together who, with the consent of council, began by purchasing an old house and turning it into an old people's home, expressly for the use of single pensioners who, individually, could not make a go of it on $40 a month. The result was that we gave them small amounts of pocket money; the city put up the balance, and we were able to operate a first class home. It was so encouraging to us, and we were so keen about it, that within the last two years we have built a modern home.

The suggestion I would make is this. We know that $40 a month is totally inadequate for the single person who must get help to run his home. When a municipality is willing to group them and build a home so that the total cost can be shared by the municipality, then I suggest the government should place that home on the same basis as a hospital, so far as support is concerned, by giving a grant of $1,500 for each bed. This would go toward supplementing the inadequate pension. I feel the government would be justified in making such a grant. It would be justified on moral as well as sound business grounds, because I feel the minister must realize the sum is inadequate. If in this way the minister would assist the municipalities to help out the people for whom he is primarily responsible, namely the old age pensioners, it would be helpful.

Many of these people are too ill to do anything for themselves. With this little money, after paying the rent, they would find it difficult to engage nursing or housekeeping help. I believe the example set in Kelowna and one or two other towns in British Columbia has brought a new feeling of responsibility on the part of the municipalities toward the old people. The municipalities to which I have referred have shown a willingness to play their part by building these homes. May I point out to the minister that caring for these old people would relieve the burden of the hospitals. Many of them are now in hospitals, taking up valuable beds for which the government is paying a grant of from $1,000 to $1,500 each. If the government would take the position that it would build homes to relieve the hospitals and take care of the government's responsibility for old age pensioners without enough pension, and would offer to make a grant, it would be helpful. I suggest that it should be $1,500 as in the case of hospitals.

If that were announced I believe every municipality in British Columbia would follow the lead that has already been given in the municipalities I have mentioned.

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, there is no real reason why I should

speak on this measure. There will be nothing new in what I have to say, because I think an excellent job has been done by several of the speakers who took part in the debate. But down during the years I have taken a very active part in urging that social legislation be passed, so I do not want to let this opportunity pass without saying something.

Like all hon. members who have preceded me in the debate I, too, welcome this measure. I am sure that it will be a godsend to a large number of people who are now living on small incomes. I have just one example in mind which I shall mention. I am sure the difference this pension will make to that person will be the difference between comfort and living in continual worry. I know of an old lady who was left a widow about ten years ago, with an annuity of $100 per month. There may have been a little other income, but that was really her living income. Today, because of the rise in living costs, this $100 per month is worth about $50. This $40 now will mean to that woman the difference between living in continual worry and living in comparative comfort. I am sure there are hundreds of those cases, perhaps thousands.

There has not been any criticism of the principle of the bill, but there has been some criticism of the amount of the pension and the way it is being financed. For many years I have advocated that our social security should be on a contributory basis, but not an actuarial insurance basis.

I believe the government is agreed that the insurance principle is not workable. This measure comes very close to being on an insurance basis. I must express my criticism, as others have done, at the limitation of $60 which any person can contribute in income tax. It seems to me that a person to whom this country has been so good as to provide a taxable income of over $3,000 per year should be not only willing, but glad, to pay an additional share for those less fortunate than he. Ultimately, if the taxes already provided do not secure sufficient revenue, the deficit will have to be paid by those who are in a position to pay it. If everyone were in a position to put in as much as they take out we would not need a scheme of this kind, because everyone would then be able to provide for his own old age. I believe that those who have large incomes, as I said before, should be willing to pay more than $60, and should be prepared to pay 2 per cent of the whole of their taxable income as a thank-offering for what Canada has done for them.

No matter how much anyone takes out of the pool of production, his achievement is not just an individual effort. A few weeks ago I read in the magazine section of a Vancouver paper of a person whose annual income was $500,000. I am not mentioning any names. He is, of course, taxed to a considerable extent, but it was said that his income was about $200,000 after taxes. I do not know whether or not that is correct, but whatever the amount it would be a very good income. Now that person did not, by his own efforts, create that income. He has people working for him. Over and above what he pays those people who work for him, each of them out of his labour contributes to that income; so it comes out of the social effort of the people of the country. Because it comes from the social effort of the people of the country, then in providing for social legislation we should tax away a fair share of it for that purpose. I hope the last word has not been said as to how this old age security will be financed.

There has been some criticism of the difficulty some people are meeting in proving age. It has been said that the department is too strict in that regard. I am not going to criticize the minister for taking every means to get proof of age, because I can see what would happen if it should come to light that thirty, forty or one hundred people who had not yet reached the age of 70 were receiving the universal old age pension. The minister would be criticized, and I suppose justly. But I do say that whenever an applicant has furnished all the information he has, the pensions board should either accept it or prove that it is not correct. In the final analysis, if there is doubt the pensions board, after every effort has been made to get proof of age, should give the benefit of the doubt to the applicant. That is all I wish to say about that.

Mr. Martin: What my hon. friend has said is exactly what we are seeking to do. I am glad he has emphasized it.

Mr. MacInnis: I am glad that for this once I can agree with the minister. Under our parliamentary procedure there is no last word on any measure passed by this parliament. There is always the pressure that can be brought to bear to meet needs, and I am satisfied that there is a great need yet which this measure does not meet. I am satisfied that pressure will be exerted, and the government will have to take notice of it. There is also the fact that in this country, as in every democratic country, periodic elections are held. Governments have to appeal to the country. It is generally when governments have to appeal to the country that people come into their own. Things that were absolutely impossible the year before an election become not only possible but an absolute necessity in an election year. I listened to a broadcast last night. May I say

that I hope this is not out of order; I am not sure but that the broadcast was. As I say, I listened to a broadcast speech by one of the party leaders in the election campaign now going on in this province.

Mr. Martin: We would have to know who the leader was before we could say whether it was in order or not.

Mr. MacInnis: As a matter of fact it took me some little time to ascertain who the leader was, because the policies he was advocating were not the policies his party is advocating in this house but rather the policies the C.C.F. have been advocating. For example, he was advocating the revocable check-off; but I understand he voted against that when he had the opportunity to support it not so long ago. He was advocating subsidies. The hon. member for Vancouver South (Mr. Laing) told us yesterday that subsidies were out because they would involve rationing. I can see that if the party which the leader referred to happens to be elected on November 22 the people of Ontario are in for a hard time because milk will be rationed.

Mr. Laing: Oh, tell us who he is.

Mr. MacInnis: I believe that even the hon. member for Vancouver South could guess by now, so I will just leave it at that.

I am glad we are living in this kind of world, in which parties and governments must go to the country every once in a while. Because of that, I am not going to indulge in any further criticism of this bill. We shall have criticism to offer in other places besides the House of Commons.

Mr. J. H. Rooney (St. Paul's): Mr. Speaker, I must congratulate the Minister of National Health and Welfare (Mr. Martin) on this bill. For many years I have looked forward to the passage of a bill similar to this, especially one without a means test. I believe, however, that this is just a starter in connection with what this government will do.

On March 30, 1950, in this house I asked for a bill to provide for $60 at the age of 60 years. I hope some day to see the fulfilment of my request. It might be said that it is an impossibility to pay that amount, but I believe we have confidence in Canada and feel that nothing is impossible today for the citizens of this great and rich country of ours.

I do not like the phrase that is so often used, namely "old age pension" or "old age security". At this time I look on assistance to Canada's senior citizens not so much as a welfare measure as a measure of national defence. Our Prime Minister (Mr. St. Laurent) is frantically working, first for peace and, second, for national defence. He is ably assisted by our Minister of Defence Production (Mr. Howe)—whom we know, through our experience of his work in the last war, is doing a magnificent job—and by the Minister of National Defence (Mr. Claxton), who in my opinion is the best minister of defence Canada has ever had. By national defence we mean peace at home as well as peace abroad: peace within and without. We cannot have peace at home when we are tormented by poverty and privation, whether because of old age or chronic illness. As a measure of national defence I plead for adequate pensions without a means test, not only for the aged but also for chronic invalids who are unable to help themselves, so that we may have peace at home. Let us remember that it is the descendants of our senior citizens on whom we depend to defend Canada both at home and abroad.

I have taken the liberty of reading these few passages, Mr. Speaker, because they are from the last letter I received from my sister, Miss Loretto Plunkett Rooney, who died a few days ago. She always believed that we should look after our senior citizens, and not have it appear as though we were doing any charitable act. I did not intend to speak during this session, but I felt that I had a duty to my people and to the memory of my sister. If she had been alive she would have been here today, sitting in the gallery.

In closing, I want to congratulate this country on having as Minister of National Health and Welfare, Hon. Paul Martin. He has a gigantic task before him. I speak kindly of him not only for that reason but for the kindness shown not only to me but to many others who have been attacked by illness. He does not just do a job on paper; he does the same job every day from the heart.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Beaudoin in the chair.

On section 1—*Short title.*

Mr. Knowles: Mr. Chairman, could we perhaps call it 6.30 and proceed with the bill at eight o'clock?

Mr. Lesage: Oh, no; we have ten minutes.

Mr. Martin: Let us make some progress.

Mr. Lesage: Yes; come on.

Mr. Knowles: Call it 6.30, Mr. Chairman.

Mr. Martin: All right; let us call it 6.30. I would ask the hon. member not to forget that I agreed to this. When I ask him to do something, I hope he will do it.

At 6.30 p.m. the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Beyerstein: I should like to say a few words on section 1 of this bill. The hon. member for Red Deer has already expressed the views of this group concerning the contents of the bill; therefore it will not be necessary for me to do other than deal briefly with it at this time. This legislation is a step in the right direction. One feature of it I especially like, namely the feature of establishing pensions as of right for our aged people. In future our old age pensioners will feel that they have earned their pension. They will feel they are receiving a pension because they have contributed to the fund from which that pension is drawn. In the past there has been much criticism from many groups, which had a tendency to make the old age pensioner feel that he was receiving public charity, or that he was a ward of the government. Under this new bill that will be eliminated, and I am sure it will tend to improve the morale of our old age pensioners.

I should like to mention one other point, namely the method of financing the proposed old age pension scheme. I am not opposed to a contributory method, but I believe the methods outlined in the present bill could be improved. For example, I am opposed to the 2 per cent sales tax mentioned in the legislation. It has been pointed out to the government on several occasions that the sales tax is a vicious tax, a tax which has a tendency to increase our ever-mounting spiral of prices. Not only that, it is a tax which is levied against people in the lower income brackets who are least able to pay. Therefore I oppose the 2 per cent sales tax as outlined in the bill. I am also opposed to the limit which is placed upon that portion of the tax which is to be collected in addition to our regular income tax. I would suggest that this limit should be removed entirely and the 2 per cent tax collected on the entire amount of the taxable income. If we did that it would be possible to eliminate the 2 per cent sales tax and thereby lessen the burden on those who can least afford to pay the tax.

The ideal method of financing this scheme I believe would be to pay the universal pension out of general revenue and adopt a method whereby it could be recovered from those above a fair income tax level, who are not in need of a pension. I believe that would be the ideal way of financing the scheme.

There is another point that I should like to deal with briefly, namely the question of proof of age. During the past summer I had the occasion to help dozens of my constituents make out applications for the old age pension. In nearly every instance the application was returned by the department for further proof of age. In each case the applicant did submit proof of age which, in my opinion, should have been accepted. However, the department seemed to think it was insufficient, and asked for additional proof of age. I believe something could be done to lessen this difficulty so far as the elderly citizens are concerned. In many instances the only proof an older person has is the family bible. In most cases it is very cumbersome to transport the bible to the proper authorities. Often it is damaged in transit. Not only that; there is also danger of it being lost. I suggest it should be possible so to arrange matters that the old citizen would be able to take his bible to a local judge, or to some competent authority, and have an affidavit prepared which could be submitted to the department as proof of age so far as that person is concerned.

As I said before, I believe that this bill is a step in the right direction. I think it will be a benefit so far as the universal pension feature is concerned. As we come to the various clauses dealing with the points I have mentioned I shall strongly urge the government to consider the recommendations I have made.

Mr. Lesage: The hon. member for Camrose just made an affirmation that I can hardly let pass without saying a word. He just said that if there was no ceiling of $60 on the 2 per cent income tax levy we would not need to collect the revenue from the 2 per cent sales tax. May I point out to him that according to the evidence given before the committee, of which he was a member, a 1 per cent income tax levy without ceiling with an exemption of $500 and with perfect collection would yield $74 million. With a ceiling of $50 it would yield $67 million. That is a difference of around 8 or 9 per cent in the revenue of the income tax. It is calculated that the 2 per cent levy would yield about $60 million. That is to say, if there were no maximum we would expect to have a revenue of about $67 million, a difference of $7 million. The 2 per cent sales tax will yield $145 million. Therefore it would take a much larger percentage of income tax to yield the same $145 million. It would be

unfair to collect so much on a direct basis, if we keep the exemptions of $1,000 or $2,000 according to marital status.

There has been considerable criticism of the 2 per cent sales tax levy with which I cannot agree. After all the pension payments are universal, and I believe the contributions should be as universal as possible. It should be remembered that the committee was unanimous on that principle. It has been said that the sales tax will not have the same direct relationship to the benefits to be paid as would a direct contribution. That might be true in part, but we should not forget that a special fund is to be set up into which these moneys will be paid. The taxpayers of Canada will be in a position every year to know how much it will take in taxation to provide an increase in the benefits. That is important. As far as this sales tax is concerned, I should like to place on the record an excerpt from the testimony given before the committee by Mr. W. M. Anderson, general manager of the North American Life Assurance Company, who said:

> Now, as to the form of financing, I have already said that I think the financing should be of such a character that virtually everyone makes some contribution of his own. The universal character of the financing seems to me to be important as a thing that parallels the universal benefit. Secondly, the financing should be simple. I shudder to think of some of the complications that arise from time to time in financing under such a scheme as the American old age and survivors insurance plan. Third, the financing system should be equitable in the sense that it must take cognizance of the ability to pay as between people in various economic positions. And, fourth, the financing system must be practical in the sense that it must not involve costly and difficult administration, nor should it be of such a character that it might run the risk of substantial collection losses.

And again:

> The four points were that the financing system should be universal, simple, equitable and practical.

I believe every hon. member will agree with those four principles. I sincerely believe that the method of financing submitted by the Minister of Finance the other day follows those four principles in being universal, simple, equitable and practical. It is universal because it will touch everybody. Everybody will be in position to say, "I have paid for my pension; I have a right to it".

Mr. Coldwell: Wherever he lives.

Mr. Lesage: In Canada.

Mr. Coldwell: No, wherever he lives. If he has paid for it, he has a right to it wherever he may reside.

Mr. Lesage: There might be some objection to that. I do not intend to discuss that now as it might affect some other aspects of our policy. As I said, everybody will be paying for this universal pension. That is important, because they will receive this pension as a matter of right. With direct taxation only there would be some people who would not pay because of the exemptions allowed. But with this sales tax levy even the poorest person will pay his small share toward his pension, and I believe that is a satisfactory state of affairs.

Is it simple? Surely the method of financing announced by the minister, that is the 2 per cent and 2 per cent, is simple enough.

Is it equitable? It is equitable because everybody will pay according to his capacity.

Mr. Noseworthy: Those having a taxable income of $3,000 will pay as much as those with $100,000.

Mr. Lesage: The only criticism is as to this ceiling of $60 on the amount paid in income tax, and this would affect those having more than $3,000 taxable income. Let us not forget that a young man of twenty years of age who wants a pension of $40 per month to begin at age 70 would have to pay an insurance company $2.25 per month. If he is 30 years of age, he would have to pay $3.52. It is only when he reaches the age of 37 or 38 years that he has to pay $5 per month, which he would have to pay under the direct contribution if he had a salary of $4,000, as a single man, or $5,000 as a married man without children. Would it be fair to ask such a man to pay more in direct contribution than he would have to pay an insurance company? In addition to that he will contribute through the sales tax or spending tax, and will therefore pay much more than his share.

Even though the absence of a ceiling might be considered equitable from the sociological point of view, we must avoid as much as possible any feeling of injustice. We would create a feeling of injustice if we asked in the form of direct contributions much more than it would cost a man to obtain the same benefits from an insurance company. After all, these contributions are being earmarked for a definite purpose. Of course, it must be admitted that the same principles do not apply in the case of taxation to obtain the general revenues. In that case there is no limit; there are many people in Canada who know there is no limit, and they often complain about it. In this particular case it is earmarked for a special purpose. I repeat, if we go too far we will create a feeling of injustice which is not a good thing for Canada.

Now I come again to my answer to the hon. member for Camrose. If the absence of a ceiling meant a great difference in revenue it would be important, but if it only means

a difference in revenue of $7 million on the total that we need of over $300 million to enable us to avoid that feeling of injustice, then I say that we must do it. I appeal to the members of the special committee. Maybe there were times when we talked about a ceiling of $25 or $50, but apart from the hon. member for Winnipeg North Centre I did not hear much said against the principle of establishing a ceiling on contributions. Maybe there were some questions about the amount of the ceiling, but nothing was said against the principle except by the hon. member for Winnipeg North Centre.

Mr. Knowles: And the hon. member for Spadina.

Mr. Lesage: He did not say anything.

Mr. Coldwell: Oh, yes.

Mr. Lesage: He did not say he was against the principle of a ceiling. I have read the quotation. I had the book in front of me when the hon. member for Winnipeg North Centre read it this afternoon.

Mr. Knowles: He went even further. He wanted graduated instead of proportional taxation.

Mr. Lesage: At that time there was no question in the committee of a sales tax. We were talking about direct taxation alone. Let us never forget, however, that the sales tax is a graduated tax. It is a spending tax. The more money you have the more you spend and the more you contribute to the old age pension fund, and that is very important.

Mr. Knight: What percentage of your income?

Mr. Lesage: It all depends. Expenditures subject to sales tax might go as high as 40 or 50 per cent when you get to the higher brackets of income.

Some hon. Members: No, the other way.

Mr. Coldwell: The other way around.

Mr. Fraser: It hits the little fellow.

Mr. Quelch: The lesser the income the bigger the percentage of tax.

Mr. Fraser: It hits the little fellow the hardest. Sure it does.

Mr. Lesage: Our sales tax does not affect the essentials of life.

Mr. Fraser: Oh, yes.

Mr. Lesage: It does not affect food; it does not affect shelter.

An hon. Member: What about margarine?

[Mr. Lesage.]

Mr. Lesage: It is too bad that my friend the member for Fraser Valley is not here. He could answer you about margarine. It does not affect the essentials of life.

Mr. Coldwell: What about clothing?

Mr. Lesage: Here is what Mr. Anderson said in his testimony at page 893 of the proceedings of the old age security committee:

> On the other hand it must also be observed that a tax on spending does not tax savings and some of my economist friends tell me that the present sales tax, for example, in the broad area of expenditure upon which it falls, has about the same impact on different families in the community as would a proportionate tax upon all personal income.

The present sales tax is proportionate to income, and it serves the same purpose as the income tax so far as a proportionate tax is concerned. If we want universality of contribution then I say the only means to achieve it under our present system is through the sales tax. There is no other means because you cannot have universal payment of income tax, and the hon. member for Winnipeg North Centre knows that.

Mr. Knowles: In other words you reduce the exemption levels without saying so.

An hon. Member: Don't pay any attention to him.

Mr. Lesage: The hon. member for Winnipeg North Centre agreed in the committee time and again that the benefits should be universal and that the contributions should be as universal as possible but graduated, in other words according to capacity to pay. I say that with the present system that is exactly what we have except for the ceiling of $60, which I have explained is necessary to avoid any feeling of injustice over something which is not really worth mentioning because it is only 2 or 3 per cent of the revenue we need for the payment of these pensions.

I have heard some criticism, and I have read criticisms in the newspapers, about the fact that these pensions were going to be paid to rich people. I have read attacks on the universality of the pension, something which has been praised by all members of the house. The hon. member for Camrose did not say so in so many words, but he criticized the fact that the richer people will receive this pension. That comes to the same thing as the attack which I saw in the *Gazette* and those which I have heard in certain quarters. Some people imagine that a great proportion of our people over 70 years of age are rich. May I remind the house that we have 700,000 people 70 years of age and over. Of this 700,000 practically half were receiving pensions under a means test which has been characterized as being too narrow.

It has been said again and again, even by the people who criticize universality, even by the *Gazette*, that the way to cure this situation is to raise the permissible income level. I do not know to what extent they want permissible income levels raised but may I say that of the 700,000 people 70 years of age and over there were only 50,000 who in 1949 required the special exemption of $500 for people 65 years of age and over under the Income Tax Act. That means that only 7 per cent of the population of that age group had incomes which were over the income tax exemption level. Who are these 7 per cent? They are the people who will be contributing directly and who have been contributing directly. They are the people who will continue to contribute to the sales tax and who have been contributing to the sales tax and the income tax.

After all and generally speaking, we may divide in two broad categories those who will receive the pension now, those who would have continued to receive it under a means test system such as we have now and those who would not receive it. Generally speaking it may be said that in the first group you will find people who would not have contributed anything directly or very much indirectly toward their pensions. In the second group you will find those who after reaching 70 still have incomes over the present permissible income level. You will agree that it may be said that, in general those people in the second category will have contributed the most through direct and indirect taxation toward their pensions. I say it would be an injustice to deprive these people of a pension for which they will have paid through earmarked taxes.

Mr. Noseworthy: There are worse injustices than that to look after first.

Mr. Lesage: When we have a chance to prevent ourselves from committing a further injustice, should we not do it? I believe we should; and I am surprised that the hon. member with all his talk about justice and equality would not agree with me. I have heard him so many times speak of his own principles of sociology that I am surprised that he does not follow me this time, because I believe that I am speaking of justice with a capital "J" when I say that.

Mr. Sinnott: You need not be surprised at what he says.

Mr. Lesage: I see I have done the thing I had promised myself not to do, and that was to get into the heat of the debate. However, that is my nature. Before I close may I thank sincerely all the members who have been good enough to pay me compliments for my work as chairman of the committee. I would hope that all the chairmen of committees of the House of Commons and of the other place would always have in future years members as co-operative and as willing to do justice to everybody as were the members who sat with me on the committee on old age security.

Mr. Ferrie: Mr. Chairman, I was on the committee, and as a member of it I should like to make a few observations. The hon. member who has just spoken, and who was chairman of the committee, did a wonderful job. He gave everyone a chance, and we always came away from the committee with the idea that everyone was well satisfied. I am sure the committee, when it completed its deliberations, left the impression not only in the House of Commons but throughout Canada that we were unanimous, and that we were satisfied with the principle of the whole thing.

But now we hear a lot of criticism. The sales tax was discussed in that committee, and it was agreed among ourselves that the sales tax was a right and proper procedure. No one challenged that. We go out even to the good old province of Saskatchewan, where it would seem there are some men who just do not agree with those who are here in Ottawa. The minister of public health in Saskatchewan, Mr. Bentley, told delegates at the Saskatchewan hospital convention that the sales tax is about the only way the provincial government can tax people according to their ability to pay. He said that, in that way, those who have the most money to spend are taxed the heaviest.

Now we see them coming here to Ottawa and kicking against the very thing their colleagues in Saskatchewan have accepted as the right and proper thing to do; that is, according to what they say out there. I would ask those who are on the same side as the government in Saskatchewan, those who are doing a lot of talking about the means test, to say if they are going to add to the pension, in the same way it has been added to in British Columbia and Alberta. Are they going to pay $10, $20 or $30 extra to the old age pensioners in Saskatchewan, or are they going to do the same as they did with mothers' allowances; are they going to put on a means test? They put a means test on the poor mothers' allowances, and you cannot get away from that.

An hon. Member: Shame.

Mr. Ferrie: Now they come down here and ask us to cut off the sales tax and get the money from the people who have the ability to pay. In connection with the sales tax,

people do not have to buy, if they do not want to. It does not interfere with the purchase of food. The little people are not going to have all that to pay. It will apply to those who are buying those commodities that are really and truly luxuries. People could get along without those things if they did not want to buy. I say that to earmark the 2 per cent is a proper procedure, and I hope it will be carried through.

Mr. Martin: Mr. Chairman, I rise for a moment to suggest, with great respect, that perhaps we might follow a more orderly procedure in connection with the bill. I understand the rule as to the confining of debate is not clear, in so far as the practice is concerned in connection with the discussion of the first section. I would suggest to the committee that on second reading there was an opportunity—one which indeed was taken this afternoon—to discuss in principle the subject matter of the bill. This bill is twofold in character. On one branch are those matters of direct concern to the Department of National Health and Welfare, and on the other branch are fiscal proposals of interest to the Department of Finance.

So that we may have orderly procedure I would suggest that we confine our general statements on fiscal matters to section 10 of the bill, thus enabling the minister responsible for that part of the measure to take part in the discussion. On the other hand I would take responsibility for the discussion on all other sections, beginning with the one now under discussion, and including section 12. In this way discussion would be in no way foreclosed. No one would lose the opportunity to discuss fiscal matters. I suggest to the committee now that we consider passage of the sections, unless as they are called questions arise which relate specifically to those sections. We could proceed with the sections seriatim, dealing with fiscal proposals under section 10 in a general way.

Mr. Coldwell: What the minister has said might have been better said when his own friends, on his side of the house, were discussing financial matters in connection with the bill. I suggest that, having allowed the discussion to go on in the manner it has from that side of the house, no attempt should be made at this stage to stop anyone on this side from making comments on the points that have been raised by hon. members supporting the minister.

I rise merely to say that as a rule I have refrained from discussing provincial matters in this federal parliament. This is not the arena in which those matters should be discussed. But I am going to say, since the matter has been raised, that as I said the other afternoon when the bill was introduced there might be circumstances under which a sales tax might be arguable. I think that does apply to the provinces, but not to the federal parliament. In this federal parliament we are not limited in what we may do in regard to the raising of money by taxation. The provinces are. From time to time we have encroached upon provincial powers of taxation to the extent that Nova Scotia, Saskatchewan, British Columbia and other provinces are considering putting into effect sales taxes for specific purposes, and social security in particular. But that does not by any means support the view that the sales tax should be put on for this purpose by the federal parliament. I want to say to my hon. friend that the sales tax is an inequitable tax. It does tax those who have to buy the ordinary necessities of life, like clothing for their children, and therefore it does bear more heavily on those with small incomes than those with large incomes.

I listened very carefully to the speech by the chairman of the old age security committee in which he defended the ceiling on the income tax levy. But I noticed this. He quoted with a good deal of approval statements made before the committee by a representative of the North American Life Assurance Company. There were several points, one of them being that the universal contributions should be equitable. He then went on to define what equitable meant, and said that it should be according to ability to pay. Here we find the government has introduced a bill along lines not suggested by the committee, and only those in the middle income group pay the 2 per cent levy. Where there is taxable income of $3,000 the taxpayer will pay the $60. If there is taxable income above that, then the 2 per cent levy is not made on the amount of taxable income above $3,000. Yet the hon. member made a point of the fact that it must be equitable, and that to be equitable it should be based on ability to pay. We relieve those who can well afford to pay from paying more than $60. I say that is inequitable, particularly if you put on a sales tax.

The second point I want to make is that the hon. member based his argument largely on an annuity and the amount of contribution that is made. If that is the case I want to repeat what I said the other afternoon, that clause 5 of this bill should be amended or deleted, because it limits payment of the pension to those people who remain in Canada and are not absent for more than three months. If this scheme is formulated on any basis of equity, and on an annuity basis—and the hon. gentleman showed that a young man of twenty would, in his lifetime, pay for that

annuity—then we have no right to deny him that annuity if he chooses to reside on the Pacific coast of the United States, or if he chooses to go with a daughter or son who may have taken up residence in Great Britain or some other country. That is an inequitable part of this bill, and if we are going to deal with this matter on the basis of equity then that particular clause should come out or be substantially amended.

I want to say that, while an argument may be made for a province, with its limited field of taxation, imposing a sales tax for social security as has been done in British Columbia, in Saskatchewan, and as I have no doubt may be done in other provinces, I think no such case can be made for this federal parliament, where we have the widest possible powers of taxation. Consequently I want to repeat that if we are going to formulate this on a basis of equity, and on a basis of ability to pay, then we should remove that ceiling of $60 so those who can afford to do so will help pay for those who cannot afford to make a contribution. I found rather staggering the statement made tonight, that more than 40 per cent of all people who attain the age of 70 in this country are dependent on relatives or friends or are in receipt of some form of charitable contribution. That, Mr. Speaker, is an indictment of the economic system under which we are living today. I say if we are going to have equity, let us have equity; if we are going to base this on ability to pay, let us have it on ability to pay. Let there be no ceiling. Let it go right to the very top, so that those who have much may contribute for those who have very little. Surely that is the basis of a democratic, modern and, if I may use the term, Christian society, that we should help those who cannot help themselves.

I want to make this point as clearly as I can. I hope that as the committee goes through this bill section by section we shall so amend the bill that we may remove these objectionable features, and make this an excellent measure. It is a measure for which we have long sought, a measure we have long advocated, old age pensions without a means test. I do not like to see a means test in any form in this type of legislation. Step by step, apparently, we are removing this means test. In those respects I have mentioned I do not think this bill meets the needs of the times or carries out the principles the committee had in mind when it reported to this house.

Mr. Sinclair: I should like to observe the rules of the house and not talk about the financial implications of the tax features of this bill. I think the proper time for that will be when section 10 is reached and the Minister of Finance (Mr. Abbott) is here. I should like to promise the hon. member for Winnipeg North Centre and the hon. member for Vancouver East, both of whom are rather hazy about our tax system, that when we reach section 10 I shall come forward and use the figures they quoted this afternoon, to show the real impact of this system of payment.

The hon. member for Winnipeg North Centre, for example, quoted the difference between a married couple earning $6,000 and a man earning $50,000. The hon. member for Vancouver East quoted the case of that happy man out in Vancouver who has an income of $500,000 and he said probably pays about $200,000 or $300,000 in income tax. To illustrate how hazy the hon. member is on taxation, may I say that man pays $434,000 tax if it is earned income. If it is income entirely derived from dividends and interest, he pays another $20,000 surtax. Therefore the idea of such a man escaping scot-free so far as paying into the national treasury for social security is concerned is very wrong. To have the discussion of the present items branch off into a financial debate, especially when some of the members are apparently so hazy about how our income tax, corporate tax and excise tax works, does not serve much purpose. I shall promise the hon. members that the Minister of Finance or I will avail ourselves of the proper opportunity to answer these figures on section 10.

In closing I should like to say that the leader of the C.C.F., in his very plausible way, did not answer the hon. member for Mackenzie. The provincial minister of health in Saskatchewan, who I believe is Mr. Tom Bentley and who apparently did get some good financial schooling when he was a member here, understands that the sales tax is progressive in that the more a man has the more he spends and therefore the more sales tax he contributes. That is the point Mr. Bentley was making in the statement quoted by the hon. member for Mackenzie. He was not making the point which the hon. member for Rosetown-Biggar said, that today the provinces are pretty well restricted to levying direct sales taxes. The provinces are still in effect receiving personal income taxes and corporation taxes from residents of their provinces, because we collect them for the provinces under a rental agreement, and those funds are turned over to them. They could easily, if they so chose, take the money from these rental payments and regard them as income tax contributions from their provincial residents.

However, again I do not want to get into the actual details of the two examples which were offered this afternoon by the hon. member for Winnipeg North Centre and the hon. member for Vancouver East. Tomorrow I shall bring forward the actual contributions to this old age security plan paid by those three groups, the married couple who are both working and earning $6,000, the man who is earning $50,000, and the man—I do not think he will be a constituent of the hon. member for Vancouver East—who is supposed to have this income of $500,000 per year.

Mr. MacInnis: The people of Vancouver East produced it, but that man gets it.

Mr. Knowles: I agree with the Minister of National Health and Welfare and the hon. member for Coast-Capilano in the suggestion that the main body of this financial discussion could be reserved until we come to section 10. In fact, it was not my intention, until the hon. member for Coast-Capilano got up this last time, even to rise to say that at this time, but merely to wait until we reached section 10; and I will do so, so far as most of what I want to say on this matter is concerned.

However, I think I should be permitted to say just a brief word in reply to what has been said by the hon. member for Coast-Capilano and the hon. member for Montmagny-L'Islet. The hon. member for Coast-Capilano has indicated that the wealthy person pays a certain large amount in income tax. He indicated the amount of income tax that would be paid by the wealthy person referred to by the hon. member for Vancouver East. We recognize that fact. We are not hazy on that point at all. Our point is that that man may be paying several hundred thousand dollars of normal income tax to the general revenues of the country, but he will pay only $60 additional for old age security as compared with the same $60 additional that the man with the $5,000 income will pay on his $3,000 taxable income. I suggest that no amount of trying to tell us that we are hazy, and no amount of telling us the large amount of normal income tax that these wealthy people pay gets away from the fact that, as to old age security tax, the additional amount is to be only $60 in any case, no matter how great a man's income may be.

The other point I wish to make is this, in reply to something that was said by the hon. member for Montmagny-L'Islet. I want to repeat the views that many of us have expressed as to the excellent chairmanship he gave to the committee last year. I have reason to be particularly conscious of the way in which he permitted all points of view to be expressed. Part of the reason that the committee did a good job—and it did a good job—was owing to the excellent chairmanship that we had. I may say that he made a better chairman than he does a member trying to argue about the things that are at stake here.

A while ago I noted that he was solicitous for what he called equity; he said he wanted to see that this pension was established on the basis of equity, and that he did not want to collect more than $60 from the wealthy people who would not get back in terms of an annuity or in terms of the old age pension any more than that much money would buy. In other words he wants justice for the wealthy person during the years he is earning the income or getting his money and paying taxes on it. If he had stopped there, it might have been a plausible argument; but then he turns around and talks about the millionaire who has retired, and he wants him to get the full pension too. I agree that he should get it. I want a universal plan, with no means test. I have been fighting this means test for years, and I am not going to waver on that point now. But the former chairman of the committee suggests that in equity, because that millionaire has contributed, he should get the pension. Does the hon. member realize what he is doing? He is asking that wealthy persons be protected at both ends. He is trying to protect them from paying a proportional tax, let alone a graduated tax, on all their income, when they are earning that income and paying tax on it; then he wants to protect them against those who would deny them the pension when they retire. We feel that some of that same solicitude should be expressed for other sections of the community and that this solicitude for equality and fair play calls for the recognition of this plan as aiming at some redistribution of wealth which you do not get when you revert to the insurance or benefit principle.

Mr. Lesage: I am sorry to say that the hon. member for Winnipeg North Centre is under a false impression. I am not trying to protect the wealthy at both ends, and he knows it.

Mr. Knowles: It sounded that way.

Mr. Lesage: No. I said that the young man of 20 or 30 years of age who would contribute more in direct income tax, in view of his pension than he would have to pay if he bought an annuity, would have a feeling of injustice; and that it would be bad if we had a large proportion of our young men who had a feeling of injustice.

Mr. Knowles: Are they millionaires at that age?

Mr. Lesage: I never said that it would not be equitable if we had no ceiling. I said we would notice a general feeling of injustice. That was my first argument. As to the other matter, I said the wealthy people over 70 would reimburse, through various kinds of taxes, what they will receive in whole or in part, because of our general system of taxation.

Section agreed to.

Section 2 agreed to.

On section 3—*Payment of pension.*

Mr. McLure: With reference to proof of age, about which some remarks have been made, there is one matter I wish to mention.

Mr. Knowles: What section are we on?

Mr. Martin: Section 3.

Mr. McLure: We are on any one you may agree that we are on. Any section from 1 to 10 has been in the discussion so far. What I wanted to mention was this. The greatest sting in the tail of this bill is that the aged people are going to have great difficulty with regard to proof of age.

Mr. Martin: May I just point out that section 3 (1) deals with the question of date and the amount, and suggest that at this stage we should confine ourselves to those two aspects of the section. We will come to the matter of proof of age later.

Mr. McLure: I just wanted to refer to this matter, in view of the fact that two or three other hon. members have already referred to it this evening.

Mr. Martin: There will be an opportunity to refer to it later on. My hon. friend may discuss this matter under section 3 (1) (a).

Mr. McLure: It will be too late then. Just let me have my little say now. What I want to say is this. The proposal has been made that, as to proof of age, the matter should be left to a judge or a lawyer, and that if they see a bible or some book containing proof of age that should be taken. What I should like to have added in there is that any clergyman knowing the situation, who can inspect the family bible, may give a certificate and have that certificate taken. I know of two different cases where men applied for the pension and had difficulty about proof of age. One of them was in Winnipeg South Centre three or four years ago. The man could not get proof of age. I happened to know this individual. I knew his parents and grandparents. Some of them were still living. The proof I submitted was this. The clergyman went and saw the family bible, and made a statement to the effect that he saw that this man's birth was registered in that bible. The government of Manitoba accepted that statement and the man got his pension.

No doubt all hon. members, before coming here this fall, have had to deal with many applications. I know I have made out scores of applications for these old age pensioners. The difficulty they had was in getting proof of age. I just want to cite one instance. A retired farmer came into my office; he was 92 years young. Seventeen or eighteen years ago his life companion up to that time passed to the great beyond. His children were living in various parts of the United States. He decided he would sell his little farm and see if he could have enough to live on for the rest of his days. He had figured that it would cost him $500 a year; and for the last ten or twelve years he has been able to get along. But now, with the rising cost of living, this poor soul finds himself in the position that it will take $1,000 where it formerly took only $500. And as he said himself, even then he had to do without a wee drop of doch-an-dorris. When he finished making out his papers I asked him what proof of age he had. He hesitated for a minute and then said: "Well, my mother died when I was a mere child, and I was brought up by an aged grandmother. I have no proof now that my grandmother is in heaven." This man is 92 years of age; yet when his application goes in, because he is a rather smart looking fellow, they will decline to accept it unless he can prove that he is 92.

Mr. Martin: This afternoon the hon. member for Winnipeg North Centre repeated a good bit—I am not complaining about that—of what he had already said, and he was followed by some other hon. members who complained about the amount of the pension provided for in the bill. I have refrained thus far from taking any part in the debate because I thought it would be desirable to explain the bill on the various sections. But in view of what was said I believe I owe it to the house to put on record what was in the minds of those of us who have had the responsibility of framing this particular measure.

I should like to remind the house of some of the words used by the hon. member for Winnipeg North Centre himself when he spoke on this matter on June 29, 1950. Referring to the report of the committee, the main recommendations of which have been followed in this legislation, he said, at page 4442 of *Hansard*:

> Having said that, I am convinced that the task of those who are interested in making progress in the field of old age security is to get behind the recommendations of the joint committee which were tabled yesterday in this house. They do not

go as far as I would have liked to have seen them go. So far as I was concerned, it was a compromise downward to agree to the report. But not only did I agree to it for the purpose of getting what it proposes; I pledged that I would fight for its implementation because my chief concern is to get some real and definite progress in this field of old age security.

These were the words of one hon. member of that committee who had a part to play in the recommendations that came before us in the form of a report presented to this house by the hon. member for Montmagny-L'Islet. He was a member of that committee, like the hon. member for Eglinton. And I may say in passing—I think this is only fair to the hon. member for Eglinton—that his speech this afternoon was in the highest traditions of good parliamentary debate. He took a great part, I know, in the committee's deliberations. Everything that is being done in this bill he did not fully endorse, but he had taken a position, and we were considering recommendations in which he had participated along with all other hon. members who presented the unanimous report. It must not be forgotten that the amount of $40 recommended in this measure is the amount recommended by the parliamentary committee. It was recommended unanimously in June, 1950, by that committee and approved unanimously by the provincial governments with whom we held meetings in December, 1950, May, 1951 and July, 1951. It should not be forgotten also that the proposals made by the government in 1945, based upon the same principle involved in this bill, were for only $30, so the amount contained in this bill is $10 more in amount than that proposed in 1945.

No one is suggesting that this will meet all needs. That is not the argument at all. There is no pension provided by any jurisdiction in the world that can possibly meet all needs.

Mr. MacInnis: What about the judges' pensions?

Mr. Martin: There is not a pension provision in any country of the world that provides for anything but a grant towards maintenance, and that is all it can ever be. The committee had the same considerations in mind that the government had in mind and must have in mind, namely, the rising cost. I refer to the table which will be found in the committee's report at page 86 only to recall to the attention of hon. members what the cost of various pension schemes would be in varying amounts from $30, $40, $50 up to $60. With the increase in the number of aged among our population one has only to calculate what additional burden would be placed—particularly in our attempt to maintain this kind of pay-as-you-go system—on all of the people of the country. And that was a consideration which I say the committee had in mind, as I shall ultimately show.

It should not be forgotten that this amount of $40 a month is the same as the amount of the means test old age pension provided by amendment to the Old Age Pensions Act in April, 1949. Here is what the parliamentary committee had to say about this matter. It will be found at page 106 of the report, in paragraphs 40, 41 and 42:

> The universal pay-as-you-go system is, of course, costly by its very nature. Benefit payments cannot be limited to that section of the population which can prove need, as in the case of old age assistance, or to those who have previously made the required number of contributions, as in the insurance approach. Considerations such as these have made it necessary for countries such as New Zealand and Sweden to set the rate of their present universal benefits substantially below minimum subsistence levels. Such considerations have also led the committee, after close study of the financial implications, to the view that benefit rates under any universal system that may be considered should not be set so high as to make the over-all cost too burdensome.
>
> This argument has added force for a country of such wide expanses and diversified conditions as Canada. Any flat rate benefit for a married couple which would be reasonably adequate in an urban area where living costs are high would almost certainly place beneficiaries in the low-income areas of many of the provinces on a level of living superior to that prevailing in the locality as a whole.

These are not my words; these are the words of the parliamentary committee of which the hon. member for Winnipeg North Centre was a member. The report continues:

> It is considered, therefore, that the rate of benefit paid should be set at such a level as to avoid so far as possible the social inequities of a situation in which the retired beneficiary group might find themselves in more favourable economic circumstances than those not yet retired who are still actually engaged in productive employment.
>
> At the same time, care should also be taken not to diminish the area of incentive for private savings or for supplementary provision of old age security through employee pension schemes or individual purchase of annuities.

These were the views of the parliamentary committee. These views naturally were borne in mind by the government, both in its deliberations with the provincial governments at the conferences to which I have referred, and in the actual final formulation of its policy regarding this matter.

Speaking in this house when the resolution on which this bill is based was introduced I said that the measure then being proposed would place us in the forefront of the countries of the world in respect of the matter of old age security. Nothing that has been said to date disagrees with that statement. Having in mind the criticism made today, this afternoon in particular, I think it important to put on record what Canada's position

is in relation to other countries not only in terms of the total amounts paid, but also in terms of universal coverage and the size of the actual benefits. It will be interesting to see what various countries really do as compared with what Canada is doing under this particular bill.

In the first place it should not be forgotten that this will be the only country to provide —under this measure—for the complete elimination of the means test. In England, in the United States, and in other jurisdictions of the world, where they have insurance principle payments completely or partly in operation they have, side by side with it, a means test system. Let us look at the position in New Zealand. I do this not by way of invidious comparison, because there are extenuating circumstances; I do it simply to put forward in proper perspective the extent of the measure to which at this time in this bill we have dedicated ourselves. In New Zealand, Prime Minister Holland anounced on October 18 of this year that the universal superannuation benefit, which is comparable in most respects to the system we are adopting for Canada, would be doubled effective October 1 of this year. The result is to bring the universal superannuation benefit up to £75 annually or about $230 in Canadian money, less than half the amount of benefit payable under our own legislation.

Mr. MacInnis: Will that be the limit of the universal old age pension scheme in New Zealand?

Mr. Martin: No. I am coming to that right now.

Mr. MacInnis: Do not forget it.

Mr. Martin: My hon. friend is anticipating. As announced by Prime Minister Holland the New Zealand benefit will continue to be increased—I want my hon. and genial friend to follow this—at the rate of £5 annually until it eventually reaches the maximum of £130 on April 1, 1962. As of October 1 of this year it will be subject to income tax. This is what my hon. friend should note. When it reaches the maximum ten and one-half years from now it will amount to approximately $400 in Canadian currency as compared with $480 in the new Canadian pensions being provided for under this bill.

Mr. MacInnis: What is the age at which the individual becomes entitled to pension?

Mr. Martin: Sixty-five years. I am dealing now with the question of the amounts, and at the outset I said there were extenuating circumstances. I am just seeking to show that the amount provided for in this bill, as recommended by the committee, is not as inconsequential as some hon. members have in their comments suggested.

Let us look at the United States. The social security act of that country was amended in September 1950 to provide higher old age insurance benefits. The average benefit currently payable, as reported for June 1951, is $42.57. That is the average primary benefit for a single person, the average for a married couple being $63.83. In Canada the benefit will be $40 for a single person and $80 for a married couple when both are on pension. The result in Canada as compared with the United States is that our average pension for married couples is higher than that of the United States and only $2.57 less than the average for single individuals in that country.

Mr. Browne (St. John's West): At what age does it come into effect in the United States?

Mr. Martin: Sixty-five years. Remember, the payments are gradual and progressive. I have given the average. All the payments do not come up to that average except in progressive stages. In the United States they apply the orthodox insurance principle to only a portion of their working force, and it is important to note that fact. What this bill does is provide a pension for everyone in Canada without a means test, for farmers, factory workers, office workers and so on. As the hon. member for Eglinton pointed out, in the United States where this orthodox insurance principle is applied there can be only a limited coverage. In that country they cover only a portion of the working force and in order to provide for others who do not contribute they have to maintain a means test program in connection with which the total number of present beneficiaries is greater than under the orthodox insurance scheme. Under the means test old age assistance program in the United States the average payment for all 48 states in June, 1951, was $43.23. As of June, 1951, there were still 2,745,000 individuals in the United States who were in receipt of old age assistance on a means test basis, more than the number of aged persons who were benefiting from old age insurance.

In the United Kingdom the rates of benefit which were 26 shillings weekly for a single person and 42 shillings for a married couple were increased within the past year. The maximum now payable is 30 shillings for a single person and 50 shillings for a married couple, or about $228 yearly in Canadian currency for a single person and $380 yearly in the case of a married couple. The exchange rate as of October 30 of this year is $2.92 to the pound. Those rates are much below

the rates that will apply in Canada under this bill, being $480 for a single person and $960 for a married couple in receipt of pension.

Australia has also increased its old age pension rates, which are paid there subject to a means test. Australia has no means-test-free pension plan at all. The new maximum pension in Australia is £156 per year or $364.87 in Canadian currency, the exchange rate as of October 30 of this year being $2.34 to the pound. That payment of course is subject to reduction on a means test basis if the applicant has other income.

I could make similar comparisons with other countries such as Sweden, Switzerland, France and so on. They would all show that with the possible exception of the old age insurance benefit for a single person in the United States, which averages about the same as in Canada, the Canadian benefits for single and married pensioners are clearly more generous than those of any other country in the world.

I think it is only fair that in a discussion of this sort, where there have been honest suggestions on the part of some hon. members who support a higher rate, these facts should be placed before the committee. The hon. member for Queens suggested a moment ago that the method of proving age was something that ought to be given further attention. There is not much sense in my repeating what I have already said, namely that the number of people who prove age through the production of bibles is limited. In the case of the province of Ontario it represents only about one per cent of the methods employed.

I should like to bring up to date the statistical situation, as I think the hon. member for Eglinton the other night suggested I should. As the house already knows, 320,000 old age pension cases have already been transferred automatically from the existing pension rolls for receipt in January of the universal pension. The number of new application forms that have been received is 291,922. There are now about 88,000 or less applications to come in, making an estimated total of 700,000 altogether. Therefore well over 600,000 files or applications have been put in, and of that portion the vast majority have been finally processed. Some 320,000 old age pension transfers have been completed, 190,606 new applications have been approved for payment, 101,326 are currently under study, and 88,000 or less applications have not yet been received. Therefore we may refer to 510,606 as completed. We have currently under study 101,326 and some 88,000 yet to deal with, with more time yet at our disposal to provide the kind of examination that we are making. There is no doubt that on the basis of our experience to date we will have no difficulty in providing payment to all those who are entitled to and who can qualify both as to age and residence for the universal pension. I might say that when we come to the section dealing with the census I will be able to say something about our intentions in that regard.

Mr. Fleming: I think we are at the section dealing with the census. It is subsection 3 of section 3, which is now before the committee. I was going to ask the minister in that regard how soon following the enactment of this bill will the census records be made available by the dominion bureau of statistics to the Department of National Health and Welfare for this purpose.

Mr. Quelch: While the minister is on that question, can he explain why this section limits the utilization of census returns to those taken at least thirty years before the request is made? Will that not mean that if an old age pensioner who has been in this country twenty-four years is unable to prove his age by any other means than the census, he would have to wait until he has been a resident for thirty years in order to receive the benefit?

Mr. Martin: With respect to the case that my hon. friend has mentioned, we will be able to get the age of that particular person from immigration records. As to the question asked by the hon. member for Eglinton, the situation now of course is that there would be no legal authority for the use of the census by any authority other than the head of the bureau of statistics, and his power to transmit that information of course is, like anyone else's, restricted by the law as it now is. As of December 1, and after the passage of this measure, authority will have been given for the use of the census by the director of the bureau of statistics or anyone delegated by him. In this case it will be the directors in our ten regional family allowance offices who will have microfilm copies, and I suppose as a result of that typewritten sheets, which will contain the census records, which will make it possible to deal with any situation that may be doubtful.

I should point out that even the census records themselves are double-edged in their possible effects. We have had many instances where we know the census record does not accurately state the facts as alleged for some reason or another, and while in most instances we can look upon it as a reliable measure it must be noted that it is not foolproof. The hon. member for Vancouver East pointed out today that it was clearly my duty to see that

the law was observed, and that people who applied for old age pensions were able to establish unequivocally, with help, humane effort and understanding, their entitlement to the pension. Therefore with the existing modes of proof, marriage records, immigration records, insurance records, all sorts of corollary documents, it will not be very difficult, I am sure, for us to deal with the remaining cases, particularly when we consider the great success we have already had in dealing with so many thousands who will qualify for the pension.

Mr. Fair: When dealing with the question of proof of age a week ago today the minister enumerated, as appears at page 408 of *Hansard,* the different methods that might be adopted. He went on to mention the types of evidence that may be offered in addition to the bible. I wonder if the word used by him, "offered", might not be changed to "accepted". There is a loophole there that many people do not like. Could that be changed?

Mr. Martin: We might use the word "considered".

Mr. Fair: That means you may or may not accept any of the types of proof that are mentioned here.

Mr. Martin: It depends on the document. I have no discretion in the matter. If the house approves of the qualification of 70 years of age it is my duty to see that the person who puts in an application is 70 years of age. The documents we have suggested are by no means exclusive. There may be others. I merely gave those as samples of the kind of document we expect, or that might be used. I can assure my hon. friend that when a document is presented and there is any grave doubt, the crown does not get the benefit of that doubt. Nevertheless I must make sure—and when I say "I" I mean the officers of the department in our ten regional offices—as to age. As the hon. member for Vancouver East pointed out today, it is clearly my duty to make sure that those who are qualified get the pension, and the implication quite clearly was, and properly so, that the man or woman who is not entitled cannot legitimately, in the name of good government, be given a pension which the act does not provide for.

Mr. Fair: I have no objection whatever to the minister seeing that proof of age is established. However, before coming here for the session one of my neighbours, who was born in Ontario some years ago and who I believe is now about 72, came to me and said she could not get a birth certificate. She did not have one and could not secure it at Toronto. I wrote to Toronto, and they have no record of a certificate. This particular lady had her marriage certificate. She is a widow. Her age is on the marriage certificate. Would that be accepted?

Mr. Martin: No doubt about that.

Mr. Fair: Very good. I should also like to know whether the pensions of persons who make application before the end of the year and have difficulty in establishing proof of age, will be made retroactive to the first of January?

Mr. Martin: That is right.

Mr. Fair: Thank you very much.

Mr. Johnston: May I ask the minister if an insurance policy would be considered as evidence.

Mr. Martin: I have seen some insurance policies that would not, but most insurance policies would.

Mr. Fraser: Does the minister mean where they carry the notation, "proof of age acknowledged"?

Mr. Martin: Yes, some insurance policies have on them clearly the age, date and all that sort of thing. But we have had to reject some policies, and I think the hon. member would have agreed with our decision. Generally speaking, however, the answer would be yes.

Mr. Noseworthy: Would the age stated on citizenship papers be accepted where no other papers are available?

Mr. Martin: It would depend when the citizenship certificate was issued. A citizenship certificate issued last week would be evidentiary, but it would not be more than evidentiary. But a certificate of naturalization in 1921 would certainly be absolute proof. It depends, of course, on the circumstances.

Mrs. Fairclough: This afternoon I asked whether a marriage certificate dated 1889 would be accepted, and the minister has indicated since that it would be.

Mr. Martin: I wish to indicate clearly that my hon. friend was not producing her own marriage certificate.

Mrs. Fairclough: I can readily understand that the minister would be in some doubt. Nevertheless would it not follow naturally that anyone who was married in 1889 must be over 70 years of age? Some of these old marriage certificates do not give the date. Would the minister say that 1895 would come under the same category? That would mean that they had been married 56 years, and at an age of 14 or 15.

Mr. Martin: Around that date.

Mrs. Fairclough: Would the minister say that a marriage certificate of 1895 would be accepted as proof?

Mr. Martin: I had the figure 1897 in my mind.

Mrs. Fairclough: Then we will say 1897, and be generous about it.

Mr. Martin: No doubt about that.

Mr. Fleming: On October 25 I asked a question as to the number of applications which had been rejected.

Mr. Martin: There are 5,000 rejected.

Mr. Fleming: Rejected, as distinct from cases of applications held for further proof.

Mr. Martin: That is right. And I should add that the reason was either because they were not 70 years of age, or because of some difficulty about residence.

Mr. Knowles: I wish to thank the minister for the compliment he paid me in quoting a short time ago from remarks I had made on this subject in June of 1950. It so happens that in considering what one might say in debate at this time, and last Thursday, I had considered the possibility of picking some paragraphs out of that speech myself, just to indicate to the committee how keen I have been ever since June of 1950 to see to it that the recommendations of the committee were implemented at the earliest possible moment. The minister will recall that all through last session I kept prodding the government on this matter; and I am delighted, as I have said before, that we are now implementing those recommendations.

However, I must confess that I find it a bit difficult to understand the minister's failure to recognize that there has been a 25 point increase in the cost of living since the committee made that recommendation. One of the reasons that the committee, having done such a good job in getting rid of the means test and getting the eligible age for new pensions down to 65, was prepared to turn in a report that left the figure at $40 a month—even though some of us did not like it—was that the cost of living index was not higher in June, 1950, than the point it had reached. If my memory serves me correctly, the latest figure we had at that time was about 164 or 165; I believe it was 164 at the first of May, and that was the figure we received at the beginning of June. But the cost of living index is now 189·8, and maybe tomorrow or the next day we will have a higher figure. It is because of this 25 point increase in the cost of living index that those of us who have been anxious ever since June of 1950 to see the implementation of the recommendations of the report are now so deeply concerned with the need for increasing the amount of the pension.

The Minister of National Health and Welfare read a number of quotations from the report of the committee bearing on the question of the level of the amount of a universal pension. For example he quoted paragraph 41 from page 106 of what may be described as the conclusions in the report, where it states:

> It is considered therefore that the rate of benefit paid should be set at such a level as to avoid so far as possible the social inequities of a situation in which the retired beneficiary group might find themselves in more favourable economic circumstances than those not yet retired who are still actually engaged in productive employment.

I can remember we had arguments in the committee as to whether $40 did represent that level. At any rate that was the view of the committee as a whole, that perhaps $40 approximated that level. My point is that the cost of living having gone up 25 points since then, that level which—in the words of the report—is reasonable and does not create the social inequities referred to in the other sentence is surely at a higher point. I do not think the minister can make any case at all for the sanctity of that $40 figure—even if he were to quote all the pages in this blue book—in view of the full 25 point increase in the cost of living index since the committee made its recommendations to parliament.

As a matter of fact I had intended to raise this question before the minister got to his feet, and to ask him if the government had not considered the possibility of raising that amount before bringing in the bill, in view of the increase in the cost of living index since June of 1950. I am sure the minister is anxious to answer my question.

Mr. Martin: I am anxious, but I thought I would let others speak, because I should like to have the bill passed as quickly as possible. My hon. friend has asked me if the government considered it. The government gave this matter the greatest consideration. I think perhaps this would be the proper occasion to give the background of this measure, in its context in relation to our total national obligation.

When the committee made its report to the house in June, 1950, the war in Korea had been on, I think, about a week, and I had just returned from Halifax. I did not have a chance to discuss at length with the Prime Minister or my colleagues the implications of Korea in relation to this report. Hon. members will remember that when I had proposed the setting up of this committee it was charged by my hon. friend and others that

these were delaying tactics, that the government was not sincere in its attempt to bring in this non-means-test system. That was natural debate.

I indicated that we were sincere and that we were going to establish a committee. I indicated that we intended to give that committee's recommendations the most serious consideration. I came back from Halifax the day the report was discussed in the house. I went down next to the Prime Minister who was in his seat and said that I had not had a chance to discuss with him or with my colleagues the recommendations of the committee, but that I proposed to say to the house that night that the committee had done a very thorough job, perhaps one of the most thorough jobs ever done by a parliamentary committee, that the government was going to give its most sympathetic consideration to its recommendations, and that the report would serve as a basic document in our subsequent discussions with the provinces.

Now, my colleagues and I then did not fully appreciate the extent of our obligations in Korea, or the extent of our obligation under the Atlantic security pact. Since that time this country, in its effort to make a contribution toward the preservation of decency and civilization in the world, has embarked upon a peacetime—in this so-called twilight zone between war and peace—program of defence expenditure which is away beyond the dreams of anyone in this country. When I was a young member in this house in 1938 our national defence expenditures were around $38 million. Today we have committed ourselves to a three-year program of defence building, our defences amounting to over $5 billion. I say to you, in the face of that background, that a government which at this time has had the courage—and I say that advisedly because of the discussions we all had in cabinet and because of the character of the world in which we are living—to bring forward and support this parliamentary committee's proposals in an amount that is exceeded, as I have indicated, by no other country in the world, is a government that certainly cannot be accused of not having given this matter the greatest consideration.

Mr. Knowles: May I point out, despite the type of answer the minister has given, that he has not told me whether the cabinet, in drafting this bill for presentation to this special session of parliament, gave consideration to the plight of our older citizens occasioned by the 25 point increase in the cost of living index since the committee made its report. Surely the government that said it was going to carry out the recommendations of that committee should have considered the spirit of that committee's report, as well as its precise wording and its precise figures. I suggest that the increase in the cost of living index really makes a difference with which the minister has not properly dealt.

He has told us of the increased obligation that we have because of the situation in Korea, and because of our commitments to NATO. There again, Mr. Chairman, is the old story. I know some hon. members do not like us to say it, but we find $1,600 million a year rather quickly when we need it for purposes of defence. I am not denying it is needed. But when we suggest that because of an increase in the cost of living index of 25 points there should be an increase of only $10 per month in the old age pension over what the committee suggested in June 1950, which would amount to only $160 million per year more than we are now spending on pensions, we are told that because of the war we cannot do that. This, too, in the face of the fact that so far in this fiscal year the government has piled up a surplus of over $500 million. I based that statement that $50 per month rather than $40 would cost only another $160 million on the table on page 100 of the committee's report to which the minister himself referred. I am sorry; the increased cost is only half that amount. I must thank the member for Eglinton for correcting me, because I was looking at the $60 column.

Mr. McCusker: Have you the $80 ready too?

Mr. Knowles: As a matter of fact the table on page 100, if I may say so to the member for Regina City who is laughing at this remark—

Mr. McCusker: I am not laughing at it, I am just asking if you have the $80 one ready too.

Mr. Knowles: I might tell the hon. member for Regina City, who is parliamentary assistant to the Minister of National Health and Welfare and who should know what is in this book, that the other column is the column for $100. I was looking at the column for $60, and noted that it gives a figure for 1951 of $485 million which, when compared with the figure given in this book for $40—namely $323 million—makes a difference of $160 million. That is only one-tenth of this year's expenditures on defence. I said that it would cost only that much more; but that would raise the pension to $60, which would be a more reasonable figure. To raise the pension to $50 a month, I look at the other column and find it would cost $404 million which, when compared with $323 million, makes a difference of $81 million. The estimate contained in this report for the $40 per month has been slightly exceeded in the experience of the

Department of Finance. Similarly, the other estimates might be exceeded; but the difference is of that order, somewhere between $80 million and $85 million per year, to make up for the 25 point increase in the cost of living index that has taken place since the committee made its report. I like to hear these words of praise for the work of the committee. I am second to none in my enthusiasm for the job it did and for the essential soundness of the recommendations it made. But I submit that the fact that the committee made certain recommendations does not mean that for the next hundred years the pension is going to stay at $40 per month.

The 25 point increase in the cost of living that has taken place since the committee made its report places an obligation on this government—which says it respected the report and was pleased with it—to increase the $40 per month by at least $10. I say again that would mean only $80 million or $85 million per year in round figures, as compared with the fact that we did find $1,700 million per year for defence purposes, and as compared with the fact we have this year piled up a surplus of over $500 million. I do not feel the government has given respectful consideration to the recommendation of the committee in its failure to bring it up to date in terms of the cost of living.

The Chairman: Shall the section carry?

Mr. Black (Cumberland): I have one question I should like to ask.

The Chairman: On section 3 or section 4?

Mr. Crestohl: I have one question I should like to ask on section 3.

The Chairman: The hon. member for Cartier.

Mr. Crestohl: In subsection 1 of section 3 I note that the term "resided" is used twice. I was wondering whether the term "domiciled in Canada" would not have been more complete. When we speak of a person who has resided in Canada for at least twenty years immediately preceding the date on which his application is approved, I can visualize that perhaps through illness, and particularly at that age, a person may have to go to another climate for his health. He might still retain his domicile in Canada, because he does retain his domicile in Canada for income tax purposes. Although he may be absent from Canada he is still subject to our income tax. I think therefore, Mr. Chairman, that the words "resided in Canada" should be replaced by the words "domiciled in Canada".

Mr. Martin: I may say that consideration was given to that matter, and we decided that the word "reside" better fitted our intentions than the word "domicile". A person might not be in the country and yet have Canadian domicile, as my hon. friend so well knows. He would not have contributed in any way during the period of absence, either through contributions by way of sales tax or otherwise. Under the circumstances, we have decided that the word "reside" fits better the intentions we had in mind than the word "domicile".

Mr. Crestohl: Would the minister be of the opinion that if he retains domicile in Canada, he is no longer subject to making contributions to income tax?

Mr. Martin: No, sales tax.

Mr. Crestohl: Not sales tax but income tax.

Mr. Martin: We hope to raise about $145 million through the transfer of 2 per cent of the existing sales tax and that is something towards which he would have made no contribution. We have fully considered that matter.

The Chairman: Shall section 3 carry?

Mr. Black (Cumberland): I should like to ask a question somewhere in here on section 3 or 4 or 5.

The Chairman: We are still on section 3.

Mr. Black (Cumberland): I can ask it on section 3. I should like to ask the minister at what stage a person will be eligible for pension after January 1: in one month, three months or six months? At what stage before he reaches the age of 70, when he will be eligible to receive a pension, should he apply for the pension so that he would be recognized as being eligible?

Mr. Martin: At 69½ years.

Mr. Black (Cumberland): I am referring to the future.

Mr. Martin: Yes.

Mr. Black (Cumberland): When that person reaches the age, subsequently to January 1, 1952, how many months prior to or at what time in advance of the time that person reaches the age of 70 should that person apply for old age pension?

Mr. Martin: As I said, at 69½, or six months before.

Mr. Black (Cumberland): Six months before?

Mr. Martin: Yes.

Mr. Lesage: Yes, but he does not have to apply six months before.

Mr. Martin: No.

Mr. Lesage: He may apply six months before, but he has to apply in the month preceding the month when he reaches 70.

Mr. Martin: That is right.

Mr. Fraser: And the pension starts when?

Mr. Lesage: The following month.

Mr. Fraser: From the date of the application?

Mr. Martin: That is right.

Mr. Fair: In subsection 3 of section 3 provision is made in connection with proof of age, to the effect that reference may be had to any census taken more than thirty years before the request for pension is made. I wonder why we have to go back thirty years. Would twenty years not be sufficient?

Mr. Martin: That provision is the same as the provision in the acts which we passed at the last session of parliament, the Old Age Assistance Act and the Blind Persons Act. As I said, when I spoke in answer to a question put by my hon. friend a few minutes ago, the census is a double-edged weapon. It is not an absolute measure. For one reason or another a person may possibly have given an age that was not accurate. It might have been lower than the actual age, and so on. By going back for that period we feel that it adds to the strength of the evidentiary quality of the census as a measure of proof.

Mr. Fair: In connection with that matter, I think you will find that a number of other records may not be accurate either. I am thinking, for instance, of immigration records.

Mr. Martin: That is right.

Mr. Fair: I have been told by some who are connected with the old age pension administration that when someone entered the country and had a number of children, he would possibly give their ages as two or three or four years younger than they actually were. I guess you have to be careful.

Mr. Martin: That is right.

Mr. Macdonnell (Greenwood): In section 3 (1) (b) there is the phrase "has resided in Canada" for the twenty years, and so on. Then in paragraph (i) there is used the phrase "has been present in Canada prior to those twenty years". Is there a different sense in those words "has been present" from what there is in the phrase used above "has resided"? Is it not the same thing? If so, why are the two different phrases used?

Mr. Martin: One counts the days in the phrase "has been present".

Mr. Macdonnell (Greenwood): Could the minister not agree that what paragraph (i) says is that if you have not been here for a continuous twenty years, then you can look back prior to that and see if there is twice the gap, or twice the amount needed; and if there is twice the amount, then you can make up that gap in your twenty years. I wondered why different phrases are used. It seems to me that it may be confusing.

Mr. Martin: As I say, one counts the number of days. When we use the phrase "twenty years", it does not mean a full twenty because, under the act and the regulations, following the practice in the Old Age Assistance Act, one year does not mean twelve full calendar months, because a certain period of absence is allowed, namely sixty days. So where you calculate the number of days, as we do in subsection 1 (b) (i), you are calculating there the actual time; whereas where it says "has resided in Canada for the twenty years", you are not speaking of a specific number of days. It may be a full 365 days, but more probably it is 365 less 60 or some lesser amount than 60.

Mr. Macdonnell (Greenwood): I may say quite frankly that I cannot follow the minister. It seems to me that what you are doing is measuring. That is the tenor of those two subsections. When the minister says you are counting the days, I cannot follow him. I am not going to press the matter further because it may not be of importance. But it seems to me that you are using two different phrases to describe exactly the same kind of thing; and if you are, it seems to me that you may be running yourself into confusion which is unnecessary, if I understand it correctly.

Mr. Martin: It has been in the old act and the present act since 1947 and it has worked satisfactorily.

Mr. Fleming: I should like to put this to the minister in the light of the question asked by the hon. member for Greenwood. I suggest that "reside" and "be present" are two quite different things. A man can have his residence in Canada in the sense of being ordinarily resident here, which means ordinarily present, and yet be absent for perhaps an extended period.

Mr. Martin: That is right.

Mr. Fleming: In paragraph (b), "has resided in Canada" means he has had his ordinary place of residence in Canada. So when you come to paragraph (i) of paragraph (b), you are thinking then simply in terms of physical presence in Canada.

Mr. Martin: That is right. You are counting the actual number of days.

Mr. Fleming: In paragraph (b) you are thinking about the actual residence in Canada for the twenty years immediately preceding the date of application. They are two distinct things, and I think it is proper that the language used in each clause should be distinct.

The Chairman: Shall clause 3 carry?

Mr. Herridge: Before the clause carries, may I say that I am particularly interested in exploring the various ways of trying to prove age, because in a number of cases that I know of the great difficulty is in that respect. I should like to ask the minister this question. Would a newspaper account of a man having been a witness in a murder trial fifty years ago be accepted as proof of age?

Mr. Martin: Yes.

Mr. Herridge: Would a newspaper account of a man having served on a jury fifty years ago be accepted as proof of age?

Mr. Martin: Certainly.

Mr. Fleming: Who is the applicant there? Is it the murderer?

Section agreed to.

Section 4 agreed to.

On section 5—*Suspension of pension.*

Mr. Coldwell: I have been particularly interested in this section ever since the Minister of Finance stated that this was in effect a contributory plan. The hon. member for Montmagny-L'Islet, the chairman of the committee, seemed to agree that if that were so, no matter where the individual lived, having paid it he was entitled to receive the pension or annuity as the case may be. I think that is sound reasoning. If during the course of one's lifetime one pays, in some form or another, for the annuity at age 70, then that annuity is of right and should be paid regardless of where the individual lives. I said the other day I understood that was the principle in the United Kingdom act, and I believe in some other acts. Consequently, Mr. Chairman, I move that subsection 1 of section 5 be deleted and the subsections renumbered accordingly. I think there is every reason why that amendment should be supported by the committee or indeed, better still, accepted by the minister in charge of the bill. I would be delighted to withdraw the amendment if the minister is prepared to say that the amendment, or the substance of it, will be accepted by the government.

Mr. Martin: Mr. Chairman, I would suggest to you with great confidence that this amendment, while it represents what my hon. friend intends, is clearly out of order, as it does involve a proposal that would add to the expenditures of the crown and is therefore not within the competence of my hon. friend to propose. I do not deal now with the merits of the amendment, but I do suggest to you that it is clearly out of order.

Mr. Coldwell: I would suggest this to the minister. If that is so, and I think there is some validity to the point he has raised, he himself could move the deletion. Why not let this clause stand tonight for further consideration? Personally I think if what has been said by the Minister of Finance and other members on the government side of the house is true, that either through the sales tax or through the contribution of 2 per cent —and we have seen it demonstrated that at certain ages, at age 30, for example, a young man making that maximum contribution will buy an annuity at age 70—a fund can be built up sufficient to provide a pension at 70, if the argument they use is properly based and sound, we have no right to limit the individual in any respect in the receipt of the annuity for which that individual has paid. I suggest that I would be glad to withdraw the amendment if the minister would give the matter consideration, and then we could hear what the decision is later on. But if we are to have a plan of this description, outlined as we have had it, and the limit of 2 per cent put on the contribution on the ground that that is all that is required by a young man of 30 to buy an annuity at age 70, then I think we are on strong ground in asking that this bill be amended as suggested.

Mr. Shaw: Mr. Chairman, my colleague—

The Chairman: Is the hon. member speaking on the point of order?

Mr. Shaw: No.

The Chairman: Since a point of order has been raised I have to give a decision. I would refer hon. members to citation 486 of Beauchesne's Parliamentary Rules and Forms, third edition, which reads:

> Reductions can be made in committee on the bill, but no grant can be increased except upon recommendation of the crown.

No private member can move an amendment to increase the amount. Therefore I must rule the amendment out of order.

Mr. Shaw: We certainly join with the hon. member for Rosetown-Biggar in requesting the minister to reconsider subsection 1 of section 5. This is one of the matters I had

in mind this afternoon when I suggested to the house that we should give extremely careful consideration to any or all provisions which might have the effect of depriving one of the benefits after he has paid into the fund over a period of ten, twenty, thirty, forty or fifty years. While we agree with you, Mr. Chairman, that under the rules of the house it is not possible for a private member to move an amendment of that kind, we certainly do feel that it is deserving of an explanation from the minister; and I suggest that he let it stand.

I should like to ask the minister whether he is able to give information with respect to the provision which may have existed in the old non-contributory act with respect to this matter of absenteeism from Canada.

Mr. Coldwell: Since you rule the amendment out of order, Mr. Chairman, may I put this to the minister? I understand that the limitation of $60 is owing to the fact that by paying more than $60 a person would not receive all that he pays in. If that is so, then is not the individual by the same token entitled to all that he has paid for? If he has paid for an annuity he is entitled to it regardless of where he may be. It is the government that has introduced this matter of annuity and the basis of universal contributions for a universal benefit. That is the argument that has been used by the government. I am merely accepting their argument and basing my contention in this regard upon it, and upon their own premise. I should like the minister to reconsider this clause.

Mr. Gibson: It is not too often that I find myself so completely in agreement with the leader of the C.C.F. party.

Mr. Knowles: You have to be right once in a while.

Mr. Gibson: In this particular instance I agree that he has a valid point. The amendment may be out of order. I am sure it is if you so rule, Mr. Chairman; but I would like to think that the government would give this matter very careful consideration and probably do as the leader of the C.C.F. party suggested. As the minister said, these pensions are now given as a matter of right. They are not charity. It has also been very firmly established here that we as Canadian citizens are going to pay for them. I have residents in my riding from the old country who are receiving pensions from that country. I should like to think that our old people who might find it necessary to go to live with relatives in the United States—we have a great many Canadians down there—would not be deprived of that for which they have paid, and what their sons and daughters remaining in Canada will continue to pay for. I should like the government to give the matter further consideration.

Mr. Coldwell: It would affect very few people.

Mr. Martin: I do not fail to appreciate how the question would arise in the minds of some hon. members. But I am sure that with the explanation I propose to give the question will be seen in its true perspective. It is not a matter that we have looked at lightly. Because of the factors involved I think I should clearly indicate in detail the reasons for the provision. The arguments put forward by the hon. member for Rosetown-Biggar are largely based on the declaration of the Minister of Finance of the objective of this measure, namely the system of special contributions to provide the financial wherewithal for this measure. Because of this objective it is now argued that no one who leaves the country should be denied the opportunity to benefit while outside the country. One must think of this in the light of the committee's own consideration of the problem. It is true that the committee did not undertake the responsibility which I think belongs to the government, particularly to the Department of Finance, that is fiscal policy, but the committee did project certain examples of the type of financing which it put forward tentatively. One of these, perhaps the most prominent and certainly the most discussed after the committee's report was made public, was the proposal for a 2 per cent levy on all individuals and on employers with the idea of relating as nearly as possible benefits to payments. This was suggested as applying to a much wider group of contributing and paying individuals than is contemplated in the legislation now before us.

In that example, the exemption for a single person was to be lowered to $750 and that of married persons to $1,500, recognizing the principle of exclusion. If that had been adopted, while I do not say my hon. friend's argument would have been completely valid, it certainly would have been very strong. But what should be noted is that the fiscal proposal actually put forward, for single persons the exemption is left at $1,000 and for married persons at $2,000. One could argue incidentally and parenthetically that the obligation imposed upon the smaller income individual is much less onerous under this proposal than in the proposal projected in the example given by the committee, to which I have just made reference.

The assumption of my hon. friend's argument is that many more people are contributing toward this scheme than is actually the case. I confess personally that if it were practical—I am convinced now, as are my colleagues, of the impracticability of the greater reach—we wanted to have the greatest coverage, to have the greatest possible number of people receive the widest benefits. But we were faced with the practical consideration that the lowering of exemptions, apart altogether from putting a greater burden on the lower income persons, would create the greatest of administrative difficulties in collection and so on. If that had been done there would have been stronger validity to the argument of my hon. friend.

This problem is not new. The hon. member for Red Deer asked the practice under the present Old Age Pensions Act. The practice there is that if a man leaves the country his payment is suspended, but it can be reinstated when he returns. Admittedly the problem does have a feature of difficulty, and it is not one that we alone have had to face. Other countries have been faced with this problem. I am certainly convinced that after taking into consideration all aspects of the problem we have arrived at a reasonable and fair provision in regard to this matter, at least for the early years of the program's operation. It must not be forgotten that the people of 70 years and over who will be receiving pensions under this scheme will, while they are living in Canada, be making continuing contributions through the sales tax. People who leave the country—and there are people who undoubtedly would for a great length of time, which was the point raised by the hon. member for Cartier—such people would be outside the reach of the application of this continuing tax.

I can only say that we shall have to look at the matter to see whether we have been too strict. I think in principle we are right. Experience will indicate, as the program matures and takes on more distinctly the characteristics of a contributory system, whether or not some amplification of the provisions presently proposed will be desirable. The hon. member for Rosetown-Biggar has argued that since the program is to be based—he was not complete enough in his statement—in part at least on the principle of individual contributions the pension should be paid as a matter of right, and the individual should be able to draw the pension whether he continued to live in Canada or in another country.

The section refers to absences of the pensioner from Canada and the effect on the payment of his pension because of such absences. It will be noted that he may be paid the pension retroactively under the section for the entire period of his absence if it does not exceed three months of any calendar year. The effect of that is—this is important—that he may be absent for a continuous period of six months without loss of pension, provided those six months are spread equally over two years, as for instance October 1, 1952 to April 1, 1953. That would mean in effect that a person could be absent from Canada for unbroken periods of up to six months every second year.

The position of a retired worker under the old age and survivors insurance program in the United States is altogether different. That scheme is an orthodox contributory scheme to which only a limited number of people in the country contribute, such as the worker who can be reached by payroll deductions and the employer. There is no contribution whatsoever out of the general revenues of the United States. Just as in any scheme involving an insured and an insurer, absence from the country does not vitiate such a contract. That is the situation under the orthodox contributory scheme in the United States.

But that is not our scheme. In the United States only a limited number of people contribute. Contributions are limited to those who are capable of being reached by a payroll deduction plan, and they represent less than half the workers of the country. I am sure the difference between that system in the United States and ours will be apparent. In that case there is no contribution made from the general tax revenue; it is a direct private contractual arrangement between two parties, the employer and the employee. In our case the proposal is that there shall be a 2 per cent tax on corporations and a 2 per cent tax on individuals. The estimated revenue in the case of individuals is about $90 million; in the case of corporations, about $60 million, with $145 million to be raised by 2 per cent of the existing sales tax. That presents an altogether different scheme, one that does not give rise in any way to the same moral obligation which I suspect my hon. friend has in mind when he speaks about this matter. All persons 70 years of age and over with a certain period of residence in the country will be able under our scheme to draw benefits automatically as of right whether in fact—and this is the important thing—they have made any personal contributions at all. That is not true in the case I have taken in the United States.

The provisions in our new law dealing with direct personal contributions will affect only

those persons who are income tax payers, and the number of income tax payers is distinctly a minority of the total of our population. It is correct to state therefore that roughly 50 per cent or more of the beneficiaries of this new program will be individuals who have not at any time made a direct personal contribution into the fund. They will have made it in respect of the sales tax, but if we were to give this right to people to leave the country we would be giving them a preferential position as opposed to those individuals who, if not making a direct contribution, are making a very significant contribution through payment of the sales tax. My hon. friend nods his head.

Mr. Coldwell: I shook my head. I did not nod it.

Mr. Martin: He shook his head, meaning that he does not agree. I am sure he will not disagree that a man who leaves the country and goes to Florida, California or some other place—

Mr. Coldwell: Will the hon. member permit a question? When did I suggest that a person who left the country during the period when he should be paying should receive the old age pension? I said nothing of the kind. I suggested that when a man reaches the age of 70, based on his contributions through sales tax or income tax he is entitled to a pension as of right. What he does after that is none of our business.

Mr. Martin: I was going to refer to the Minister of Agriculture, but he would not be a fair example. He is too young. The Minister of Public Works will soon be 70. When he is 70 he will be continuing to make a contribution towards this pension. He will be paying his share of the sales tax.

Mr. Knowles: Will he not go to the Senate?

Mr. Martin: But Mr. X, who has not the same obligations, who leaves this country and goes to the United States or some other country, will be free from every obligation.

Mr. Coldwell: All right.

Mr. Martin: I think my hon. friend would agree with that.

Mr. Coldwell: Oh, no, I do not agree with that argument.

Mr. Martin: As a matter of fact there are only about 40,000 or less income tax payers in the entire number of 700,000 persons 70 years of age and over. Therefore even when the new provisions respecting contributions become effective in July of 1952 only a small number of persons in the age group eligible for pension will be making any direct contribution toward the cost of the benefits they will receive. Furthermore, it will be recognized that a substantial portion of the cost of the new program will be borne out of existing tax revenues through diversion, as I said, of one-fifth of the present sales tax revenue into the fund.

These considerations, it seems to me, indicate why this step is a wise one, certainly at the present time. It will be of interest to know that the effect of these new provisions in the old age security legislation is comparable with the provisions which now apply in our unemployment insurance program, which is also based upon direct employer-employee contributions as well as a contribution from general tax revenue. Under unemployment insurance, the unemployed workman has bought and paid for his unemployment insurance benefits. It might be argued therefore, following the line of reasoning of my hon. friend, that he should be free to draw his unemployment insurance benefits during periods of idleness no matter what part of the world he might go to.

Mr. Coldwell: That is nonsense.

Mr. Martin: I would have hoped my arguments might be clothed in some other words of characterization, but perhaps they are not so deserving. The fact is, of course, that the unemployed insured workman has to report personally to the unemployment insurance office each week in order to continue to be eligible to draw his unemployment insurance benefits. While the act does not specifically say so, the effect of that is that the individual, to all intents and purposes, can only draw his unemployment insurance benefit which he has bought and paid for if he continues to reside in Canada.

I have examined the position with regard to old age pensions. My hon. friend brings up the question of the United Kingdom. We looked into what they do in the United Kingdom and other countries. The United Kingdom provisions, remember, resemble closely those of the United States. They do not resemble our scheme, but there again the old age benefit in the United Kingdom program is one which the individual has bought and paid for to a considerable extent by direct personal contribution. No person in the United Kingdom—and this is important—can qualify for the benefit unless he can prove that in addition to having reached the age of eligibility he has made contributions over a period of at least ten years. That is not what we are doing. Under such circumstances he is entitled to full benefit. If he has contributed only for seven years then he draws a partial benefit. If he has made no contribution at all then he is wholly ineligible to draw any benefit

whether he lives in the United Kingdom or elsewhere. That is not our case. Under our scheme whether or not a man has made a contribution he will be entitled to the benefit while he is in the country. Contrast this more restrictive arrangement with the provisions of the Canadian law which make it possible for a person to qualify for benefit on proof of age and residence without having to establish the fact that he has made any direct contribution to the cost of the scheme. The systems in Sweden and New Zealand are the ones which are more comparable with our own. They have both adopted modified systems of universal old age pensions unlike the United Kingdom and the United States and more like our own. In Sweden the law provides that the benefit may be paid only to persons while they are resident in Sweden and only to persons who are Swedish nationals. Therefore in Sweden, even though you have made direct contributions, under no circumstances do you receive any benefit whatsoever after departure from the country.

In New Zealand, which is a scheme that is almost fully comparable with our own, until 1948 the law provided that after a person reached the age of 65 he could not draw his universal superannuation benefit during any period of absence from New Zealand, with the single exception that under special circumstances he could, in the discretion of the administering authority, continue to draw benefits during temporary absences for a total aggregate period not exceeding six months. This does not mean six months in any one year. This means a total of six months absence during his entire lifetime from the age of 65 onward. This was modified by the 1948 amendment to the New Zealand legislation, and the act now provides that the administering authority may, in its discretion, continue to pay the pension in whole or in part during temporary absences from the country, but a cable I have from New Zealand indicates that their administrative practice results in practically the same situation as the old act. Therefore in New Zealand and Sweden, the systems that are more comparable with our own, there is not even the generous provision that we have in ours. I am sure if my hon. friend will give weight to what I said said, as I know he usually does, and to my comparisons of various systems, he will agree with me that the argument I have adduced is both responsible and unanswerable.

Mr. Coldwell: I always give due consideration to what my hon. friend the minister says, whether it is said to me in the house or outside. I have a very warm regard for the minister, as he knows, but let me point this out. I think he has put on the record tonight a statement that somebody else drew which is full of inconsistencies. I did not raise the point of annuity payments in connection with this plan. Indeed, I do not want to see an annuity plan operating in the manner in which, as my hon. friend indicated, it operates in the United States and some other countries. I have always opposed that and will continue to oppose it. But the argument that has been used in the house is that the limit of $60 has been placed on the payments, in connection with the 2 per cent income tax proposal, because that $60 payment is all that would be required from a young man of 30 to obtain an annuity of $40 a month at the age of 70. I did not raise that; the Minister of Finance raised it. Other members on the government side of the house have raised it. I am going to say this to my hon. friend, that there are no people in this country who will not contribute to this plan in some manner, either through the sales tax or the income tax.

Mr. Martin: That is right.

Mr. Coldwell: Consequently if they contribute they are entitled to what that contribution should bring them when they attain the age of 70. As a matter of fact a person in Canada paying all the years from 20 to 70, and then going abroad—if I may take the very example which has been given by the government—will not get what he has paid for. If he leaves the country at that time he will not get it. On the other hand someone 50 years of age coming to this country and remaining here for twenty years will be entitled to $40 a month. In other words a man who has lived, worked, produced and paid during fifty years in this country, and who moves to Arizona because of being a victim of asthma, or moves to a milder climate on the Pacific coast, south of British Columbia, because of suffering from some other disease, will not get what he has paid for. But, as I say, someone who has come to this country at the age of 50 years and who has spent twenty years here will be entitled to the benefits of the pension. I am not objecting to that; I think it is proper that that should be done. But I am pointing out that on the government's own showing this clause is wrong and unjust, and I say it should be removed from the bill.

So far as comparing this with the unemployment insurance plan, I say there is no analogy at all between the legislation or between the plans. They are on entirely different bases. I say to the minister that it is unfair as it applies to a man who for 50 years has produced, paid sales tax, perhaps paid income tax for the whole 50 years and who, on account of ill health or for some other reason, has to move and finds that he gets

nothing when, on the other hand, someone else who has come into the country at the age of 50 and stays here for twenty years is entitled to the pension of $40 for the balance of his days. As I said before, while I do not want to deprive him of the benefits, the situation is wrong.

Mr. Johnston: In section 5 it is stated that where a pensioner absents himself from Canada payments shall be suspended immediately. It seems to me the minister may have some ground—and I use that word advisedly —for not allowing a pension to a person who leaves the country for a period longer than six months, or for an extended period of more than six months carried over two years. But let us suppose a person wanted to go to England to visit his relatives. If he is gone one month, then the payment stops. It is true that if he stays there three months, payment will be resumed when he comes back. However if he stays there the full three months, he will receive payment only for the month in which he left. He will receive no payment for the second month he was there, or for the third month. If he came back in the third month payment would be retroactive. I believe I am correct in that.

It seems to me this is quite wrong. Surely a person who is living here and who wishes to go to England to visit a son or daughter residing there could not have a decent trip and a satisfactory visit in one month. Such person should be entitled to receive pension for at least three months while away. If he stayed longer than three months without returning to this country the minister might have some justification for discontinuing payment of the pension; but surely it should not be discontinued in the first month he is away. I suggest the minister should reconsider the section and extend the period of absence up to three months, with pay. If absence is longer than that, payment could be cut off. It does not seem fair or just, however, that just because a person has reached the age of 70 he should be barred from visiting his relatives in England or the United States, or some other country for any extended period of time, unless he is prepared to forfeit his pension. Would the minister consider revising this section so there might be more leniency?

Mr. Fleming: Sometimes a logical mind is a handicap in trying to follow debates in the house. I have followed with keen interest what has been said in support of the argument that persons leaving the country after reaching the age of 70 years should not be deprived of the benefits gained for them by their contributions.

The hon. member for Rosetown-Biggar confined his proposed amendment to subsection 1. I think it is worth spending a moment to relate that argument to subsection 2. Here we have a provision whereby if a pensioner is convicted of an offence and sentenced to a term of imprisonment exceeding thirty days, payment of his pension shall be suspended when his term of imprisonment commences, but may be resumed upon the release of the pensioner from imprisonment. If this is a contributory scheme, which in strict truth it is not, there should be no right during the period of his imprisonment to deprive the prisoner of the pension he has earned by his contributions.

Mr. Knowles: He gets a better pension there.

Mr. Fleming: That is the theory back of this provision, that he is being provided for, being given more or less comfortable bed and lodging and receiving his food for this period in excess of one month, and that therefore he should not have the benefit of the pension as well. But if his pension is earned by his own contribution, in other words is strictly speaking on a contributory basis, then an additional penalty or fine is being imposed on the prisoner, because there is no right to deprive him of his pension during the period of his imprisonment.

Mr. Coldwell: Set it off against board and lodging.

Mr. Fleming: No. Board and room are something entirely different. He is a pensioner as of right, having contributed. Therefore if we are going to be logical we cannot deprive the prisoner of his pension, because it is his as of right.

The fact of the matter is that we are leading ourselves into confusion of thought through our use of the hackneyed and not very accurate word "contributory". I am not blaming anyone for beginning the use of the word in this debate, because it has been used on both sides during the course of this discussion. But if we are thoroughly honest about it we had better find a more accurate word than the word "contributory" to describe what we are talking about. Let us call this a universal pay-as-you-go pension scheme that is based upon the earmarking of certain taxes into a special fund. Let us avoid the word "contributory", because it is leading us to a point where we are drawing conclusions which can be attached only to an orthodox contributory scheme where the pension is purchased and the benefits are related to the amount paid. If we started today with an orthodox contributory scheme, there would be very little in it for anyone for a

long time. You would not be starting to pay $40 per month now. You could not expect to make a payment to anybody equivalent to $40 per month, unless you exacted very large contributions, for probably another twenty years. So, Mr. Chairman, in the interests of trying to keep this debate accurate and logical, I suggest that we do not use this hackneyed word "contributory" we have been bandying about.

Mr. Coldwell: I did not introduce the word "contributory" into this debate. It was introduced by the government to explain why a limit of $60 was placed on the income tax provision. If this is a pay-as-you-go plan I shall be satisfied to accept it as such with the limitations that are here. Under these conditions I say we should remove the $60 limit on payments, and make it a pay-as-you-go policy with everyone paying according to his ability. The burden should not be put on the middle income group with $3,000 of taxable income, and on people who, to some extent at least, can ill afford to bear it, because the sales tax touches the people in the lowest bracket.

Mr. Martin: We can discuss that again on section 10.

Mr. Coldwell: I thought the minister was nodding his head in agreement with me, so I was very happy to sit down.

Mr. Fair: When I attempted to get the floor a few minutes ago it was with the intention of supporting the argument made by the hon. member for Rosetown-Biggar. Since my neighbour beat me to it, I rise now to support the arguments advanced by both hon. members. When it comes to contributing taxes, I think all of us are contributing to a large extent at the present time. If our affairs are well managed I do not think anyone will want to leave this country unless he has to do so for reasons of health or business.

In dealing with the arguments advanced by the hon. member for Rosetown-Biggar, I think the minister talked all around the subject. He may be placed in the category of that preacher who, when he preached a sermon and came to a point that he thought weak, yelled like hell. In this case he talked like hell, because in my opinion he did not deal with the argument at all. In the interests of justice and fair play to the pensioners, who after all do not have many years to look forward to after 70, I suggest that the minister let this clause stand, talk it over with his officers, and see that a humane decision is made.

Section agreed to.

[Mr. Fleming.]

On section 6—*Regulations.*

Mr. Knowles: Section 6 is the section which provides for setting up regulations. There is one question in particular that I should like to ask the minister concerning regulations that may be set up under this act. When the minister was speaking on October 25, as recorded on page 382 of *Hansard*, he gave quite a long list of the various groups of people who would qualify for the pension.

Mr. Martin: Yes.

Mr. Knowles: As a matter of fact, he had already made the statement that everybody would qualify, but being a lawyer he went on to state that, without restricting the generality of the foregoing, it included a long list. The minister said that the scheme would include retired employees of industrial or commercial corporations, of municipal, provincial—am I in order in giving the list? The minister even referred to recipients of war veterans allowance. May I do the same?

Mr. Martin: Do not follow the minister, because it would be a bad precedent.

Mr. Knowles: I would be running around and around and around. But I wanted to refer to the categories set out in paragraph four, one of which was retired missionaries and retired employees of the various commercial corporations and municipal, provincial and federal governments. As I understand it, under the present Old Age Pensions Act, the regulations were changed in 1947 and provision was made whereby a missionary who had been abroad most of his life would have the period of residence abroad counted as residence in this country if it was always the intention of that person to return to Canada. That was a welcome change, and I should like to know whether it is intended to carry forward that same principle in the regulations under this act?

Mr. Martin: Yes.

Mr. Knowles: Will it apply to those other people mentioned in that paragraph, for example Canadians who have been abroad for Canadian commercial corporations?

Mr. Martin: Yes.

Mr. Knowles: And those in government service and on diplomatic missions?

Mr. Martin: All that category will be amply protected.

Mr. Knowles: The minister is saying yes so often that we should carry on.

Mr. Martin: The answer is yes.

Mr. Knowles: What then happens to the recipients of war veterans allowances?

Mr. Martin: The recipients of war veterans allowance are going to be treated the same under this bill as any other citizen of Canada. What happens under the war veterans allowance legislation is a matter to be dealt with when that legislation is before the house.

Mr. Knowles: This matter has to be looked at in its entirety—

Mr. Martin: The minister always sees things in their broadest perspective.

Mr. Knowles: When the recipients of war veterans allowance receive this pension, and it is counted as a pension for income tax purposes—

Some hon. Members: Order.

Mr. Knowles: —they will suffer the loss of that much from what they are receiving under the War Veterans Allowance Act.

Mr. Martin: I think in all fairness to the defenceless member for Fraser Valley whom I stopped, I cannot allow this to continue.

Mr. Knowles: I think the minister was wrong on that occasion. He should have let the hon. member for Fraser Valley continue. In fact, even as the minister dealt with the relationship of old age pensions and government annuities, I feel we should have the right—

The Chairman: Order. I must remind the hon. member that it is section 6 that is under discussion.

Mr. Shaw: I should like to say a few words on section 6, Mr. Chairman. When the old age security committee first met it was decided that letters would be sent to ministers of public welfare in the various provinces asking for suggestions in connection with the committee's deliberations. The deputy minister of public welfare for the province of Alberta did submit the suggestion that perhaps some consideration should be given to the question of persons who are maintained in institutions, whether they be mental or other institutions. He pointed out that eighteen months ago the average cost of maintaining a person in such an institution was $95 monthly. The federal government paid their share of the pension, namely $30, the provincial government, $42.50, and the municipal government, $22.50. The cost during the past eighteen months has increased, so this becomes of very vital concern to the provinces. Is it the intention of the federal government to make payments in full to the provinces where persons 70 years of age and over have to be maintained in those institutions because of illness, or infirmity, whether that be physical or mental?

Mr. Martin: Yes.

Section agreed to.

Sections 7 and 8 agreed to.

On section 9—*Offences.*

Mr. Shaw: I should like to know what subsection 2 of section 9 really means. It reads:

> No information or complaint for an offence under this act is open to objection on the ground that the information or complaint is for more than one matter of complaint or that it relates to more than one offence.

Mr. Martin: It is merely to permit us to be able to lay a charge for say five violations instead of having to lay five separate charges. It is just something we have learned as a result of experience under the old act.

Section agreed to.

On section 10—*Old age security tax.*

The Chairman: Shall section 10 carry?

Mr. Martin: No, Mr. Chairman. We will let sections 10, 11 and 13 stand. We could now deal with and pass section 12.

Mr. Fleming: Is the minister not going to deal at least with the first two sections of section 13?

Mr. Martin: Yes. We can deal with the first two, but let us deal with section 12 first.

The Chairman: Shall sections 10 and 11 stand?

Mr. Martin: Yes.

Sections 10 and 11 stand.

Section 12 agreed to.

On section 13—*No further contributions under Old Age Pensions Act.*

Mr. Fleming: If the Minister of National Health and Welfare is going to pilot through the first two subsections, I should like to take strong objection to the terms of subsection 2 which now provides:

> The governor in council may repeal the Old Age Pensions Act by proclamation.

I object to language of that kind. It is only parliament that repeals. It may be that parliament will give power to the governor in council to proclaim the repeal; but it is not the governor in council that does the repealing. I think there has been faulty draftsmanship here. I would not wish to see parliament legislating in language like that. I think that, on consideration, the minister will agree with what I say. What that subsection should provide is that the Old Age Pensions Act should be repealed on a date to be proclaimed by the governor in council.

Let us not have language in an act of parliament like that which appears in this subsection.

Mr. Martin: I think the language suggested by my hon. friend is better. I would accept his suggestions, I think.

An hon. Member: Let it stand.

Mr. Martin: No. We could accept that.

Mr. Fournier (Hull): Let it stand.

Mr. Martin: No. We can accept that.

Mr. Coldwell: Let it stand for redrafting.

Mr. Martin: The Minister of Finance will not be here tomorrow. We can let it go through. That is satisfactory. It is the same thing. It is just better draftsmanship.

Mr. Fleming: It is not the same thing.

Mr. Martin: May I just say this—

Mr. Fleming: It may result in the same end.

Mr. Martin: The purpose of leaving the matter in this way was that while to all intents and purposes the Old Age Pensions Act will cease to be operative once this act comes into being, it will not completely cease because there will be some adjustments that will have to be made as between the federal government and the provinces. Some payments will have to be reconsidered, and so on. The exact date of repeal cannot be actually ascertained. That is the reason this subsection is put in. I think perhaps under the circumstances I should like to consider overnight the exact suggestion my hon. friend has made; but at the moment it looks to be acceptable. We could leave it for further consideration.

Mr. Fleming: What the minister says is perfectly right. It cannot be determined now at what date the repeal would come into effect.

Mr. Martin: We could pass subsection 1.

Mr. Fleming: I am concerned that we do not pass this subsection. Parliament will do the repealing. The date will be set by the governor in council, but parliament has to give that power to the governor in council.

Mr. Martin: We could pass subsection 1 and allow subsection 2 to stand subject to reconsideration of the wording.

The Chairman: Shall subsection 1 of section 13 carry?

Section 13, subsection 1, agreed to.

The Chairman: The remainder stands.

Progress reported.

[Mr. Fleming.]

BUSINESS OF THE HOUSE

Mr. Coldwell: What is the business for tomorrow?

Mr. Fournier (Hull): Tomorrow we shall take up the following resolutions appearing on today's order paper: Resolutions Nos. 7, 4, 3, 6 and 8.

Mr. Knowles: At the opening of today's sitting the Minister of Justice (Mr. Garson), in referring to a resolution which appeared in *Votes and Proceedings* for yesterday, mentioned that he would deal with it when it was being discussed tomorrow. Tomorrow the motion to set up that special committee will appear on the order paper under notices of motion. Can we be told now whether, when that notice of motion is called, it will be proceeded with?

Mr. Fournier (Hull): Is it the wish of the house that we proceed with that notice of motion tomorrow?

Mr. Knowles: We just want to know.

Mr. Drew: It cannot be proceeded with.

Mr. Knowles: Oh yes, Mr. Speaker. The point is that it will be a government notice of motion, one of those sudden death kind that are sometimes called over there without warning. As far as I am concerned it is immaterial whether it is proceeded with tomorrow or next week; but we should like to know when it will be proceeded with.

Mr. Fournier (Hull): I always like to have the advice of the opposition. If they wish to proceed with that notice of motion tomorrow, I will just put it on the agenda.

Mr. Drew: No.

Mr. Fournier (Hull): If you want to have it next week, that is all right.

Mr. MacInnis: Mr. Speaker, I understood this was a matter of government policy, that the matter was really urgent and that they wanted to do something about the manufacturers' retail prices. If they want to hold it over, we must come to the conclusion that they do not want to do anything about it.

Mr. Drew: I think we might as well end any pretence that the government has any real thought that this is an urgent matter or that they ever meant to do anything about it with any expectation that it would do anything to deal with inflation. This has been a pretence from the beginning, and the pretence continues.

Mr. Cruickshank: You will find out.

Mr. Fournier (Hull): Mr. Speaker, I wish to announce that tomorrow we will proceed with that government notice of motion.

Mr. Drew: Mr. Speaker—

Mr. Fournier (Hull): Oh, no.

Mr. Drew: —I just wish to point out that the house is entitled to know whether or not the government intends to introduce a bill because, since this matter was discussed this afternoon I have seen a communication, about which I have written to the Minister of Justice (Mr. Garson), which suggests that this is to be nothing more than a committee to deal with an interim report that has been made. Is it the intention to go beyond that, or is it not?

Mr. Fournier (Hull): Mr. Speaker, tomorrow when this government notice of motion comes before the house the leader of the opposition (Mr. Drew) can repeat what he has said tonight. There is now nothing before the house except announcing this and that which will be taken up as the first item tomorrow.

At eleven o'clock the house adjourned, without question put, pursuant to the order of the house passed on October 26, 1951.

HOUSE OF COMMONS

Friday, November 2, 1951

The house met at 2.30 p.m.

HOUSE OF COMMONS

CONCURRENCE IN THIRD REPORT OF SPECIAL COMMITTEE ON PROCEDURE

Mr. Speaker: May I take this opportunity to present the third report of the committee which was appointed for the purpose of suggesting any changes that may be desirable to assure the more expeditious dispatch of public business.

Your committee held a further meeting on Friday, November 2, to consider the results of the three weeks' experiment relating to the hours of sitting of the house and recommends as follows, notwithstanding clause 1 (b) and clause 2 of its second report which was concurred in on Friday, October 26:

That, unless and until otherwise ordered, the following hours of sitting be given a trial for the balance of the present session, commencing on Monday, November 5:

Mr. Speaker take the chair at 2.30 o'clock p.m. on each sitting day except Friday when he takes the chair at 2 o'clock p.m., and unless the closure rule (standing order 39) be then in operation, adjourn the house on each sitting day, except Wednesday and Friday, at 10 o'clock p.m., without question put, with provision for an intermission from 6.15 o'clock p.m. to 8 o'clock p.m. On Wednesday and Friday Mr. Speaker will adjourn the house at 6.15 o'clock p.m., without question put; and, subject to any special orders, the hours set aside for private and public bills under standing order 15 remain the same on Tuesday and be from 5.15 o'clock p.m. to 6.15 o'clock p.m. on Friday.

Mr. W. G. Weir (Portage-Neepawa): Mr. Speaker, by leave of the house I beg to move, seconded by the hon. member for Grenville-Dundas (Mr. Casselman):

That the third report of the select committee appointed on October 9, 1951, to consider with Mr. Speaker the procedure of this house for the purpose of suggesting any changes that may be desirable to assure the more expeditious dispatch of public business and presented this day be now concurred in.

Mr. G. A. Cruickshank (Fraser Valley): Mr. Speaker, if this motion is debatable I should like to have a word to say. I appreciate the fact that the members of the committee are trying to reform the rules of the house. Since 1940 the hon. member for Macleod (Mr. Hansell) and myself have been most insistent that something be done by way of amplification of the speeches made in the house so that they can be heard—why I do not know—by those in the press gallery and others. We have had reports that action was to be taken. Committees have been appointed, and I believe like other committees they have travelled across the world. I am still waiting for the trip that I am to be permitted by the government to take. So far no action has been taken. I do not like the hours of sitting that have been tried out during the present session. I come from western Canada and I cannot go home on Thursdays and come back on Tuesdays. I have to stay here.

I think that a member needs a bookkeeper and comptometer to keep track of the hours that he is supposed to be here. I want to make a suggestion to the Prime Minister (Mr. St. Laurent) and move an amendment if I may. I suggest that we could accomplish the end toward which we are striving very simply by allowing private members to speak only for twenty minutes and permitting members of the cabinet and the leader of the opposition (Mr. Drew), which I appreciate is a matter of policy, forty minutes or more, with the consent of the house, to put forward their policies.

I submit that rules such as we have had during the past three weeks would not hold out in any small town council. You do not know whether you are supposed to be here or whether you are supposed not to be here. I quite appreciate that this does not make any difference to some members because they are never here anyway, but we from the west who want to get home for Christmas do not appreciate these new-fangled rules which are being brought up by the deputy minister of opposition external affairs from Peel. They just do not make sense as far as I am concerned.

I probably am not in order, as I seldom am, but I would suggest that we limit the speeches of members to twenty minutes and enforce the rule that there shall be no reading of speeches written by members of the press gallery or of a political organization. I think in that way we could speed up matters considerably. These new suggestions that are being made are a lot of tommyrot because they accommodate nobody. If we cannot devise something to accommodate the hon. member for Peel (Mr. Graydon) let us go back to the old rules.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I should like to say a word on this. I have some sympathy with the hon. member for Fraser Valley (Mr. Cruickshank). I feel, as he does, that we should try to establish hours of sitting and not be changing them from week to week, or from day to day, as we are doing under this particular motion. I do not like the idea of sitting until 6.15. In my opinion the best hours of sitting would be 2.30 to 6.00 and 8.00 to 10.00, sitting on Friday evenings as we usually do. With the amount of business that is to be done I do not think we are justified in cutting our hours to the extent that it is proposed to do in this particular resolution.

I think before this goes into effect some further opportunity should be given to hon. members to discuss it. May I say to the hon. member for Fraser Valley and to other hon. members that I agree that the length of speeches might be curtailed to some extent, and I certainly agree with the hon. member in the suggestion he has made with regard to the reading of speeches. But I do not agree that they are written by members of the press gallery; certainly my own are not. I just want to join with the hon. member in the protest he has made with regard to the manner in which hours have been juggled around during the past three weeks.

Motion agreed to.

RAILWAY LEGISLATION

PERSONNEL OF SPECIAL COMMITTEE

Mr. W. G. Weir (Portage-Neepawa): I beg to move:

That the following members comprise the special committee on railway legislation as provided for in the resolution passed by the house on Friday, October 26, 1951: Messrs. Argue, Ashbourne, Benidickson, Brooks, Cavers, Chevrier, Churchill, Cleaver, Diefenbaker. Gillis, Green, Helme, Higgins, Johnston, Kirk (Digby-Yarmouth), Lafontaine, Laing, Low, Macdonald (Edmonton East), Macdonnell (Greenwood), MacNaught, Macnaughton, McCulloch, Mott, Mutch, Nowlan, Picard, Pinard, Riley, Stewart (Yorkton), Weaver.

Motion agreed to.

FREIGHT RATES

REPORTED APPLICATION BY RAILWAYS FOR INCREASE IN RATES—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 31

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I ask leave, seconded by the hon. member for Moose Jaw (Mr. Thatcher), to move the adjournment of the house under standing order 31 for the purpose of discussing a definite matter of urgent public importance, namely, the reported application of the railways of Canada for a further freight rate increase of between 5 and 6 per cent, and the urgent need for intervention by the government to prevent any such increase prior to the passing of the freight rates legislation now before parliament, and the need for making it clear that the railways should not be permitted to pass their defence surtaxes on to the people of Canada.

Mr. Speaker: This motion made under the provisions of standing order 31 is to move the adjournment of the house for the purpose of discussing a definite matter of urgent public importance. The motion has been read at the proper time and the hon. member has handed me a written statement. It is my duty to determine whether it is in order and whether the matter is of urgent public importance.

First, with respect to whether the motion is in order. It purports to deal with a matter which is before the board of transport commissioners, and if that is so then it is sub judice and under our rules could not be debated.

If there is no application I cannot see the immediate urgency of the matter because it could be discussed on either Monday or Wednesday of next week. I realize that hon. members have spoken already on the amendment to the amendment, but very few hon. members have spoken on the amendment to the address in reply to the speech from the throne and it is possible that there may be other amendments. I am afraid that I cannot allow the motion to be proceeded with at this time.

COMBINES LEGISLATION

MOTION TO ESTABLISH JOINT COMMITTEE TO CONSIDER INTERIM REPORT

Hon. Stuart S. Garson (Minister of Justice) moved:

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

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

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

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

And that a message be sent to the Senate requesting that house to unite with this house for the above

purpose and to select, if the Senate deems advisable, some of its members to act on the said proposed joint committee.

He said: Mr. Speaker, hon. members of this chamber I am sure are familiar with the interim report of the committee appointed to study combines legislation which is referred to in this resolution. This committee, which I shall refer to as the MacQuarrie committee, since that is the name of its chairman in order to avoid confusion with the joint committee referred to in the resolution, was appointed by me with the approval of the government in June, 1950. Its terms of reference, to which I shall make detailed reference in a moment, were almost unlimited. Its first act, in July, 1950, was to send out letters to consumer, farmer, labour, industrial, mercantile and other organizations. I shall quote in exact terms the letter of invitation and the press release that relates thereto. The letter is dated Ottawa, July 7, 1950, and reads as follows:

Dear Sir:

At the session of parliament just concluded the Minister of Justice announced the appointment of a committee for the purpose of studying the Combines Investigation Act. The members of the committee are the Hon. Mr. Justice J. H. MacQuarrie of the Supreme Court of Nova Scotia; Dr. W. A. Mackintosh, vice-principal of Queen's university; Professor Maurice Lamontagne, assistant director of the department of economics, Laval university; and Mr. George F. Curtis, dean of the faculty of law of the university of British Columbia.

The terms of reference of the committee were given by the minister as follows:

"The terms of reference are to study, in the light of present day conditions, the purposes and methods of the Combines Investigation Act and related Canadian statutes, and the legislation and procedures of other countries, in so far as the latter appear likely to afford assistance, and to recommend what amendments, if any, should be made to our Canadian legislation in order to make it a more effective instrument for the encouraging and safeguarding of our free economy.

To avoid any possible misunderstanding, I desire to emphasize that no suggestions of amendments are being made to the committee for its consideration. It is the practice, however, to take stock of such acts from time to time to see whether any modifications should be considered in the light of administrative experience, changed conditions or otherwise. It is for such a purpose that this study has been arranged."

For its assistance in this study the committee is anxious to receive as soon as posible from organizations, firms and individuals whatever views they may wish to express upon matters within its terms of reference. In order to avoid duplication, notices of the study being made by the committee are not being sent to individual members of organizations. It would be greatly appreciated, therefore, if you would inform your affiliated organizations and individual members, where practicable, of the desire of the committee to secure as wide an expression of views as possible. The committee would welcome representations not only from organizations and members thereof but also from any person who wishes to make comments or suggestions. Representations may be directed to particular provisions of the laws or may relate to general matters of policy.

You may recall that the royal commission on prices in their examination of restrictive business practices gave particular attention to the practice of resale price maintenance and recommended that careful study be given to this problem from the viewpoint of its effect on price competition amongst wholesalers and retailers. In view of this the committee invites comments on this particular problem as well as on the Combines Investigation Act generally. In particular, the committee would appreciate receiving extended comments on the tentative conclusion of the royal commission on prices as to the effects of the practice upon the public interest. The matter is dealt with in Vol. I, pages 27, 28 and 41, and Vol. II, pages 256 to 259 of the report of the royal commission on prices as published by the king's printer in 1949.

All representations received by the committee will be treated as confidential to the committee, and will not be used for purposes other than those of the committee or quoted unless permission is requested and granted. Those making representations, however, may give whatever publicity to them they desire. Communications should be addressed to the committee to study the Combines Investigation Act, Justice building, Ottawa.

May I refer again to the desire of the committee to receive representations at an early date and suggest that submissions should be forwarded, wherever possible, by the early part of August.

Yours very truly,

(sgd.) J. H. MacQuarrie
Chairman, committee to study the
Combines Investigation Act

Then, coincident with the sending out of that invitation, there was a press release dated July 10, 1950, headed "Committee to study Combines Legislation", and reading as follows:

The committee recently appointed to study combines and related legislation has made public today the text of a letter inviting the submission of views from all sections of the Canadian public.

The letter has been sent to national organizations including consumer associations, co-operative societies, labour unions, trade associations and business and professional groups asking them and their affiliated organizations and individual members to submit briefs. The committee expresses a desire to secure as wide an expression of views as possible and indicates that it would welcome from individuals as well as from organizations whatever views they may wish to submit in this matter.

The members of the committee, as announced by the Minister of Justice—

Then the press release goes on to indicate who they are, and the terms of reference are also given.

As a result of these invitations, Mr. Speaker, the MacQuarrie committee received a considerable number of formal briefs and many informal letters from organizations and individuals, and also held many interviews in relation to those written communications. Certain organizations required more time for the preparation of their material than was at first expected, with the result that the last brief to be received did not come to the committee until December, 1950. As late as

September the MacQuarrie committee heard oral representation. I understand that they expect to hear one more representation at least on an aspect of their work not related to resale price maintenance when they meet again this month. These delays were as unavoidable as they were unanticipated. They not only consumed time in themselves but they also meant that the members, all of whom were active, busy men in their own fields, had to make the necessary arrangements to get more time away from their own heavy duties.

It therefore became clear some time ago that the MacQuarrie committee could not hope to finish its work until the end of the present calendar year at the earliest. The government, however, was of the opinion that resale price maintenance was of such significance that the MacQuarrie committee should be asked to give it priority in its work. In that connection I may say that the fact that the MacQuarrie committee itself had singled out this subject for special mention in its invitation was an indication of the importance which that committee attached to this subject. The government, therefore, asked this committee in September last to make an interim report on this aspect of its study, if it could possibly do so.

Mr. Diefenbaker: What date was that?

Mr. Garson: It was September 10. This interim report was made and tabled accordingly.

I believe I should say a word concerning the term "interim" as related to this report, and stress that it refers only to the fact that it has been made before the committee has finished all of its work. But so far as resale price maintenance is concerned, the report expresses the considered views of the committee in a complete and final manner.

The views that were submitted to the MacQuarrie committee were general views upon the subject of resale price maintenance and were not expressions of opinion or representations upon a concrete proposal, much less upon draft legislation.

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

In the light of this specific and concrete proposal the government has been strongly urged, by many individual merchants and manufacturers and by the executives of several representative industry or trade associations, to afford them an opportunity to present their views to the government or to a parliamentary committee. The government has decided that it ought to accede to this request but that it is preferable from many standpoints that this presentation of views should take place before a joint parliamentary committee open to the public and to the press of Canada in such a way as to make the information which is presented there available to all concerned, including all the members of this house. The joint committee will therefore be directed to consider the MacQuarrie committee's interim report and to consider appropriate amendments to the Combines Investigation Act based thereon.

The study of this matter by a parliamentary joint committee, with the attention which I feel confident it will get from the press, will tend to develop a much better informed public opinion upon the matter than was possible with the MacQuarrie committee type of inquiry where confidential communications were solicited, which have great value to a committee set up on that basis but which unfortunately do not serve to educate the public. It is true that in its interim report on resale price maintenance the MacQuarrie committee went some distance towards informing public opinion of the arguments made to it for and against resale price maintenance. As hon. members will recall, it summarized these arguments in what seemed to me to be an admirably objective and judicial manner in the body of its report, as an introduction to its own conclusions based upon these arguments. But I suggest that this summary, admirable as it is, still leaves room for a fuller treatment of the arguments pro and con in the interests of developing upon this subject a public opinion which will be as well informed as possible and which will be of great assistance, I am sure, in the administration of the legislation.

It is the hope and the expectation of the government that this joint parliamentary committee will get its work under way at the earliest possible moment and will proceed with sufficient dispatch to enable the appropriate legislation it is set up to consider to be dealt with by parliament before the end of this session, as forecast in the speech from the throne.

I therefore move this resolution without further discussion in order that the joint committee may get on with its work as soon as possible.

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, the house will have listened with interest to the explanation given by the Minister of Justice (Mr. Garson) respecting a matter that was considered to be urgent when the speech from the throne was placed before the house. I wonder why the change in a matter of a few weeks? On October 9, in the speech from the throne, a definite promise was made:

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

If we had before us the cost of living index figures for the last month or so, I think those figures might be an effective answer to the optimistic promise made on October 9. The speech from the throne continues:

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

In place of legislation the promise is now held out to the House of Commons and to the country that the implementation of that promise is in part to consist of setting up of a committee to review the findings, as it were, of the MacQuarrie committee. Certainly the MacQuarrie committee is composed of outstanding men; they made recommendations. Surely there is no justification for the attitude of the government, in view of the fact that certain opposition has arisen to the promised legislation, to fail to give leadership and to carry into effect the optimistic promise in the speech from the throne.

Mr. Speaker, this is not a surprising course. This is leadership of the government in retreat. The minister says that the reason for delay in the general report by the MacQuarrie committee was that some of those who laid their briefs before the committee or the commission delayed until a late period in filing them. He says that those delays were unavoidable and unanticipated. So far as bringing this legislation before the House of Commons is concerned, the delay would be avoidable; and the delay was anticipated by those of us who realized some of the objections that were being taken to the legislation. I shall review some matters that have taken place in recent months that require action now. The MacQuarrie committee—and I borrow the expression from my hon. friend—has been meeting since July, 1950. Its purpose was to see what should be done to make more effective the agency of combines legislation and thereby maintain our free economy; and during the time this committee has been sitting prices have been increasing.

My hon. friend says that changes in the law have to be made to meet changed and changing conditions. There is one condition that has not changed since July, 1950, and that is the ever-mounting inflation in this country, and the considerable degree to which many people attribute it to profiteering and exploitation that should be proceeded against under the Combines Investigation Act.

I am not going to refer to anything said in previous debates this session but when it is realized that the act is in the statute books and contains many powers that could be used, and one sees on the other hand the sporadic enforcement that has characterized the administration of this act, one begins to wonder whether or not there is any serious desire on the part of this government to use the powers that are available in the Combines Investigation Act. There have been some prosecutions. During his period of office my hon. friend has launched one or two. Fines have ranged from $10,000 to $25,000.

Mr. Stick: What is the exact figure, not one or two?

Mr. Diefenbaker: I would say four prosecutions have taken place, and I think I err on the side of generosity when I give that figure. The evidence that came before the combines commissioner with respect to those prosecuted showed that they had made tremendous amounts of money at the expense of the Canadian people. The penalties represented but a small proportion of the actual advantages that have flowed to not honest businessmen but those who, desiring to exploit and take advantage, have utilized to the full the opportunities that have been available to them by reason of the lack of enforcement of the law.

My hon. friend says that the law should be brought up to date. If I read section 2 of the Combines Investigation Act aright, if any offence is being committed by those who practise price maintenance, there is available to the government under the law the power to prosecute and to convict wherever the consequence is exploitation of the public. I refer to the definition of a combine, which is to be found in section 2 of the Combines Investigation Act, as follows:

> "Combine" means a combination having relation to any commodity which may be the subject of trade or commerce, of two or more persons by way of actual or tacit contract, agreement or arrangement having or designed to have the effect of
>
> (a) limiting facilities for transporting, producing, manufacturing, supplying, storing or dealing, or

(c) fixing a common price or a resale price, or a common rental, or a common cost of storage or transportation.

That is the section as it is. If what one reads be true, and resale price maintenance is taking place by agreement, there is available in the statute now the power to enforce the law.

When a discussion on prices came before parliament in 1948 the then prime minister (Mr. Mackenzie King) made this statement, as reported in *Hansard* at page 747:

There is a body of legislation already on the statute books of this country; but, as everyone knows, the minute an effort is made to set in motion some of this machinery, obstacles are raised from one side or another which tend to operate against speedy and thorough action.

What were those obstacles? What are the obstacles that now hold the government from acting? I have said this before and I repeat it: If there were in the Criminal Code a section which said that the penalty that a robber would receive, and that the maximum, would be 3 per cent or 4 per cent of his ill-gotten gains, would there be any danger to the prospective robber? As far as the law respecting combines is concerned, with the small penalties attendant on breaches thereof, even if the law is enforced, there is no serious incentive to live up to the law.

I hold in my hand various reports issued year after year by the commissioner of the Combines Investigation Act, pointing out the existence of the combines and international cartels. One issued in 1945 sets forth in detail the number of international cartels operating in this country to the detriment of the consumer and the destruction of the free economy to which my hon. friend made reference. How many of the international cartels named have been prosecuted since 1945? The attitude of this government was clearly revealed in December, 1948, in connection with what was done with the flour milling report. That revealed an attitude of mind, a solicitude for those who would take advantage. I have before me an explanation as to why the law was not enforced, and why the report of the combines commissioner was not carried out at that time. In a statement given in an interview to the Vancouver *Province* in Vancouver when the minister was there on vacation immediately after the opposition endeavoured in the strongest possible terms to condemn the attitude of the government for protecting the flour millers against prosecution by the concealment of the report, the minister explained what he called the background of the ruckus and said:

Mr. McGregor missed the point in his report.

He was there referring to what the companies did during the days of the war, and the promises made by the wartime prices and trade board.

A similar promise was given to the bakeries in western Canada, and Mr. Donald Gordon gave evidence to such effect in the court in Calgary. Did Mr. Justice McBride accept that explanation? No. That was no justification, the judge concluded in his judgment. But listen to what the minister said next:

If the government had accepted the report of the combines commissioner, F. A. McGregor, and launched prosecution of milling companies there would not have been a case in fifty years where the crown would have looked so cheap.

I can think of another case where the crown looked cheaper, and that was in the dental combines prosecution. This government proceeded against eighteen dental supply companies and counsel forgot to prove that the companies were incorporated, or that the persons who had signed the documents that were placed before the court were officials of the companies who were charged. What is the next statement?

"They were just waiting for us to prosecute," said the Minister of Justice. "They would have made us look like monkeys; they would have stood us on our heads."

Well, as far as the prosecution of the dental companies was concerned, it was not its head that the government found itself on. All through the piece, from beginning to end, so far as this administration is concerned its prosecution of those who exploit unjustly, and of those who profiteer to the public detriment, has been a shadow of what was contemplated by Mr. Mackenzie King, when combines legislation was introduced by him. He gave the purpose of the law to be to assure free competition and to preserve the individual from exploitation.

I mentioned the international combines report, which concluded that there were international cartels in Canada in radio, fertilizer, glass, radio bulbs and the like; yet there has been not one prosecution since 1945 of international cartels named in the report. Year by year, a continuing issue of reports by the combines branch have found themselves pigeonholed for want of a government willing and ready to utilize the law to preserve and protect the Canadian people.

We have in the speech from the throne a courageous statement, a speech that showed what was going to be done. The courage has deserted—vacillation and evasion are substituted, and a parliamentary committee is

to be set up in regard to a small portion of the combines act, with power to report in due course.

We have had our experience with prices committees. We had one that sat and sat and sat conscientiously, and the longer it sat the higher went the prices. It graduated into a royal commission, and the prices continued to rise. Is the setting up of this committee not a vote of want of confidence in the MacQuarrie committee, on the part of the government? That committee, composed of outstanding men, called upon all those affected, including consumers and manufacturers, to send in their briefs. Has not that committee for a year and a half importuned either directly by letter or indirectly through the press asking interested parties to produce evidence regarding resale price maintenance, a subject of more than academic interest to the members of that committee?

This resolution is playing with the problem. There is confusion on every hand in our country because of the rising cost of living, confusion created as a result of continued combine reports as to wrongdoing in certain big business. And what is offered? The setting up of a committee of parliament to review what a committee has reviewed, considered and decided.

But my hon. friend argues that it decided upon information or evidence that was confidential. What difference does that make to the legality and to the weight to be given to the decision made?

The appointment of a committee will add to confusion—and more confusion in the minds of the people! I think of Shakespeare's words:

Confusion's cure lives not in these confusions.

It is interesting to read what the Toronto *Star* said on October 13—and it is a paper not too far removed from government approval. On that date it said:

The first big drop in years in consumer price levels is expected to result from the MacQuarrie commission's condemnation of the business practice of minimum price fixing.

And then it says, under the heading "Made two recommendations":

The result was two recommendations to the government . . . The move comes at a time when, generally speaking, large retailers across the country are overstocked in numerous lines of consumer goods.

Then it speaks of the steps that the Canadian government is going to take.

On October 13, one view; October 31, the same newspaper expressed another view:

Is Ottawa weakening on price-fixing ban? Sets up committee.

And then it says:

A special committee of the commons will be set up to hear representations from industry and business on the proposed banning of minimum price fixing, it was learned today.

Announcement will be made, probably by Hon. Stuart Garson, Minister of Justice, within a few days, but the decision is already being interpreted in some quarters as an indication that the government is backing down on the recommendations of the MacQuarrie commission, which said the practice is monopolistic and leads to a generally higher level of prices than would otherwise be the case.

Why have a committee? Is it to postpone action and procrastinate? Is it for the purpose of being assured that the matter cannot be brought up at this session? I think of the words of the late Colonel Ralston in 1935 when, speaking in this house, he said, "This is a snare and a delusion". A resounding promise in the speech from the throne —and this resolution a makeshift to take the place of the resounding promise.

This indeed is an example of the kind of thing that makes people suspicious of public life. If action is urgent, why postpone and hold back the legislation? Why a further investigation? Why further delay? When was the decision made to change from the promise of October 9 to the performance of today?

I say the attitude of the government is but a further admission of the fact that it has not any solution for inflation, and is in a position to make no attempt to relieve the load that rests upon people in low-income brackets, a load brought about by reason of the continuing rise in prices.

Some time ago one of the ministers said, the solution was "save, don't spend". The Minister of Justice said, "write me", in his radio broadcast of two weeks ago. I only wish, Mr. Speaker, we could see the return of letters he received in response to his request to the Canadian people to tell him whether prices are too high.

And the suggested solution that the Canadian people should save. Did the government ever think that one solution of the problem would be retrenchment on the part of the government? Yesterday morning we read of the speech of the Minister of Finance (Mr. Abbott) in Montreal, in which he said:

We are trying to reduce uneconomic or unnecessary expenditures.

And yesterday, Mr. Watson Sellar's report came out, indicating that the government is still engaged in a spending spree, and has failed to carry out the admonition to save that it so generously gives to the people of Canada.

What did Mr. Sellar state in this regard? I shall read it, from the report of Mr. Frank Swanson appearing in last night's *Citizen*:

> Non-occupancy by government departments of rented office space in the Copeland building at the corner of Albert and Kent streets in Ottawa even though $70,000 had been spent for it was censured today by Auditor General Watson Sellar in his annual report to parliament.

He says further:

> The agreements provided that the government instal and pay for interior partitions and other alterations.
>
> Various dates were designated for rent payment the earliest being July 1, 1950, he said.

And again:

> "Approximately $70,000 was spent while there was no physical occupancy by the departments for which the space was leased," he declared.

He referred too to another example of waste and extravagance—a public building at Fort Erie, the contract let for $49,836; and the final cost showed that $89,832 was added to the original contract, and without tender. Example after example of outright federal government waste is given by him. Another one is on a government contract for additions and betterments to a public building at Joliette, Quebec. The contract was let for $179,182. This is not partisanship; this is Mr. Sellar's report. He says that before construction was far advanced the original plans were changed and it was decided to have a $365,232 building. No tenders were called and the $186,000 addition was treated as an extra under the original contract. I say to the government: Physician, heal thyself; do the thing that you are asking the Canadian people to do in order to meet the onrush of rising prices —save.

Here is another example. In the 1950-51 vote there was $720,000 expended for furniture and fittings for offices in Ottawa. For furniture for the office of the chief of the general staff there was an amount of $919. For a rug and table for the quartermaster general's office there was an amount of $184, and so on. Mr. Sellar gives examples of such expenditures that indicate that the government has not yet realized that in order to meet inflation the first responsibility is the responsibility of the government not to give advice to the Canadian people but to carry out themselves their own advice—to save in all departments of government.

Prices are going up. Inflation, the greatest tax, and most unjust of all taxes, is taking Canadian people's earnings from them unjustly at a time when taxation imposed by the state is higher than it has ever been in peacetime. Our people are being taken advantage of according to the reports issued from time to time by the combines investigation branch. I should like to refer to page 246 of the price spreads commission's report, 1935. It reveals what the Combines Investigation Act should be used for, and that is not to throttle honest business, nor to prevent fair profits but to punish wrongdoing. There can be no employment in Canada without fair and reasonable profits dependent upon the degree of risk accepted by the enterpriser.

But unjust and unfair profits, the piling up of tremendous inventories, which the department of statistics reported yesterday as the largest accumulation of consumer goods in the history of our country at a time when the people are asking that they be distributed among them, is another matter altogether. The report set forth the basis upon which the act should be utilized. It said:

> We suggest that practices should be prohibited which are characterized by bad faith, fraud, misrepresentation or oppression which are resorted to for the purpose of destroying competition or eliminating a competitor.

On the basis of that surely the country has a right to ask that the government utilize the powers it has under law to the end that those who would take advantage will begin to consider, in anticipation of doing so, whether or not the amount they will secure is worth the risk. Why is this resolution before the house? What is the purpose? I say the promise that the implementation of this legislation would have any serious effect in reducing the cost of living is an illusory and hypocritical way of endeavouring to take pressure off the government—the pressure exerted by the Canadian people asking for action. It is simply a means to postpone and wait and see if the predictions of the government economists that we have already arrived at the apex of price levels will be achieved shortly. Over the years they have made predictions of that kind and they have proven wrong before. On August 10, 1951, in an article by Mr. Bruce Hutchison in the *Christian Science Monitor* he says:

> Up to now the Canadian government's assumption—

That is the assumption that prices would be stabilized.

> —has proved wrong. For some reason Canadian prices have risen to the index peak of 187·6 at the very moment when the government was most confident that they would level off and perhaps fall. Clearly the Canadian economy had contained inflationary pressures which the government's experts failed to see.

He goes on to point out that prediction after prediction has been wrong. While the Combines Investigation Act is apparently toothless, ineffective and nebulous in its results, the course taken by the government

is to raise a smoke screen regarding price maintenance in order to protect themselves from the rising feeling of antagonism and indignation of the people of our country which has been aroused because of the failure of the government to act. I should like to refer to Buchanan's *Bulletin* of October 12, 1951, in which that view is set forth in some detail. It says:

It has more political—

He is referring to the promised hope in this legislation of help for the Canadian people.

—than practical motivation because it is brought forward as answer to popular demand for price controls. Government is getting unpopular . . .

That is a miracle of understatement. He goes on to say.

By cracking at resale price maintenance it can make gesture of cracking at price rises which can't get it into trouble.

That has certain advantages. The government appears to be doing something. It goes through all the outward motions of doing something but the motivation is more political than practical. I mentioned the cost of living a moment ago, and while I speak the cost of living has gone up.

Mr. St. Laurent: You should stop speaking.

Mr. Diefenbaker: I have received from the leader of the opposition (Mr. Drew) a memorandum with the information that the cost of living has now risen from 189·8 to 190·4. While the government goes through—

Mr. Knowles: So we set up a committee.

Mr. Diefenbaker: —this limitation of an effective policy, prices continue to rise. The *Bulletin* goes on to actually predict some prosecutions if this legislation passes. It says:

Any prosecutions launched under new legislation will tend to focus attention on private business as bad actor in price field, not on failure of government.

There is no justification whatsoever for the setting up of the committee to do the things that the MacQuarrie committee has already done except for one effective result. It postpones, it delays, and it enables the government to live in hope that the trend of prices will be downward rather than upward by the time the committee makes its report. I have one or two suggestions to make with respect to the Combines Investigation Act because if we are going to place the act before a committee of parliament—and the government with its majority can assure that—then members of parliament should have an opportunity of studying the Combines Investigation Act and making recommendations in general for amendments to the act.

This resolution is well worded; in its restrictiveness it shows the fine hand of the Minister of Justice. It is more restrictive than the restrictive covenants that he states he is endeavouring to circumvent. It reads:

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

Do you see the significance of that? With great panoply, and a tremendous display of a desire to help the people, the committee will be convened but they are going to be restricted to considering what amendments to the Combines Investigation Act can be made in so far as resale practices are concerned. There will be no opportunity to consider the act as a whole; there will be no opportunity to review the penalties under the act. I think the time has come to do something to increase the penalties under the act. Under section 32 the penalty in the case of an individual is a maximum of $10,000, or in the case of a corporation, $25,000. The section reads that anyone—

—who is a party or privy to or knowingly assists in the formation or operation of a combine within the meaning of this act . . .

If that act as it now is cannot be enforced, why not have this committee given powers to do something about revamping or rejuvenating the act in order to give it vigour and vitality in place of the pallid imitations of effective action it possesses today.

I pass this suggestion on to the Minister of Justice. Put provisions in the act so that not only will a corporation be liable to the money penalty but every director of that corporation who knowingly and to the detriment of the public enters into a combination by way of an actual or tacit agreement or an arrangement to injuriously restrain trade and commerce to operate to the detriment of the public or against the interests of the public, whether consumers, producers or others, shall himself be liable to a penalty. Let that penalty be imposed unless he can show that he expressly opposed the decision of the company that had the effect of exploiting the public.

After all, if the law is not enforced it is an invitation to wrongdoing and dishonesty. It is detrimental to be honest if the law is not enforced. Place the directors, great and powerful though they be, in the same position as anyone else who to the detriment of the Canadian people, whether individually or collectively, do things that are unlawful.

If tomorrow the message went forth from this House of Commons to every corporation —there are only one or two of them that I

know which are actually carrying on to the detriment of the public—that a law is to be placed on the statute books to apply to directors of companies who were not able to prove that they had been opposed to the unlawful action taken by the offending corporation, that they would be personally subject to the full penalty of the law, you would find a vast improvement in the enforcement of the combines law.

Let us revamp the act. Is there anything unjust in that? Surely there is nothing much to fear when, no matter how many millions may have been taken from the Canadian people, the penalty applied to a corporation is a maximum of $25,000. Does that hurt? Does that create fear in the hearts of those who would take advantage of the law? All it does is to deprive the Minister of Finance (Mr. Abbott) of part of what he would otherwise secure through taxes. It reduces the excessive profits of the wrongdoing by the small amount that constitutes the penalty.

If we believe in action rather than words would not such an amendment to the law result in benefits to the public that is exploited? Let us endeavour to see whether we can do something to assure a fair and proper consideration for the welfare of the Canadian people. Let us at the same time be sure that those who commit crimes against the state, whether they are members of corporations or not, will themselves be subject to the utmost rigour of the law.

Revamp the act. The cost of living is rising continually. The MacQuarrie committee has been sitting, yet the only explanation the minister can give as to why the MacQuarrie committee has not reported on necessary amendments to the combines act is that the briefs came in late. The minister is a lawyer. Has he ever conducted an appeal before an appeal court and said: "I am late with my brief; we shall have to postpone this court"?

The MacQuarrie committee has been sitting and the act remains unchanged. No recommendations have come forth from that committee except those asked for by the minister when he wrote a letter on September 10. Surely some report should have been made. If the government wanted a report it could have asked for an interim report in regard to changing the combines law. Certainly the fact is that as soon as it asked for an interim report with regard to price fixing and maintenance practices it received it immediately.

Let us bring Mr. McGregor before the committee. We might even have the minister give evidence after his statement in Vancouver when he said that Mr. McGregor did not understand the finer things, did not understand the representations that had been made to the flour milling corporations. Let us have them both there and then we shall see who will be made a monkey of, then we shall see who will go on whose head. Let us bring in Mr. McGregor because I am sure that if his lips are unbridled, if he comes in unhobbled by any consideration other than to help the committee, he will make some revelations that will be most interesting and I am sure most helpful in suggesting effective amendments to the act.

I am not going to continue further as my time is up. If this committee is to be set up let it be a committee of both houses with powers wider than the narrow and confined one comprised in the resolution. Let there be representatives of the producers and consumers, and Mr. McGregor. He is the number one man in this business if we want to get at the facts. If the government is anxious and desirous of doing something to mobilize the opinion of the House of Commons, then widen the ambit of the resolution. Let us not have the carefully restricted term of reference, the obviously carefully restricted one of the resolution. Let us have one wide enough to enable the committee to make recommendations concerning not only resale price maintenance but the entire field of combine and monopoly legislation. As the Minister of Justice (Mr. Garson) said, let us bring the act up to date and remove the hobbles on action that seem to hold back the government. Let us do our part in this house to protect the Canadian people from exploitation and to preserve small businesses in this country. Let us think for once of that forgotten man, the consumer, for sometimes I believe he is the forgotten man in this country. Let us add to and amplify the resolution to the end that this committee will go about its work with the power to do something more than review what has already been reviewed by the chosen experts of the government, the MacQuarrie committee, who are entitled to the high regard and respectful tribute paid to them by the minister.

Let us empower the members of the House of Commons and the Senate on the committee to make suggestions for amending the law as for example by changing the penalty, or to restore some sections that have been removed, and add others that will give force and vigour to this legislation. Having that view, which is shared by the members of His Majesty's opposition, I move, seconded by the hon. member for Vancouver-Quadra (Mr. Green):

That the resolution be amended by deleting from the first paragraph thereof the last clause, namely, "and to consider appropriate amendments to the Combines Investigation Act based thereon," and substitute the following, "and to consider generally the Combines Investigation Act and to recommend

appropriate necessary amendments thereto which will assure protection against exploitation of small businesses and consumers."

Mr. Garson: Before the hon. member takes his seat, I wonder if he would permit a question?

Mr. Diefenbaker: What is the nature of the question?

Mr. Garson: The hon. member said that there were only one or two corporations of which he knew that were acting detrimentally to the public. I wonder if he would name them?

Mr. Diefenbaker: I accept that, Mr. Speaker, and they are named in the combines report given by Mr. McGregor, to which apparently the Minister of Justice has paid little attention.

Mr. Speaker: It will be my responsibility to determine whether or not this amendment is in order. It occurs to me that the amendment widens the terms of the proposed resolution. If that is so, I am rather doubtful whether I can allow the amendment to stand. The other day a similar question arose when we were discussing certain railway legislation. The hon. member for Cumberland (Mr. Black) moved, seconded by the member for Queens (Mr. McLure), an amendment which would have referred a question to a committee which had been set up with certain specific powers. At that time I ruled that I could not allow the amendment to stand because the committee to which it was proposed the question be sent was not empowered to deal with the question.

If any hon. members desire to speak to the matter, I am prepared to hear them.

Mr. Fulton: Although I have not had an opportunity of considering the question, I should like to direct Your Honour's attention to the fact that the subject matter of the two resolutions is quite different. In the case to which Your Honour has just referred we were dealing with a motion to refer a bill, which had been considered and approved in principle by the house, to a special committee which had been already set up for the purpose of considering that bill. The amendment moved at that time was to refer the matter to a different committee. The ruling, as I recall it, was that the committee referred to in the amendment would have no power to consider the subject matter which it was proposed to refer to it.

In this case, we are not suggesting a different committee. The same committee as suggested by the Minister of Justice (Mr. Garson) is left in the amendment moved by the member for Lake Centre (Mr. Diefenbaker). All that is suggested at this stage is that before anything has been decided by the house—I wish to emphasize that, because in the other case certain things had already been decided by the house—the committee suggested by the minister should have greater scope for consideration than the reference would give it.

The other point of difference, which I think is relevant here, is that specific legislation was being considered. At this time there is no specific legislation but a general reference on a matter which has not yet been before the house. The amendment moved by the hon. member for Lake Centre, therefore, does not create new matter or bring new matter before the house in the sense in which I think Your Honour felt the previous motion would have done. I suggest the two circumstances are entirely different, and that this motion is clearly in order.

Mr. Garson: I suggest to Your Honour that the pith and substance of the resolution which is before the house is that the report of the MacQuarrie committee upon the subject only of resale price maintenance be considered by a committee, and that the committee consider also proper amendments based upon that report. In this debate it has been made clear that the MacQuarrie committee is now considering other aspects of the Combines Investigation Act, and that the amendment which has been moved by the hon. member for Lake Centre (Mr. Diefenbaker), if accepted, would not amend the pith and substance of the resolution before the house but would introduce a matter which is altogether foreign to it. If he were to confine his amendment to striking out the word "appropriate", or to some other amendment of the powers that are to be granted to this committee as part of the pith and substance of the original resolution, I can quite understand that his motion would be in order. But I submit that the resolution he has moved deals with a subject matter entirely foreign to the pith and substance of the resolution, and that it therefore should be ruled out of order.

Mr. Drew: Mr. Speaker, I think the two cases that have been referred to are on entirely different ground. Reference was made to an earlier decision that certain amendments proposed to the motion related to the railway bills then before the house were out of order. I submit they were not on the same basis as the amendment now before the house. I would ask Your Honour to consider the fact that the only question that arises in this case is whether you should permit an amendment which will refer to the committee the consideration of amendments to the Combines Investigation Act without restriction, or should take the position that the restrictions imposed by the motion now

before the house prevent any widening of that motion by an amendment. I would point out that as it is within your authority to consider the purpose as well as the effect of amendments of this kind, it should be recognized that what is now being done is to open up new inquiry into a subject which had earlier been referred to the MacQuarrie committee. What had been referred to the MacQuarrie committee was the subject of possible amendments to the Combines Investigation Act, without any restriction. Now the government has indicated that it has in effect repudiated the MacQuarrie committee. Therefore, unless there is to be a great waste of time of those members of the house who make up this committee as well as of those who are invited here, with that repudiation of the MacQuarrie committee and the setting up of a new committee of the house to deal with the very things which were referred to the MacQuarrie committee, I submit that it is not only in order but it is most proper that the reference should be as wide as the original reference to the MacQuarrie committee.

I submit that this amendment in no way varies the subject matter before the house, but that it simply removes a restriction which will limit the effectiveness of a committee and actually mean that members of this house will be wasting their time to a substantial extent, in view of the fact that we know the MacQuarrie committee is no longer being taken as the body which will advise the government in this respect.

Mr. St. Laurent: Mr. Speaker, I think the loose use of language that we have experienced today is something rather unusual in this house in which, nevertheless, we sometimes find language used fairly loosely. Any suggestion that the MacQuarrie committee is being repudiated is, of course, absolutely groundless. There is no suggestion of that kind.

At this moment, Mr. Speaker, you have for consideration a point of order which you yourself suggested. Here I think the only question is: Is this amendment something which puts forward a substantive proposal that, under the ordinary rules of the house, cannot be made without notice? That is the question that Your Honour must decide. There has been notice of a motion to set up a committee to consider the MacQuarrie report and appropriate amendments to the Combines Investigation Act based thereon. This is an amendment which would say to the committee: Not only will you consider the MacQuarrie report; you will consider the whole Combines Investigation Act, and you will make recommendations on the whole Combines Investigation Act. Is that something which, under the ordinary rules of the house, could not be done without notice? If it is, under citation 397, I think it is, of Beauchesne, it is not something that can be done by amendment. If it is not something that would require notice, it can be done by amendment. Citation 397 in Beauchesne's second edition reads as follows:

> An amendment must not raise any question which, by the rules of the house, can only be raised by a distinct motion after notice.

Your Honour has to decide whether or not, according to the rules of the house, the setting up of a committee to consider the whole of the Combines Investigation Act and to suggest amendments with respect to the whole Combines Investigation Act is something which would require notice. If it is, it cannot be appended to this motion as an amendment. If Your Honour comes to the conclusion that it is so intimately connected with the other matter that it can be done without notice, then it would be in order.

Mr. Drew: Mr. Speaker, I do not propose to extend the argument in regard to the matter you raised, but I propose to take up the statement that loose expressions have been used. I submit that no loose expressions have been used. This government, in the speech from the throne—which is the statement of the government—indicated to this house that they were acting upon the MacQuarrie report. We had been given every reason to believe that the government were acting on the MacQuarrie report, until these last few days. I submit that there is only one correct expression, and that is that the government has repudiated the MacQuarrie report.

Mr. Green: Mr. Speaker, may I suggest one further argument for your consideration. The material part of the resolution as presented by the Minister of Justice (Mr. Garson) reads as follows:

> . . . and to consider appropriate amendments to the Combines Investigation Act based thereon.

That may or may not involve every single section in the Combines Investigation Act. I suggest that the amendment moved by the hon. member for Lake Centre (Mr. Diefenbaker) is merely making it clear that the whole act can be considered. If we are to have a ruling that such an amendment is out of order, it would be practically impossible to amend a resolution of this kind.

Mr. Speaker: I think hon. members have explained their position quite clearly. As to whether the amendment is in order, the hon. member for Kamloops (Mr. Fulton) has drawn my attention to the fact that a previous ruling this session referred to an amendment which would concern a committee which already had been set up and was considering other

legislation. However, I based my ruling on that occasion on the fact that the committee which had been set up had certain powers, that it did not have power to deal with the amendment proposed, and that it could not deal with matters which were beyond the powers set forth in the resolution.

The Minister of Justice (Mr. Garson) has stated that the amendment contains provisions which are foreign to the pith and substance of the main resolution. Although the leader of the opposition (Mr. Drew) did not entirely agree with that statement, he said the purpose of the amendment was to have the Combines Investigation Act considered without restrictions. In other words the amendment widens considerably the terms of the proposed resolution. The Prime Minister has raised a question as to whether the terms of a resolution, of which notice has been given, can be widened by amendment. So far as the Minister of Justice and the leader of the opposition are concerned, I think they are in agreement that the proposed amendment does widen the provisions of the original resolution. The hon. member for Vancouver-Quadra has questioned that, but I am inclined to agree; in fact I must come to the conclusion that the amendment does widen the terms of the original resolution. Whether or not it is desirable that the Combines Investigation Act should be considered fully at this time is not for me to decide. The only question I have to decide is whether the amendment is in order in accordance with the rules of this house. Standing order 45 refers to resolutions for the appointment of committees only after notice. I would refer hon. members to Beauchesne's Parliamentary Rules and Forms, third edition, citation 546. When I read this citation I think hon. members will agree that I cannot allow the amendment to stand because it does widen the terms of the original resolution. I might add that if the minister himself proposed an amendment which would widen the terms of the resolution I could not allow it to stand unless it was with the unanimous consent of the house. I will now read citation 546:

> When the house is considering a motion, of which notice has been given, for the appointment of a select committee, a member cannot move in amendment that the committee be given wider powers than those which were set down in the notice.

Accordingly I must rule that the amendment is not in order.

Mr. Diefenbaker: With the utmost respect I appeal against Your Honour's ruling.

Mr. Speaker: Those in favour of sustaining the Speaker's ruling will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those against will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

And some members having risen:

Mr. Speaker: Call in the members.

Mr. Speaker put the question as follows:

On the motion of the Minister of Justice (Mr. Garson) to set up a committee to study combines legislation, and the like, the hon. member for Lake Centre (Mr. Diefenbaker), seconded by the hon. member for Vancouver-Quadra (Mr. Green) moved:

> That the resolution be amended by deleting from the first paragraph thereof the last clause, namely—"and to consider appropriate amendments to the Combines Investigation Act based thereon", and substitute the following:— "and to consider generally the Combines Investigation Act and to recommend appropriate necessary amendments thereto which will assure protection against exploitation of small businesses and consumers."

I ruled the amendment out of order, in that it purported to confer on the committee wider powers than those set down in the original motion. From my ruling the hon. member for Lake Centre and others appealed.

The house divided on the question: Shall the Speaker's decision be sustained? And the decision of the chair was sustained on the following division:

YEAS

Messrs:

Ashbourne	Goode
Bater	Gour (Russell)
Benidickson	Gregg
Beyerstein	Harris (Grey-Bruce)
Blackmore	Harrison
Bradette	Helme
Bradley	Herridge
Bruneau	Hetland
Bryce	Howe
Byrne	Huffman
Campney	Johnston
Carroll	Jones
Carter	Jutras
Cavers	Kickham
Claxton	Kirk (Digby-Yarmouth)
Coldwell	Knight
Corry	Knowles
Cote (Matapedia-Matane)	Laing
Cruickshank	Leger
Dechene	Little
Decore	Low
Dion	Macdonald (Edmonton East)
Dube	MacDougall
Dumas	MacInnis
Fair	MacKenzie
Ferrie	MacLean (Cape Breton North and Victoria)
Fournier (Hull)	MacNaught
Fulford	McCulloch
Gagnon	McIlraith
Gardiner	McIvor
Garland	McLean (Huron-Perth)
Garson	McWilliam
Gauthier (Lapointe)	
Gibson	

Major	Sinnott
Maltais	Smith (Moose Mountain)
Martin	Stewart (Yorkton)
Mott	Stick
Murray (Cariboo)	Stuart (Charlotte)
Mutch	Thomas
Proudfoot	Ward
Prudham	Warren
Quelch	Weaver
Richard (Ottawa East)	Weir
Riley	Welbourn
St. Laurent	Whiteside
Shaw	Winters
Simmons	Wood
Sinclair	Wright—96.

NAYS

Messrs:

Adamson	Fulton
Argue	Green
Browne (St. John's West)	Harkness
Casselman	Hees
Charlton	Higgins
Churchill	MacLean (Queens)
Coyle	McLure
Diefenbaker	Murphy
Dinsdale	Nowlan
Drew	Thatcher—21.
Ferguson	

Mr. Graydon: I was paired with the Secretary of State for External Affairs (Mr. Pearson). Had I voted I would have voted against Your Honour's ruling.

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, the motion of the Minister of Justice (Mr. Garson) now before us is, in part:

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

For various reasons I am going to try to keep pretty close to the question at issue in this debate. One reason is that I have only a limited time, and I am not a fast talker. Let me say first of all that our main objection to the resolution is that it delays action upon a question that has been before committees of parliament and committees in this country for a quarter of a century. There is nothing we can find out about resale price maintenance that we do not know now. Because of that we believe the proper thing for the Minister of Justice would have been to introduce the legislation forecast in the speech from the throne, and then leave it to the House of Commons to decide what should be done with it. The matter of resale price maintenance is not altogether a question of the effect it has on the cost of living. Even if prices were falling I think there is sufficient evidence before us to indicate that resale price maintenance should be declared illegal. From the evidence before us in reports from parliamentary committees and royal commissions I think I can prove that in so far as it can be proved.

[Mr. Speaker.]

However, from the point of view of the cost of living, I think the action of the government at the present time is a terrific let-down to the people of this country. Little or nothing has been done since the end of the war, since prices began rising, or in any case since the committee on prices was appointed in 1948, and there was hope that some small relief might be coming. Let me draw the attention of the house to the reference to this matter in the speech from the throne. I shall not quote the whole two paragraphs, but only sufficient to show how the government saw things on October 9. The speech said:

> The concern of our people over the rising costs of living resulting from international and domestic inflationary pressures is fully shared by the government.

The second paragraph reads in part:

> The government has received an interim report from the committee studying the combines legislation recommending that suppliers of goods should be prohibited from requiring or inducing distributors to resell such goods at fixed or minimum resale prices.

It is clear that it was the intention of the government to introduce legislation to that end. I need only quote the concluding words of the speech by the Prime Minister (Mr. St. Laurent) in the debate on the address in reply to the speech from the throne. He said, as recorded at page 41 of *Hansard*:

> That is the situation; and again I can say that as regards immediate additional measures to curb inflation, while others may develop, the only one we are prepared to submit at this time is the one that will arise out of this report of the combines committee with respect to resale prices.

Then he went on to say:

> I do not think that is going to have a very substantial effect on the index of the cost of living.

I agree that it would have no great effect. It might have some, but it would have no great effect on the cost of living. However, the people of this country were hoping that something might be done. Various parliamentary committees and royal commissions appointed by the government have drawn attention to resale price maintenance, and have recommended that the practice should be made illegal. Now the government is going to appoint another committee. We of this group are not going to agree to any further stalling in this matter, and we do not care from where the attempts to stall come.

The purpose of the proposed committee, as I have stated, is to study the interim report of the MacQuarrie committee, and to make recommendations with respect to legislation. The Minister of Justice (Mr. Garson) quoted the terms of reference of that committee, and I do not need to do that. He also mentioned that the government considered the matter

of resale price maintenance so important that it asked the MacQuarrie committee to make an interim report on the subject to the House of Commons. That report was made. This was the approach of the MacQuarrie committee to the question of resale price maintenance. In the introduction to the interim report which I have in my hand, I find the following:

> By what standards should resale price maintenance be judged a desirable or an undesirable practice? They can be suggested in simple form by two sets of questions. First, does the system place the determination of prices, which is the mutual concern of producers and consumers, under social control either through competition or public regulation or does it set up a system of control by private law or agreement? Does it prevent the consumer from exercising his full influence in determining what services he is willing to pay for and what services he deems too expensive? In brief, does the system facilitate or restrict competition?

I think the answer to that is clear. I continue:

> Second, how does the maintenance of resale prices affect prices, production, distribution and consumption? Does it promote efficiency in the economic system providing the consumer with the goods and services he requires at the least necessary prices? Does it direct adequate but no more than adequate resources to the distributive system? This is the standard of economic efficiency.

After studying the question from that approach the MacQuarrie committee proposed two simple amendments. I say they are simple. They are simple and direct. When the government received them it intended to introduce legislation in the house to put them into effect. What happened? During another debate I asked whose still small voice it was that spoke to the leader of the opposition (Mr. Drew) and induced him to change his attitude on price control. I now ask whose was the still small voice that whispered in the collective ear of the government and resulted in the Minister of Justice deciding to give us another committee instead of introducing a bill as was intended? What evidence can we hear that has not already been heard with respect to this matter? In the introduction to the interim report the MacQuarrie committee had this to say:

> As indicated above, the committee received a great many briefs, nearly all of which made some reference to resale price maintenance. They reveal divergent opinions on the subject. Although there are some notable exceptions, in general the associations representing manufacturers, wholesalers and retailers favoured resale price maintenance.

May I point out that these are the people who are everlastingly complaining about government bureaucrats setting prices, about government interference with the ordinary economic principles of business; but here they themselves, because they have control in their hands, want effective control of prices, and they have been getting it. It appears that they are going to continue to get it until there is a government in this country with enough courage to put a stop to it. I continue:

> On the contrary, co-operatives, labour unions, farmers' and consumers' associations expressed opposition to the practice.

If we set up a committee the same people who appeared before the MacQuarrie committee and stated they were in favour of price maintenance and the same people who stated they were opposed to price maintenance will appear before us and say the same things. Where will we be then?

Mr. Knowles: Another royal commission.

Mr. MacInnis: Perhaps we will have another royal commission. The Minister of Justice has already given us the names of the members of the MacQuarrie committee, but I should like to repeat them. The chairman is Mr. Justice MacQuarrie of the supreme court of Nova Scotia. The other members are Dr. W. A. Mackintosh, who is now president of Queen's university; Professor Maurice Lamontagne, of Laval university, and Dean George F. Curtis, of the law faculty of the university of British Columbia. A justice of the supreme court of one of the provinces, two learned professors and the head of the law department of another university, and they proposed two simple amendments to this government; now the Minister of Justice brings in a resolution to set up another committee to consider those two simple amendments.

Let us see what the Minister of Justice had to say on this matter. He made a radio address in "The Nation's Business" series on October 16, 1951, just a little over two weeks ago, and referring to the appointment of this committee he said in part:

> We did this because it seemed advisable, after twenty-five years of operation, to have the combines law reviewed in the light of experience and of the changes that had occurred in our commercial practices. The committee was given unlimited authority to recommend any amendments which it thought would make the law a more effective instrument for encouraging and safeguarding our free economy.

The committee proposed two simple amendments. What was done with them? They are being referred to another committee. The report continues:

> The committee's general conclusion is that the enforcement of minimum resale prices is contrary to the public interest and should be forbidden.
>
> The committee specifically recommends that it should be made an offence for a manufacturer or other supplier:
>
> 1. To recommend or prescribe minimum resale prices for his products;
>
> 2. To refuse to sell, to withdraw a franchise or to take any other form of action as a means of enforcing minimum resale prices.

In other words the committee decided that the time had come when private interests in this country should not be administering a private code of law from which there was no appeal to the courts of the land. The Minister of Justice is not sure he agrees, and he refers it to a committee. The minister went on to say:

May I say in conclusion to my listeners that if you or your friends believe that prices are being held up by practices which seem to be contrary to the combines law, do not hesitate to write to the combines investigation commissioner in Ottawa and ask him to look into the matter for you. He is provided with a competent staff for just this purpose, and as a citizen you are entitled to his assistance. If in this connection you think I can be of any help, by all means write to me.

The thing the minister should have said was, "By all means write me and I will refer it to the Minister of Trade and Commerce, or I will refer it to a committee." By all means write to the Minister of Justice. I should like to quote from the report of the royal commission on prices which I believe was presented on March 18, 1949. The commission was set up on July 8, 1948, and gave considerable time—it cost considerable money also—to the study of resale price maintenance. On page 258 the following appears:

Resale price maintenance has been dealt with in a number of investigations under the Combines Investigation Act, but usually in conjunction with other restrictive practices. It was the sole issue in one inquiry, that into the Proprietary Articles Trade Association. Two reports were published, in 1926 and 1927, in which conclusions were expressed that the public interest was detrimentally affected. The Proprietary Articles Trade Association was disbanded shortly after the final report was published. The same conclusion was reached in the following investigations which dealt with certain aspects of the problem: tobacco, 1938, dental supplies, 1947, optical goods, 1948, and bread in western Canada, 1948.

With all that evidence before him, and after having appointed a committee made up of outstanding citizens, some of them high in the legal profession, the Minister of Justice has the effrontery to come to this house, after having told the people of Canada that the government would give effect to the recommendations, and move to refer this matter to yet another committee. Someone said that the report of the MacQuarrie committee has been repudiated. I believe in effect that it has been repudiated. In any case not much importance is being given to it. I would think that there are good reasons why these gentlemen should resign their membership in that committee. It must be remembered that they are only beginning their work. They have to deal with many other aspects of the Combines Investigation Act. If every recommendation they make to the government is going to be referred to another committee, what confidence can the government have in the judgment of that committee? It is simply a ridiculous situation.

Let me give now a number of quotations from the report of the royal commission on prices in 1949. I have already referred to it in connection with this matter. I shall quote from page 27, volume I:

During our inquiry we tried to ascertain whether there has been any marked growth of restrictive business practices during the postwar period and whether the effects of these practices on competition had played a major role in raising prices.

Among the industries on which we report, we found a number where conditions were highly competitive. A good example was the primary livestock industry, in which there are a very large number of producers, no one of whom handles more than a small fraction of the total output. On the other hand, we found a number of industries where competitive forces were limited because of the small number of firms in such field. For instance, there are only three firms in Canada manufacturing primary fertilizer materials and the very high capital investment required for this industry makes it difficult for new firms to enter this field. Another example occurs in primary textiles—

I understand that the textile industry of this country is highly protected by tariffs, among other things.

—where a few big firms dominate the cotton industry and where the three producers of the three types of synthetic yarns manufacture the entire Canadian output.

Then on page 28:

Resale price maintenance, like other forms of restrictive practices, does offer what appears to the manufacturer and distributor to be a happy relief from the unending struggle against the harsh correctives of the free market system.

I have said time and time again in this house that no one in this country believes in competition, that is for himself. People believe in it for the other fellow, of course. Everyone who can get away from the "harsh correctives of the free market system" will get away. If this government believes in free enterprise, and it says it does; if manufacturers in this country believe in free enterprise, and they say they do, there is one thing this government can do to see that industry in this country is free. It can prevent such practices as resale price maintenance—and that is only one of several kinds of unfair sale practices—from being continued. It cannot be done by merely referring this matter to another committee.

The prices commission report continues:

But the solution we think is illusory. It not only vitiates the spirit of enterprise by which all commercial and industrial life is nourished, it deprives the consumer of his right to seek out and patronize the more efficient distributors, namely, those who over a period of time can offer goods for sale at prices lower than their competitors.

Underproduction may also result where there are only a few firms in the field and the spur of competition is not very strong. An example of this may be seen in the primary cotton textiles industry, where production has been decreasing since the war.

We hear in speeches made all over this country, and even in this house, that what this country needs is more production. But if more production is not profitable to the textile industry, for instance, you are not going to get more production. There will be just as much production as is profitable to the owners of industry, as long as a few industries have control. For years we have been telling the members of this house that today it is not a question of control or no control; it is a question of who is going to exercise the control, the manufacturers and wholesalers or the government, which at least has a responsibility to the people of this country. There is one other quotation from this report that I should like to give the house. If the Minister of Justice (Mr. Garson) has not read it, then he should read it. If he has read it he should read it again. It is found on page 41:

Throughout our inquiry we have been impressed by the degree to which individual manufacturers fix the resale prices of their products and so narrow the area in which price competition amongst wholesalers and retailers is operative. In view of the extension of this practice, we recommend that the combines investigation commission give careful study to this problem with a view to devising measures to deal with it.

Evidently the combines people did not have a sufficient staff to deal with this matter, or the Minister of Justice or the government—I do not want to restrict it too much to the Minister of Justice—did not have confidence in the Combines Investigation Act staff. They wanted to get a new opinion. They obtained a new opinion, and that new opinion recommended simple legislation which the government was going to put on the statute books until they heard the master's voice.

Let me draw your attention to another report. This is the report of the 1935 royal commission on price spreads. The question of price maintenance was not dealt with under that heading to any extent. In my opinion the practice did not become prevalent until some time later. On page 228 the commission has something to say about competitive practices in the retail trade:

Whether or not certain practices are unfair cannot be based solely on the opinions of a single trade or of those who believe themselves to be injured parties. The only basis upon which business practices can be classed as unfair is in relation to the public interest. If certain practices can be shown clearly to be against the public good, they should be condemned as unfair even if they benefit certain trade groups. On the other hand, practices which benefit the public, even though they work a hardship on some groups, cannot be classed as unfair merely to protect such minorities.

I have received, as no doubt many other members have, many letters opposing legislation forecast in the speech from the throne. I wish I had known earlier that the government was not going to do anything about it, because I might have saved myself a little political opposition and a considerable amount of dictation. But I did think the government would do something about it. They said so, and who am I to doubt that they would? In reply to these letters I therefore said that it was my intention to support this legislation but I am not stating definitely until I see the bill. I am glad I had the sense to safeguard myself at least to that extent. The amazing thing in connection with nearly all these letters was that those writing them did not realize that they were not free businessmen carrying on their own business as they saw fit. As to these items of their business, they are merely the agents of the manufacturers, selling on commission. Yet they talk about this free country of ours whose people the socialists are going to put in strait-jackets, when every one of them is in a strait-jacket now and has not sense enough to know it.

Mr. Sinclair: Page the hon. member for Moose Jaw (Mr. Thatcher).

Mr. MacInnis: Let us now get back to the report of the MacQuarrie committee.

An hon. Member: Hear, hear.

Mr. MacInnis: The hon. member says "hear, hear"; but the government does not want to have anything to do with the committee's recommendations. All they want to do is refer them to a committee. I want to draw the attention of the house to the committee's views, and I quote from page 18 of the report:

Resale price maintenance, to be effective, requires some method of enforcement. If a manufacturer merely indicates a resale price but makes no provision and takes no step to enforce it, then he has no real control over his distributors. However, when measures of enforcement are involved, resale price maintenance establishes a private system of law allowing no appeal to the courts of justice, as it is clearly shown in the British white paper.

It seems to me that what this house has to decide and what this government should decide is not whether this measure has the effect either of raising or lowering prices, but whether these people have set up private courts of law in which they themselves are the sole judges. That is the question for free people—and I assume that we are still free—to discuss and to decide in this house.

The committee gave this quotation from a statement on resale price maintenance, from a British board of trade white paper:

> It is worth noting, too, that a trader who, by charging too little for his goods, incurs these penalties at the hands of a trade association (or manufacturer) has no recourse to any higher authority; by contrast, a trader who charges too much and is proceeded against by the state, under price-control laws,—

And I would ask hon. members to note this:

> —can always appeal to a higher court.

When you have government-imposed price controls, if you think you are not getting a fair deal you have an appeal to the courts; but when the matter is under the control of private manufacturers you have no appeal at all. As a matter of fact, you cannot open your mouth; for if you do, they stop supplying their goods. The quotation continues:

> The penal proceedings which may have the effect of driving a shopkeeper out of his trade and which are directed not to the maintenance of a recognized standard or code of behaviour generally accepted as necessary in the public interest, but solely to the enforcement of a particular trade policy of questionable merit, take place behind closed doors and without any supervision by the courts or by parliament.

I wish that statement would sink into the minds of cabinet ministers and private members of this house. I have one more quotation. It is found on page 19:

> Finally, it should not be forgotten that, to the extent that resale price maintenance brings more rigid and higher prices, it contributes to the instability of production and the reduction of sales, results which serve neither the interests of manufacturers nor general welfare.

There you have the point of view of the committee; indeed it is under that heading in the MacQuarrie interim report. Does the government accept that, or does it not? If it does not accept it, it should tell the MacQuarrie committee to go home and apply themselves to work that they are competent to perform.

In the general conclusions of the MacQuarrie committee are set forth, as I say, two simple recommendations:

> The committee, therefore, recommends that it should be made an offence for a manufacturer or other supplier:
>
> 1. To recommend or prescribe minimum resale prices for his products;
>
> 2. To refuse to sell, to withdraw a franchise or to take any other form of action as a means of enforcing minimum resale prices.

Why any Minister of Justice, any government or any parliament should refer that kind of recommendations to another committee is simply beyond my understanding. The recommendations are so simple, so direct and, I think, so much in line with what every member of the government must believe, that it just amazes one to see the government balking at putting before this House of Commons so simple a matter.

As I have already pointed out, this question has been under study in this country for a quarter of a century, and it is time we finished with it and decided the matter. We should either decide that resale price maintenance is a perfectly proper business method, or we should decide that it is not a proper business method and pass legislation to stop it. Let us see what we have had in the past two years. We had a parliamentary committee. We had a royal commission. Then we had this MacQuarrie committee of outstanding Canadian citizens. Numerous studies have been made by the combines investigation commission. Now we are to have another study, this time by a joint committee. In a recent issue of *The Montrealer* there was an item which I am taking the liberty of paraphrasing—and I did not change it a great deal—as follows:

> The government laboured and produced a board.
>
> The board laboured and produced a committee.
>
> The committee laboured and produced a subcommittee.
>
> The subcommittee laboured and produced a recommendation.
>
> And the recommendation was referred to a joint committee.

If I were speaking in biological terms I believe I could say that at least we have reached the stage where we should have something, even though most of the committee, I suppose, are getting well on in years. But unfortunately it is not a biological matter. We shall have to appoint another committee to find that out.

Mr. Knowles: Refer it to the Senate members of the committee.

Mr. MacInnis: If the committee on divorce had nothing else to do they could attend to it. It seems to me it was the intention of the government to bring in legislation to give effect to the recommendations of the MacQuarrie committee. The Canadian Chamber of Commerce had a meeting in Quebec. They passed a resolution urging delay in this matter, and next day the resolution in the name of the Minister of Justice appeared in *Votes and Proceedings*. I am not of course suggesting that there is any connection between what took place at the convention of the Canadian Chamber of Commerce and the appearance of the resolution on the order paper, but I must draw to the attention of the house the fact that it is a rather interesting coincidence. There is definitely an indication of his master's voice in what has taken place. I do not think, sir, that what this house or the country requires at this time is another committee, even if

it is a joint committee. As I have fully and clearly demonstrated, we have all the information on this matter that we need to take the action that was proposed by the MacQuarrie committee. What is needed at this time is a government that would have the courage to protect the small people of this country. We cannot get that through another committee.

Mr. Solon E. Low (Peace River): Mr. Speaker, the people of this country were led to believe that the government really and truly meant business when in the speech from the throne itself two clauses were found as follows:

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

The people of the country had good reason to expect vigorous action on the part of the government to take care of these two situations. Thus far the people have been bitterly disappointed, because they have not seen the vigorous action. All they have seen are indications of a timorous diffidence on the part of the government to try to do anything about this whole situation. It cannot be described in any terms other than timorous diffidence. The hon. member for Lake Centre (Mr. Diefenbaker) described it in picturesque words as leadership in retreat. Perhaps that is true. It sounded good, and perhaps fixed the situation pretty well. I wonder just what the people are thinking, and I am going to quote briefly from two editorials from widely separated sources. If I just quoted from the editorial in the *Financial Post* of October 13, 1951, it might not mean very much. I presume there would be those who would say at once "Well, that is from the master's voice". I am not sure, but I am going to quote it just the same, and then I shall go right out to the grass roots, right out amongst the people in the farthest and most remote places. This is what the *Financial Post* had to say about the very matter that we are discussing today:

> The government's avowed intention of legislating on resale price arrangements is not impressive.

Well, as the hon. member for Lake Centre would say, that is a real understatement. It certainly is. The editorial continues:

> It is true that the high cost of living is the problem uppermost in the popular mind. But it looks very much as if the government is going to make a big show of "doing something" about the high cost of living by tilting against resale price agreements.

Then they go on, Mr. Speaker, to explain some of the resale price agreements, and they finish up in this way:

> Actually in Canada most of the "price maintained" products are in industries where competition between different brands is sharpest, hence where the effort has been most strenuous to keep prices down.
>
> So this move, if described as a method of hitting high prices, is just eyewash.
>
> The second reason this plan is objectionable is that it can't be enforced—not even reasonably well, either in letter or in spirit. And laws that can't be well enforced both in letter and in spirit are better never passed. They are thus merely corrupting to the governors and the governed.

That is the opinion of the people who edit and manage the *Financial Post* down here in eastern Canada. I now want to go out into my own country, perhaps as far away from Ottawa as one could get, and find out the reactions of the people. I am going to quote from the Peace River *Record-Gazette* of October 25, an editorial under the heading: "Is price fixing a red herring in Canada?" This is what the editorial says:

> Considerable publicity has been given of late to two matters of general interest to the person who pays the bills, namely, price fixing and cost of living. To date nothing has been done about price fixing, although some action has been promised, while in the matter of cost of living anything that has been done does not appear to be very effective. All of which leads us to question the sincerity of the federal government in the matter and causes us to wonder whether the furore about price fixing is not being brought before the public in an effort to confuse the issue and draw fire from the cost of living question.
>
> Anyone who tries to solve the cost of living muddle is in for a busy time, for immediately they are faced with the question of why prices are going up and labour and management point accusing fingers at each other. On the other side of the fence the government hesitates to put into force new regulations which in turn necessitate more civil servants and additional cost, not to mention the cost of subsidies which the people through their government would have to pay.
>
> The question of price fixing now occupies the centre of the stage and likewise proves intriguing. It would seem the government has timed things neatly in that the findings of the recent combines hearing against western bakeries coincides with the government's attack on price fixing. Any query on price fixing must include the question of who gets hurt most if price fixing does not exist; by price fixing is meant the setting of retail prices for specific zones by the manufacturer, with the price limited to the figure set. When the market is going up the public is protected from those who would raise the price sky high, while when prices drop the merchant is given protection against price cutters. Whether this principle is in the best interests of the nation's economy must be considered, taking into account the consumer and the retailer.
>
> Anyone whose memory can recall events of a few years ago will remember the days when price cutting was the order and merchants cried out for some semblance of law and order in the matter of prices.
>
> As a result we have provincial legislation dealing with the matter as to the floor on such price cuts. It would appear some of the manufacturers and retail industries are being used in an effort to

becloud the general issue of prices and the cost of living, and it would be well for our members of parliament to try and study the matter from a long-range viewpoint, for such laws should not be changed by governments to suit particular conditions with which they are faced.

I quote this article to show what the people of Canada are thinking about the government's inaction today in the matter of high living costs and prices. If you wish to find out what they are thinking you have to get right back among the people, the common ordinary folk. The editorial I quoted from the Peace River *Record-Gazette* appeared in a paper that does not support me or my party. It tries to remain independent in its views. They are expressing, however, exactly what the people of this country think about the latest move on the part of the government, which appears in the resolution now before the house.

I leave it at that for the moment. The resolution we are considering does call for a joint committee to study the report and recommendations of another committee, namely the MacQuarrie committee. When a proposal like this is made by the government—and, by the way, such proposals have been made more frequently of late than I have known for some time—it always leads me to believe that the government is stalling for time. I believe there is every evidence in the present situation that it is stalling for time. I do not know what their reasons are. Those reasons are best known to themselves, and I am hoping the Minister of Justice (Mr. Garson) will let us in on some of those reasons before the debate is concluded. My genial friend sits over there and smiles back. I think that is wonderful; generally I applaud when he does that. He does not become angry at these onslaughts. Just the same, however, we would like to see him rise in his place and tell us what have been some of the reasons for this stalling. Let him take us into his confidence. Let us see behind the scenes so that we may know what has been going on.

Whatever the cause may be, the course the government is now taking cannot be interpreted as anything other than a repudiation of the MacQuarrie committee's report. I think the hon. member for Lake Centre (Mr. Diefenbaker) must have been pretty close to right when he made that statement. Otherwise we would have had here today a bill instead of a proposal for a committee. Surely on a matter so important as to be included in the speech from the throne, and promising definitely that members of the House of Commons would have before them at this session legislation dealing with this whole price-fixing situation, members of the house ought to have been able to look forward with confidence to such legislation being brought before us at an early date. But what do we get? We get only a proposal for another committee wherein members of this house and of the other place would study the MacQuarrie committee's report, which is a rehash of a great many other reports and investigations that have gone on for years.

How in the world are we ever going to reach any termination of these things? How can we get action in that way? The resolution certainly does not foreshadow any legislation at all. It will simply mean a long drawn out series of hearings and discussions from which, of course, nothing much by way of corrective action can possibly be expected.

On the other hand it may be necessary to have changes in the manner and method of merchandising in Canada. I do not think anyone doubts that at all. One could take all afternoon discussing possible changes. Surely, however, the government must know by this time where there is price fixing that is contrary to the public interest. Surely, with all the investigations that have been carried on, with all the commissions and committees that have dealt with this matter over the years, the government ought to know where today there is price fixing that is in restraint of free trade. To say that what we need is a committee is just to make a mockery of parliament. It puts us in the position of grade III school children. We are given something just to occupy our time. I think that is most reprehensible at a time like this, when the people of this country want action. I do not think it is becoming on the part of any minister of the crown to ask the house simply to degenerate into a bunch of school children; not for one second.

If committees in the past have been of any use at all, then the government should now have before it well defined legislation designed to correct the situation. If there were some areas in which they have been uncertain, I cannot understand why they would delay, why they did not come right out and say, "We are not certain that we can frame legislation which will cover the whole field of resale price maintenance, and do it satisfactorily." For example, why did they not come out and say, "We have discovered some difficulty in bringing in this legislation, because certain representations have been made to us indicating that perhaps resale price maintenance by agreement between manufacturers and retailers does result in keeping prices down, and we are faced with this problem in attempting legislation that will adequately and fairly cover the situation". Probably the government has come to the conclusion that there are certain

instances where price maintenance does benefit the general consumer in Canada. I am sure I could put my finger on a number of them. I am sure that if all these agreements were to be abolished we would see an upward trend in the prices of a great many things. I do not think there is any question about that.

But why does not the government come clean and tell us that it is not yet certain? It would indicate that they have not been doing their homework; I do not think there is any doubt about it. All the information is there before them, and they could have studied it. I believe the delay, and the appearance of this resolution before the house today, indicate only one thing; that is, that the government is not greatly concerned about this whole business of prices and the cost of living. What else can we conclude from what has happened?

I think that legislation is very important. I do not want to repeat the ground covered so well by the hon. member for Lake Centre (Mr. Diefenbaker) and the hon. member for Vancouver East (Mr. MacInnis). I find myself going along with them, and in sympathy with what they said; and they said it much better than I could. The hon. member for Lake Centre, with his rapier-like methods, was able to put the Minister of Justice (Mr. Garson) right on tenterhooks. I do not think that can be doubted. And I am going to be interested to hear what the minister has to say in reply. I do not want to multiply those words interminably, but I do say it is necessary for us to speak the mind of the people we represent. I know what my people think about such legislation. They are calling it a red herring. They are calling it a deliberate method of sidestepping necessity for action.

In my judgment the setting up of this committee will do nothing whatever to lower prices for the consumers. The work of the committee will not in any way increase the volume of goods available for purchase by the people. As a matter of fact I think it might have the opposite effect. The hon. member for Lake Centre (Mr. Diefenbaker) in his interesting address this afternoon mentioned the article that appeared in the Ottawa *Citizen* last night headed "Manufacturers Shelves Loaded With Goods". I am going to ask the Minister of Justice (Mr. Garson) this question: What will the committee's work do to get these goods that are now loading the shelves of the manufacturers into the hands of the consumers of this country so they can use them? What will this committee's work do to prevent a further increase in inventories in this country that may be detrimental to the people? In my judgment the withholding of goods from the general public is just as bad as price fixing. People suffer just the same, and perhaps worse. The article reads in part:

> Manufacturers' shelves were loaded with a record $3,451,800,000 worth of raw materials and finished goods at the end of August . . .

Imagine the tremendous inventory. Then it says:

> Rising steadily, month by month, over the period of a year, the inventories in August reflected a $56 million increase from July and a total advance of $899 million from August last year.

Then the article concludes with this striking statement:

> "Volume rose slowly during the last quarter of 1950 and the first quarter of 1951, and much more rapidly during the next four months," the bureau said. "At the end of July this year total volume appears to have been 16 per cent above the low point reached last November."

If these goods were available on the market today what a difference it might make to the level of prices. What is this committee going to do to help get these goods out on the market? Nothing at all. There will be delay and more delay until they have a chance to tighten up. In fact the work of this committee might possibly forewarn some of these people and put them in a position to capitalize further at the expense of the consumers of this country through the accumulation of huge inventories.

I also ask the Minister of Justice to tell us in what way the setting up of this committee will abolish or reduce government taxes that contribute directly to high prices. I wonder if the Minister of Justice would be prepared to bring his colleague, the Minister of Finance (Mr. Abbott), before this committee and have him give testimony as to how government taxes contribute to a level of prices such as the people of this country never before have had to pay. I can see nothing in what the committee is empowered to do by the resolution that would in any way help the taxation situation. I wonder if the Minister of Justice will be able to tell us how the setting up of this committee will help those people who have not the purchasing power today to get the things they need. How will this committee help them? I am referring, for instance, to the recipients of veterans pensions and allowances, the old age pensioners, and to the dependents of the gallant fellows who are fighting in Korea, who are suffering at the same time the disabilities attendant on them because of the terrific high cost of living. What will this committee do for them? It will do nothing except perhaps intensify the situation by delay. What, therefore, are we to do? We are confronted with a resolution to set up a committee when what we want is

action. I suggest that the government get off their plush bottom seats and dig into this whole matter.

Mr. Knowles: Get off what?

Mr. Low: Their plush bottom seats and dig into this cost of living business with something really worth while that is designed to bring down the general level of prices. At the same time let us follow up the suggestion made by the hon. member for Lake Centre. I cannot refer to his amendment except to say that if I had had a chance to vote for it I certainly would have supported it. I supported Mr. Speaker's ruling because I felt technically he was right, but I should like to have seen the amendment couched in a little different terms or started a little ahead of where it did start as an amendment to the resolution. Then the hon. member for Lake Centre would have had my wholehearted support.

I think what he proposed is sound. This resolution should be calling for a joint committee to study the whole Combines Investigation Act and recommend ways and means of tightening it up, making it more effective and at the same time perhaps helping the minister become a little more effective in applying it. I think that is what we should have. I have no objection to the committee envisaged by the resolution. It may be able to do some good, and frankly I am all for making it possible for the various trade associations across the country to present their views. I have no objection to that at all. Let us get all their views. Let them come, say what they have to say, and give us the information we ought to have. Maybe they can help us; but for goodness sake let us not fool ourselves into believing that is going to help the cost of living situation or relieve the people of this country of the burden of high prices they have to carry; not for a moment.

At the same time the committee is carrying on its work let us get the Minister of Justice to bring in a wider reference and give us a chance to express our views on the whole of the Combines Investigation Act. At the same time let us get after this cost of living business and do something really worth while about it so we can justify ourselves as a parliament in this country. If we go back to our constituents after this session is over having done nothing but what is envisioned in the resolution, the people ought to rise up and kick the daylights out of somebody. I think the people they should be aiming their kicks at are the fellows in the front line who formulate policy.

[Mr. Low.]

Mr. Knowles: Kick them in their plush bottom seats.

Mr. Low: Yes, as my hon. friend says. I am not opposing the resolution, not for a moment. We will support the idea of it, but we are not fooling ourselves that it is going to help. We demand that the government get busy and put something before us that is really worth while.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, I find myself in entire agreement with the remarks, particularly the concluding ones, of the hon. member for Peace River (Mr. Low), not only with the suggestion which he made—amounting almost to one that physical violence should be used, because it is a desperate situation—but particularly with his feeling that this resolution amounts to nothing more than a joke and shallow gesture on the part of the government in attempting to relieve themselves of the steadily mounting pressure of popular protest against the high cost of living. It is a sorry exhibition that we are seeing now of brave promises followed by weak retreat and complete lack of action.

We look at the speech from the throne and find that it definitely forecast legislation. The house and the people of the country were given to believe that the government was going to do something. It was carefully kept secret, but the government was definitely going to produce and lay before parliament some legislation so that parliament might have the opportunity to consider it, to strengthen it, to change it or to pass it in the form in which it was presented. Something was to be done of benefit to the people so they might be relieved of some of the burden of the cost of living.

Unfortunately what we heard yesterday convinces us that this promise has turned out to be nothing more than an exercise in dialectics. The Minister of Justice (Mr. Garson) was asked yesterday whether this resolution to appoint a committee, then on *Votes and Proceedings* and now before us for discussion, did not indicate a change in government policy from that forecast in the speech from the throne. He said it was no change, that it was merely a development, that it merely complements what they said in the speech from the throne they were going to do. We might ask ourselves: When is a change not a change? The answer would be: When it is a change in government policy but when to admit it would be embarrassing; then it becomes a "development".

If we look at the speech from the throne we see forecast in definite words the intention

to introduce legislation to deal with the cost of living. The speech from the throne states:

> Every measure will be taken which my ministers believe will be effective in counteracting inflation without impairing our free institutions. The anti-inflationary measures already in force—

One might pause and ask what anti-inflationary measures are already in force?

> —have checked the upward trend of prices of goods and services affected by their operation.

I do not know just what exceptions the government would wish to make from the classes of goods and services affected by their operation, but it must be a very narrow class of goods because we have learned today that the cost of living index, which reflects the cost of goods and services in this country, far from being checked, has, in fact increased again this month.

There is the bold statement in the speech from the throne that every measure will be taken to counteract inflation. Immediately after that statement, so as to create deliberately the impression that the succeeding paragraph was worded in the light of the promise to take action against inflation, we find these words:

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

We were to be asked to consider legislation. What sort of legislation? Obviously legislation which would be one of these measures to counteract inflation. That was the definite understanding given to this house and the country, with a great deal of attendant publicity, by this government in the speech from the throne. Now we have what? Do we have legislation? The minister says he has a draft bill somewhere in the recesses of the Department of Justice. He says that bill may be laid before the committee in the early stages of its proceedings. That is as close as we are to get to the legislation. There is no time limit set upon the deliberations of the committee. It is not definitely instructed to consider that bill, if there is such a bill. It is to consider another committee's report.

Of course there has been a change in policy, a change in the announced intention of the government. Instead of having a bill brought before parliament which might be considered and approved or disapproved, we are to have another committee. I maintain that the course of events since the beginning of this session approximately a month ago indicates clearly that the government has no policy for checking inflation and preventing a further increase in the cost of living. Indeed, the circumstances of which we are now aware suggest beyond any doubt that the government put pressure upon this MacQuarrie committee to produce the interim report which is the subject matter of this resolution.

It will be remembered that the government lost four by-elections last June largely as a result of the dissatisfaction of the people with their ability to deal with the cost of living. They were desperate to find something which would relieve that pressure, so they decided they would grasp at this straw of resale price maintenance. Accordingly they virtually urged the committee to bring in a report recommending that something might be done along these lines, and representing that it would have an effect on the cost of living.

This is not an isolated viewpoint that I am putting forward here, nor is it unsupported. I find support for this viewpoint in an article which appeared in the *Financial Post* by Kenneth Wilson, a reporter who, I think hon. members will agree, is one of the best informed in the press gallery, particularly on matters of this kind. This article did not appear in September or October; it appeared in July, about three weeks after the by-elections, and there is some significance to that space of time. The article reads:

> Government Seeks Curb "Fair Resale Prices"; Hopes For Combines Probe Support
> "Fair" Price Curbs Sought by Government
> See Wide Open Competition as Retail Strong Anti-Inflation Weapon—Would Make Illegal Retail Price "Suggestions" by Brand Makers
>
> By Kenneth R. Wilson
>
> Ottawa (Staff)—Resale price maintenance practices in Canada may come under heavy fire in the fall session of parliament.
>
> The government, it's learned, is anxious to legislate curbs on these practices (by which manufacturers suggest uniform resale prices to "franchised" retailers) as a new, useful and important anti-inflation weapon.
>
> Price maintenance has been one of the subjects studied by the MacQuarrie commission, appointed a year ago to examine combines legislation and related statutes. The government is hoping for strong support from the commission (chaired by Hon. Justice J. H. MacQuarrie of the Supreme Court of Nova Scotia) in its plans to secure price maintenance curbs.

We all know how government hopes, indicated to committees in various ways, have a powerful force of suggestion behind them. In its desperation the government sought the only solution it could think of, to get a report from another committee which would recommend that price maintenance agreements be made illegal. So on September 10 the Minister of Justice backed up his hope and wrote the committee inviting them to make a report. At that time the committee had

been sitting for some fourteen months considering combines legislation and had produced nothing by way of a report. On September 10 the minister invited the committee to produce an interim report on the subject of price maintenance in the hope, as I say, that it would relieve some of the pressure which was building up against the government.

I classify this whole proceeding as nothing more than a cruel joke at the expense of the Canadian people, and so it has turned out. The letter requesting the committee for a report was surrounded by considerable publicity. I believe the government put out this publicity concerning the possibility of legislation against price maintenance agreements in the hope of starting a price war and therefore being able to say, "Look, we have now given relief against the high cost of living." They had no regard for the dangers and evil consequences which attend such price wars. As a matter of fact, for a day or two in the city of Hamilton we did have a minor form of price war which fizzled out rather quickly.

In the meantime, however, the government had obtained its report and proceeded to insert in the speech from the throne the definite forecast of intention to which I have referred. When it was found that this did not produce the effect hoped for, that is the lowering of prices through price wars, and in addition the government received the views of the well informed and responsible bodies of opinion throughout the whole of Canada, seriously questioning whether the elimination of price maintenance agreements would be beneficial; when the protests began coming in against the report of the committee and the proposed legislation, the government found itself on the spot. As the hon. member for Peace River (Mr. Low) said, it found itself in a position where any government with any idea of what to do would have got off its plush-bottomed seats and done something about it. Unfortunately this government has not any program. It has no idea how to deal with this problem of inflation. The government is in the uncomfortable position of having committed itself to a course which it finds now is not only unpopular, but which it seems is highly unlikely to produce beneficial results.

Now we find the cruel hoax carried one step further. Under the guise of doing something beneficial for the people the house is asked to approve of another committee to review this matter. What we see today is the culmination of this sorry history of continued inaction, failure, and lack of leadership in dealing with the problem of the rising cost of living. Let us review some of these developments. It would be a completely farcial history were it not for the disastrous consequences to the Canadian people. In 1948 we had the first prices committee of this house. After sitting throughout the session and labouring hard and long, and after producing a report, it was succeeded by a royal commission. This commission worked long and hard, and at considerable expense to the Canadian people, it also produced a report. Although they both reported, as yet nothing had been done to check the increase in the cost of living. Then in June, 1950, we had the MacQuarrie committee appointed to investigate the whole field of combines legislation. Now in 1951, fifteen months later, we are to have a fourth committee.

Then let us look at what has happened to the cost of living during the same period. In January, 1948, about the time the first parliamentary committee was appointed, the cost of living index was 148·3. As I say, that committee laboured long and hard, and in June it was succeeded by the royal commission on prices. The cost of living index had risen by then from 148·3 to 154·3, about six points. In June, 1950, the MacQuarrie committee was appointed. By then the cost of living index had increased to 167·5. That committee has been sitting for fifteen months, and during that time the cost of living index has increased from 167·5 to 190·4 for September, 1951. We are now considering the appointment of yet another parliamentary committee. From 148·3 to 190·4; that is the history of the cost of living index. We have had four committees to deal with the matter; each one has laboured long and hard, and the cost of living has increased from 148·3 to 190·4; that is the history of the action taken by the government. We must take a very gloomy view of the future for the people of this country if the government can think of no other way to combat the rise in the cost of living index than the appointment of committees and commissions.

The cost of living index has increased by nearly 32 points since the appointment of the first parliamentary committee on prices. That was over three years ago, Mr. Speaker, and three committees later what do we have? Legislation is forecast in the speech from the throne. Is there any action to deal with this problem? No; we have the fourth, or parliamentary, committee, and that is not even a committee to consider the cost of living but is to consider the report of a special committee which arose out of the royal commission which, in turn, arose out of a parliamentary committee. It is the sorry story of the dog chasing his own tail. The government does not know where this trend began, and it does not know where it is

going to end. The people of Canada are caught in the centre, and they are the sufferers. The people are demanding action.

Let us consider, as the member for Peace River (Mr. Low) did, what prospect there is of getting any action out of this committee. The terms of reference do not forecast any legislation. They do ask for some recommendations, but the MacQuarrie committee, which is composed of able men, has been sitting for fifteen months. One can only assume that that committee would not have reported on this very limited facet of the matter had it not been for the minister's letter of September 10. I am not going to in any way derogate from or jeer at the useful accomplishments which can be achieved by parliamentary committees, but parliamentary committees can only achieve useful results if they are appointed by the government in a desire to produce useful results, not in a desire to stall and furnish yet another excuse for not dealing with this pressing problem, and the whole history of this government's action leaves no other conclusion open but that that is the reason why the committee is being appointed. The terms of reference indicate it; the failure to give the committee something that it may really get its teeth into indicate it; the fact that there is no time limit within which the committee has to report, and the fact that no indication is given that legislation is to result this session from the committee's report, all lead to no other conclusion but that this committee will continue to sit and sit and that the cost of living will continue to rise and rise, as has been the history in the past.

We feel, Mr. Speaker, that this committee could be made useful to deal with the cost of living if it were to be given, by its terms of reference, the chance to consider the whole of the Combines Investigation Act and those things which should have been done under that act to deal with the problem of the cost of living, in so far as offences against fair trade practices are responsible for the increase. It is not open to me to discuss specifically the amendment which you, Mr. Speaker, have ruled out of order; but I think it is open to me to say that, notwithstanding the fact that the amendment as presented was ruled out of order, that fact by no means precludes the government, if it is sincere and well intentioned in this matter, from adopting the suggestion which was contained in that amendment and in fact referring to that committee the whole field of combines legislation. I urge upon the government strongly that this should be done.

There are other things the government might do, in addition, in order to deal with this cost of living. Some of those things have been mentioned before but I do not believe they suffer from repetition or that they can be driven home too strongly. One of them is that the government should make a real effort to reduce its own expenditures. If only the government and the Minister of Finance (Mr. Abbott) would devote to an effort to reduce expenditures one-half the energy he devotes to trying to find an explanation as to why he cannot reduce them, I believe we would have some results. But we see continuing this session the tendency to increase expenditures; and that applies particularly to non-defence expenditures. We find on the order paper a resolution which indicates that the expenditure of one department, namely the printing and stationery department, is to be doubled, from $2 million to $4 million.

Mr. McIlraith: No.

Some hon. Members: Order.

Mr. Deputy Speaker: I would point out to the hon. member that no reference may be made to that resolution.

Mr. Fulton: I think I am permitted to say, in general terms, that on the order paper right now is at least one forecast of legislation which indicates that expenditures and activities in non-defence categories are to be increased, and in fact doubled.

Some hon. Members: No.

Mr. McIlraith: It does not indicate any such thing.

Mr. Fulton: In this connection I think we might again consider an editorial which appeared in the Winnipeg *Tribune* on July 31, 1948, which pointed out that one of the main beneficiaries of this inflationary process that is going on at the moment is the government itself; and that, far from taking the necessary action to reduce expenditures so as to deal with that inflation and minimize it, the government is instead increasing its expenditures and increasing its taxes. That editorial points out that the prices committee of parliament—to which I have already referred and which sat during 1948—had urged the government to reduce its expenditures and to reduce its taxes. The editorial reads in part as follows:

> In its report to parliament, the committee gave a strong hint that one of the contributing factors to high prices is the dominion government's tax policies. The report politely urged that the 25 per cent excise tax, which was imposed by radio last November, be dropped out the window as soon as possible.
>
> Apparently the dominion government likes "high profits" as much as the next money-making enterprise, because so far Ottawa has delicately refrained from taking any notice of this recommendation.

It is true that the 25 per cent excise tax as such was discontinued with respect to some commodities; but it was largely restored again in the budget of this spring. We therefore see that the government itself is not only failing to take any action to deal with inflation, in appointing a committee but, as previously indicated, it disregards the recommendations of the very committees which it appoints. I can see no signs to indicate that there will be any more profitable results from this committee which they are urging us to appoint now. That is the history of parliamentary committees. Their recommendations urging the government to take certain courses of action are completely ignored, and in fact the action which follows is the complete reverse of that urged by the committee.

There are other actions which could be taken, some of which were suggested by my leader when he spoke in the throne speech debate. There are other things which could be done now or which could be referred to the committee which is being set up, for their consideration, so that the committee might do a useful job instead of just being a delaying committee. I would refer particularly to the possibility of imposing mark-up ceilings in an effort to prevent the continued rise of prices. It seems to me that information as to the percentage profit which is necessary in almost every conceivable line of business in this country must be available to the government as the result of their experience during the war and after, in the wartime prices and trade board, when mark-up control was part of the program administered by that board. It would not be necessary to introduce over-all price ceilings. What I suggest is this. If, as is indicated in the MacQuarrie committee report and in other reports that we have had, any part of the increase in the cost of living is due to excessively high prices being charged, then that situation can be dealt with at this time—without imposing over-all price ceilings—by imposing mark-up ceilings so that no person, be he manufacturer, wholesaler or retailer, will be free to take a greater percentage of profit than is necessary to enable him to carry on his business with a reasonable margin.

As I see it, Mr. Speaker, that action would not only have the effect of possibly reducing some prices and certainly of eliminating unfair profiteering in the future; I think it would have a beneficial effect in restoring to the Canadian people confidence in the system under which we are now operating, by bringing about a state of affairs in which they would know, with absolute certainty, that from now on nobody is going to be able to profiteer out of shortages and gouge the public as a result of shortages created by the defence effort which is being put forward by the people of Canada.

Other suggestions have been made, one of them by the hon. member for Charlotte (Mr. Stuart) the other day, which I believe merit investigation; and that is that the tariff—

Some hon. Members: Hear, hear.

Mr. Knowles: Three Liberals over there.

Mr. Fulton: I am referring to the suggestions he made as to governmental action, not the private action which he outlined, which was a matter for himself. I believe there are in Canada a number of industries that are in a position where they could compete, but where tariffs, which were initially designed to enable those industries to become established—and which were properly used for that purpose—now enable them to charge prices in excess of what is necessary. With the hon. member for Charlotte, I certainly believe that situation should be closely investigated and that action should be taken where the investigation indicates the necessity for it.

But the most important of these actions which can be taken to deal with this situation we are considering today is the one put forward by the hon. member for Lake Centre (Mr. Diefenbaker) and incorporated in an amendment which, as I say, I still wish the government would take into consideration. That was that they refer the general combines legislation to the committee so the committee might hear evidence not only on this very narrow and confined aspect of unfair trade practices, if they be unfair trade practices, involved in resale price maintenance, but might also consider appropriate action in the whole field of unfair trade practices generally. I doubt very much whether it will be posible for the committee, if it is to go into the whole field covered by the MacQuarrie report, to hear representations and bring in a report at this session. Therefore I do not think the minister can dismiss this by saying it is a suggestion for further delay. If he will be fair and impartial about this whole matter I think he will admit that it is impossible for a committee to do a thorough job and bring in a report at this session. That is one of the objections we have to it. That being so, it is not possible to dismiss the suggestion of referring the whole combines legislation to the committee as being merely a delaying tactic which would not produce any legislation at this session.

The situation needs a thorough study. It deserves it, and I believe a parliamentary committee appointed in that spirit could give it that study. In conclusion I urge the minister, notwithstanding that the amendment itself has been declared out of order and therefore cannot be put to a vote, to submit the whole field of combines legislation to the committee which he proposes to set up.

Mr. O. L. Jones (Yale): Mr. Speaker, I would like to add one or two observations to the discussion that has taken place. I agree with many of the speakers but fail to see at the moment, at least, how the fact of passing the legislation proposed in the resolution would have any bearing whatsoever on the cost of living. As a matter of fact it is quite possible it may have the reverse effect. If a proven evil exists in price fixing I think the government already has the evidence it needs to prosecute these people who are breaking the law, or breaking the principle of the combines act. I think the Ottawa *Citizen* of tonight sums it up quite neatly in the telegram sent by the president of the Canadian consumers' association to the Prime Minister (Mr. St. Laurent) and the Minister of Justice (Mr. Garson). It reads as follows:

> The Canadian association of consumers is concerned that your government may not implement its policy on resale price maintenance as stated in speech from throne. All interests in this country have already had ample opportunity to present their views on this matter to government committees. Deeply regret change of attitude of government and urge that recommendations of the MacQuarrie committee be implemented. If the government proceeds with present motion of Minister of Justice voting should be postponed until January to give consumers time to rally protest against appointment of another committee.

I agree that the appointment of another committee is not going to do the work intended in curbing prices, but I do feel that if the bill had been extended to cover other evils closely connected with price fixing better results might accrue.

I have had numerous letters from merchants in my riding complaining about the bill that is proposed and pointing out relevant matters in their own particular businesses, and I have come to the conclusion that the average merchant in the smaller town particularly will not be affected a great deal. Perhaps 5 per cent, but not more than 10 per cent, of the goods are protected by price-fixing, so that really it makes very little difference to the average merchant whether the price is fixed or not. But if we are going to abolish the fixed price I should like to see the whole field attacked. I would love to have cheaper insurance. I hate to be told that at my age and condition my insurance must cost so and so. Of course every company in Canada has the same price. I presume under this act it would be illegal, because it is price-fixing from my point of view. But we might go further. There are prices fixed on other things, and we might be asked about that. That question may be thrown at us, I do not know. If price fixing is such an evil then I do feel that the whole field should be investigated. Certainly it is not intended that this committee should do that.

To me the minister has touched on only one phase of the problem. I feel that there are arguments in favour of it and arguments against it; possibly both are valid. I have grave doubts about the results. Many instances of fixed prices could be quoted which are lower than the average profits made in a given store; that is, speaking generally. But a fixed price has been used to a large extent to allow the smaller merchant to come in and get the advantage of national advertising or provincial advertising, as the case may be. If it is the intention of the government to protect the consumer, and I presume the small merchant, then they must go further and deal with the real situation. As I see it, the real evil is discounts, rebates, secret rebates and things of that kind.

The little merchant serving his community —we will say it is a farming community— rarely ever purchases goods in the discount class. Usually he is purchasing from hand to mouth. Only on the purchase of large quantities can large discounts be given, so the man who gives service in the rural areas does not come into that class at all. His part in the distributing system is to supply his community. Because of that he has to pay the highest wholesale prices. Vast numbers of our people living in rural areas are denied the advantages of the lower prices that are given through these discounts to the larger stores in the larger towns. I believe that all articles produced for sale should be placed on the market on an equal basis, in so far as price and distribution are concerned, to both the large and small purchaser or distributor. The producer of an article or commodity for sale knows exactly what the cost of producing that article or commodity is. It should be valued on that unit basis in relation to the unit cost of production plus the usual profits to that concern. Then it should be made available to all the retailers or distributors, whether large or small, at that actual unit price. I think that is fair.

Discounts do vary according to the quantity. I know of articles of which one merchant may sell three, and he gets no discount. A chap who sells eight gets a discount of 2½

per cent. On sales of from fifty to one hundred and so on, the discount increases until it reaches 20 per cent. A large distributing unit in a small town that I know of can purchase that article at 20 per cent less than a small account, so with the article I have in mind having a fixed price at resale the small man working on a much smaller profit can meet that competition. I am not going to discuss the right or wrong of it, but there is an advantage to the little merchant in the fixed price. So far as the consumer is concerned it is not fair to have that extra 20 per cent put on the little man.

Some of the discounts have been exposed in the various combines investigation reports that I have noticed. The fixing of a retail price has helped some small retailers—there is no question about that—to overcome unfair competition because in order to give discounts I feel that the small distributors must pay more than unit costs. Such excess payments in general become the discount or rebate given to the larger purchaser at the expense of the smaller one, whose unit costs are too high. The manufacturer or wholesaler must do this to remain solvent, and their transactions must balance. This is particularly vicious in connection with food products. I could enumerate several instances, but those who have read the prices reports know them as well as I do.

So I feel that before any committee is set up, or before we can go any further, the unfair practices common in our country of both producers and wholesalers should be done away with, and particularly the vicious system of rebates and discounts, which hampers and hurts the little man. If the consumer is protected I believe a fair unit price would meet that condition. I think also the investigation should cover unfair business practices of the government. I know it will be said they are not in business. But they are; they give protection by tariffs to certain industries in this country, and these tariffs are to the detriment of consumers because the articles protected by tariff could be brought in for much less than we can produce them in Canada. Therefore the government itself should be subject to some investigation. It may be that the policy is sound. On the other hand it is hard to understand people under free enterprise using a tariff as a means of preventing that freedom of competition about which they preach.

We may hope in vain, but I do believe that the public of Canada are entitled to a much broader investigation, if another is to take place. Personally, I think we should be satisfied with the information we have in hand. We should take steps to protect the public of Canada from exploitation, and not fool them by telling them that the cost of living will be brought down if this motion passes the house.

On motion of Mr. Churchill the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, on Monday we will resume the debate on the address, and sincerely hope that we may dispose of the subamendment, if at all possible.

At 6.30 p.m. the house adjourned, without question put, pursuant to the order of the house passed on October 26, 1951.

HOUSE OF COMMONS

Monday, November 5, 1951

The house met at 2.30 p.m.

RAILWAY LEGISLATION

CONCURRENCE IN FIRST REPORT OF SPECIAL COMMITTEE

Mr. Hughes Cleaver (Halton) presented the first report of the special committee on railway legislation and moved that the report be concurred in.

Motion agreed to.

CHANGE IN PERSONNEL OF SPECIAL COMMITTEE

Mr. W. G. Weir (Portage-Neepawa) moved:

That the name of Mr. Wright be substituted for that of Mr. Gillis on the special committee on railway legislation.

Motion agreed to.

QUESTIONS

REGISTERED PHARMACISTS—EMPLOYMENT IN DEFENCE DISPENSARIES AND MEDICAL STORES

Mr. Balcom:

1. Are registered pharmacists in charge of all defence dispensaries?
2. Are all registered men so employed in good standing with their respective provincial pharmaceutical associations?
3. Are all armed service district medical stores under the charge and supervision of a registered pharmacist?
4. If not, what are the exceptions?

Mr. Campney:

1. Yes.

2. Maintaining good standing with the provincial pharmaceutical associations is not mandatory for pharmacists in the armed forces, but is the personal concern of the individual.

3. Yes.

4. Not applicable.

RADIO RECEIVING SETS AND LICENCES

Mr. Brown (Essex West):

1. How many radio receiving sets are there in use in Canada?
2. How many home radio receiving sets are there in use in Canada?
3. How many homes in Canada, by federal constituencies, have radio receiving sets?
4. How many automobile radio receiving sets are there in use in Canada, by federal constituencies?
5. Is there a licence fee for radio receiving sets? If so, what is such fee?
6. How many radio receiving set licences have been sold in Canada during 1950, and to date in 1951, by federal constituencies?
7. How many licences have been sold for home radio receiving sets in Canada during the year 1950 and to date in 1951, by federal constituencies?

Mr. Benidickson:

1, 2, 3 and 4. No records maintained.

5. Yes. (i) Commercial receiving licence—fee $2.00 (for reception of commercial radio communications); (ii) private receiving licence—fee $2.50 (for broadcast reception by electric sets and automobile sets); (iii) special private receiving licence—fee $2.00 (for broadcast reception by home battery sets).

6 and 7. Licences are not recorded by federal constituencies. The following statement shows issues by provinces.

	Licences Issued for Private Receiving Stations in Automobiles	
	1950-51	1951-52*
Newfoundland	743	862
Prince Edward Island	475	490
Nova Scotia	5,751	6,764
New Brunswick	4.924	5,051
Quebec	46,851	43,703
Ontario	32,793	34,101
Manitoba	10,492	11,162
Saskatchewan	26,986	28,604
Alberta	21,842	24,570
British Columbia	5,750	11,190
Yukon and Northwest Territories	6	6
	156,613	166,503

	Licences Issued for Private and Special Private Receiving Stations in Dwellings	
	1950-51	1951-52*
Newfoundland	43,740	43,112
Prince Edward Island	10,387	9,881
Nova Scotia	99,566	91,154
New Brunswick	69,494	60,068
Quebec	588,151	571,647
Ontario	675,219	625,397
Manitoba	114,879	112,118
Saskatchewan	137,084	130,551
Alberta	135,503	122,188
British Columbia	181,392	170,753
Yukon and Northwest Territories	407	296
	2,055,822	1,937,165

	1950-51	1951-52
Total licences issued	2,212,435	2,103,668*

*To September 30th, 1951

QUESTIONS

QUESTION AS TO REPRESENTATIONS REGARDING 40-HOUR WEEK IN INDUSTRIES

Mr. Knowles:

1. Has the government received representations at any time since January 1, 1950, calling for the establishment of a 40-hour week in industries which come under federal labour jurisdiction?

2. If so, from whom have such representations been received?

3. Has consideration been given to same and with what results?

Mr. Cote (Verdun-La Salle):

1. Yes.

2. (a) Mr. George Burt, director, region 7, United Automobile, Aircraft, Agricultural Implement Workers of America, Windsor. Letter dated July 4, 1951, to the Minister of Labour, referring to the June 25 news release of the Department of Labour on the "Normal Work Week in Manufacturing Continuing to Decrease in 1950" and requesting the government to consider legislation "to institute the 40-hour week at the next session of the House of Commons". (b) The Canadian Congress of Labour (1951). Among additional recommendations made in its brief presented to the federal government on April 11, 1951, the congress requested "The establishment of a national minimum wage of 85 cents per hour and a maximum work week of 40 hours". (c) United Electrical, Radio and Machine Workers of America, Toronto. Petition from 16 members of the United Electrical, Radio and Machine Workers of America, employed at the Canadian General Electric Royce works, Toronto, dated January 30, 1951; (d) Mr. N. Allison, executive secretary, Rubber, Cork, Linoleum and Plastic Workers of America, Kitchener. Circular letter informing the Department of Labour of the passing of a resolution favouring the establishment of the 40-hour week which was adopted at a convention of the district No. 6 council of the union held a short time prior to the date of the letter, which was October 24, 1950; (e) The Canadian Congress of Labour (1950); In a memorandum on unemployment supplementary to its brief presented to the federal government on March 31, 1950, under section 14(h), the congress recommends that "The government should do all it can to encourage the adoption of the 40-hour week"; (f) The Trades and Labour Congress (1950). Under "Improvement in Conditions of Government Employees" the congress requested "that the principle of the 40-hour week be established for all employees in the corporations and undertakings coming within the jurisdiction of the government" in its brief presented to the federal government on March 9, 1950.

3. On July 24, 1951, the Minister of Labour replied to the communication of Mr. George Burt, copy below, and on August 16 the Right Hon. the Prime Minister wrote to Mr. A. R. Mosher, President of the Canadian Congress of Labour, in connection with the various representations made by the congress in its brief, and in connection with the recommendation for "The establishment of a national minimum wage of 85 cents per hour and a maximum work week of 40 hours" advised that "the matter of minimum wages and the maximum work week is within the jurisdiction of the provinces".

Ottawa, July 24, 1951

Dear Mr. Burt:

I am interested in your observations contained in your letter of July 4, concerning our recent news release on the normal work week in manufacturing, based on our last annual survey in October, 1950.

The results of this survey, as you will appreciate, refer to the normal work week rather than to the actual hours worked. In October, 1950, the average actual weekly hours worked in Canadian manufacturing, according to the regular monthly employment and payroll survey conducted by the dominion bureau of statistics, were 42·9. This average is affected by variations in hours of work from week to week caused by such factors as unpaid holidays, absenteeism, and overtime.

It is rather significant, I think, that the changes in the average actual hours worked in the manufacturing industry in Canada during recent years have not varied as much as have the normal hours; in fact, during most months of the past year the average actual hours worked have shown increases over the same months in the previous year, whereas normal hours have continued to decline.

These increases in actual hours have, of course, occurred due in large part to our efforts to meet the demands of our stepped-up preparedness program as well as to maintain, wherever possible, our civilian production.

You suggest that workers are more productive when they work shorter hours. Experience has indicated that this has been the case when hours of work have been excessively high, as for example, in the British isles during world war I and II. On the other hand, I think it is clear that a point would be reached in reducing hours, below which total production would decline, that is with the same number of workers.

This raises a number of questions which the Department of Labour, in co-operation with other departments, has been looking into in the field of productivity. We do know that changes in produc-

tivity are due to the influence of many factors and we are attempting to develop more accurate measurements of these changes and the reasons for them in Canadian industries.

I am sure you will appreciate the fact that the benefits of increased productivity can be shared with labour in a number of different ways; reduced hours of work is only one of these ways. In any event, at this time when increased production is highly important, both from the standpoint of implementing the preparedness program and from the standpoint of helping to remove inflationary pressures, I am not sure that too much emphasis should be placed on reduced hours of work.

There is also the fact that while there is no overall shortage of labour in Canada at the moment, the labour market nevertheless has tightened considerably in recent months, especially in industries where defence production is getting into full swing. With the possibility that manpower may become tighter during the coming year, it would not appear too appropriate to suggest reductions in hours of work today when they might have to be increased tomorrow.

In dealing with any national objective, such as you suggest, it is rather important, too, to keep in mind those industries where a 40-hour week would not be realistic. In many seasonal industries, for example, it is difficult under our Canadian conditions to operate on the basis of a restricted work week.

Apart from the above, the authority of parliament to enact legislation of a general nature in respect of hours of work in industry is very limited since this subject matter falls under the head of civil rights and thus primarily the subject matter is one within provincial legislative competence.

I am very much obliged for your observations in this matter.

Yours sincerely,

(Sgd.) Milton F. Gregg

Mr. George Burt,
Director, Region 7, UAW-CIO.,
1568 Ouellette Avenue,
Windsor, Ontario.

COMPENSATION FOR VOLUNTARY CIVIL DEFENCE WORKERS

Mr. Laing:

Is the government giving any consideration to ensuring compensation for voluntary civil defence workers injured in the pursuit of their duties?

Mr. McCusker: Yes.

HOUSING—FRASERVIEW PROJECT, VANCOUVER

Mr. Laing:

In the Fraserview housing scheme, Vancouver, directed by Central Mortgage and Housing Corporation (a) How many houses are completed and occupied; (b) how many completed but not yet occupied; (c) how many still under construction; (d) what has been the average cost per house; (e) what has been the total cost to date of land servicing; (f) what is estimated total cost of land servicing; (g) on basis of present completions, what is the sum paid to the city of Vancouver under the tax agreement; (h) how many houses were contemplated in the original plan; (i) will the government review the possibility of completing this scheme; (j) what is the average monthly rentals of houses now occupied?

Mr. Winters:

(a) 606. In addition 9 existing houses have been incorporated in the project. (b) None. (c) None. (d) $5,893.34. (e) $1,924,663.68. (f) $2,707,935. (g) It is estimated that the total payment for the year 1951 will be $31,158. (h) The agreement between the city of Vancouver and Central Mortgage and Housing Corporation covers a minimum of 1,000 houses. (i) Yes. (j) $39.71.

DEFENCE CONTRACTS AWARDED IN PRAIRIE PROVINCES, ONTARIO AND QUEBEC SINCE JULY 1, 1951

Mr. Dinsdale:

1. What defence contracts, if any, have been awarded by the Department of Defence Production in each of the prairie provinces, monthly, since July 1, 1951?

2. What defence contracts have been awarded in Ontario and Quebec, monthly, during the same period?

Mr. McIlraith: At the last session a question similar in form to this one was asked, and at that time it was pointed out that it is not possible to give accurate figures in answer to this type of question. It was pointed out that lists of the contracts awarded are published each two weeks, and these lists of course are available to any member at any time. There is this weakness in them, that the address shown of the contractor is merely a mailing address and may or may not give an indication as to where the contract is being carried out.

Mr. Speaker: Answered.

PRINCE EDWARD ISLAND—CANADIAN FARM LOAN ACT—OFFICES AND EMPLOYEES

Mr. Kickham:

1. What location are the offices administering the Canadian Farm Loan Act in the province of Prince Edward Island?

2. What are the names of persons employed, their positions and respective salaries?

Mr. Sinclair:

1. The offices of the Canadian farm loan board for Prince Edward Island are located in the Palmer Electric building, Charlottetown, Prince Edward Island.

2. The branch office of the Canadian farm loan board for Prince Edward Island is in charge of Mr. C. M. Williams, branch manager, with a staff of three persons. The board

is an independent corporation carrying on a commercial operation in a competitive field, and engages its own staff and pays its own administrative costs, and it is considered to be not in the public interest to disclose details concerning individual members of its staff and their salaries.

PRIME MINISTER'S RESIDENCE—COST TO DATE

Mr. Fulton:

1. What has been the total cost to date of the official residence at 24 Sussex street?
2. Of this total, how much was for (a) original purchase price; (b) structural alterations; (c) furniture and furnishings; (d) landscaping and improving the grounds?
3. Were any contracts for the work or materials covered in part 2 (b), (c) and (d) let on tender?
4. If so, which ones, who were the successful tenderers and what were the amounts of all tenders received for the particular contract?

Mr. Fournier (Hull):

1. $450,136.56 (This figure does not include $140,000 paid to the owners for acquisition of the property before decision was made to establish a residence for the Prime Minister).

2. (a) $140,000, (b) $284,220.56, (c) $108,937.17, (d) $56,978.83.

3. (b) No—Work was let on fixed fee cost plus basis to general contractor A. I. Garvock. (c) No. (d) No—Work was done by federal district commission with exception of iron fence on which public tenders were called and work awarded to lower tenderer, Modern Forge Reg'd. $5,862.90. The other tender was from the Ottawa Iron Works, $11,976.

4. Answered by No. 3.

SASKATOON TERMINAL ELEVATOR—CAPACITY AND STORAGE

Mr. Diefenbaker:

1. What is the capacity of the government terminal elevator in Saskatoon for (a) wheat; (b) oats; (c) barley?
2. How much was in storage in said elevator in each month, commencing May 1, 1951, and to date?

Mr. McIlraith:

1. The official rated capacity of the Canadian government interior terminal elevator at Saskatoon is 5,500,000 bushels for wheat, oats and/or barley.

2. The total of all grains in store in the Canadian government interior terminal elevator at Saskatoon on dates indicated, commencing May 1st, 1951, is as follows:

May 1st, 1951, 4,433,205 bus.; June 1st, 1951, 4,381,575 bus.; July 1st, 1951, 4,367,042 bus.; Aug. 1st, 1951, 4,492,339 bus.; Sept. 1st, 1951, 3,809,666 bus.; Oct. 1st, 1951, 4,303,421 bus; Nov. 1st, 1951, 4,353,592 bus.

[Mr. Sinclair.]

DEFENCE PRODUCTION—SUBCONTRACTS FOR SMALLER FIRMS

Mr. Coldwell:

1. Has the government adopted ways and means of enabling smaller firms to obtain subcontracts on defence production orders?
2. If so (a) what plans, if any, have been put into effect; (b) when were they made effective?

Mr. McIlraith:

1. Yes.

2. (a) A small industries division has been set up in the production branch of the Department of Defence Production, having the following functions:

To gather and distribute information on prime contracts so that potential subcontractors may approach the prime contracting firms for possible subcontracts.

To make available to prime contractors information as to industrial capacities, particularly of the smaller firms.

To ensure that the smaller firms are properly listed for invitations to tender on all types of products they are making.

(b) April 1, 1951.

TREES FOR NEWSPRINT REQUIREMENTS—REFORESTATION PROGRAM

Mr. Knowles:

1. How many Canadian trees are being used annually in the manufacture of newsprint?
2. Is there an estimate as to how many trees will be required to meet estimated newsprint requirements for (a) 1955; (b) 1960? If so, what are such estimates?
3. What plans are there for reforestation to replace the trees referred to above?
4. To what extent are such plans being implemented?
5. How are any such reforestation programs being financed?

Mr. Winters:

1. No record is kept of the number of trees cut. Approximately 55 million trees, 9 inches in diameter at breast height and 50 feet tall, would be required to make 5,318,988 tons of newsprint, being Canada's production in 1950.

2. No.

3. The forest resources belong to and are administered by the provinces, and there are no over-all statistics on annual replacement. However, the plans of the provincial governments and forest industries, in so far as they are known, would indicate that a total annual output of some 46 million trees for reforestation purposes may be expected from forest nurseries in Canada in the course of the next few years. In addition there is natural regrowth, which produces a vast number of trees but for which accurate estimates are lacking.

4. According to the latest available information the current annual rate of planting for reforestation purposes in Canada is approximately 33 million trees.

5. Reforestation programs are paid for largely by provincial governments, a number of which, in addition to their own planting operations, supply nursery stock free of charge to private owners of land. Some planting is being undertaken by forest industries at their own expense.

Under the Canada Forestry Act, in order to stimulate reforestation, the federal government will pay one fifth of the cost to the provincial governments of:

(a) Reforesting unoccupied crown land, provided the province's reforestation program for such lands is expanded.

(b) Establishing new forest nurseries.

IMPORT OF FILBERT NUTS

Mr. Cruickshank:

1. What was the total amount of filbert nuts imported into Canada (a) during 1950; (b) to October 1, 1951?

2. What duty, if any, was paid per ton during the same periods?

Mr. McIlraith:

1 and 2. Filbert nuts are not separately classified for statistical purposes and there are no records that would show the imports of these nuts.

FAMILY ALLOWANCES—APPLICATIONS REGARDING NEW-BORN CHILDREN

Mr. Knowles:

1. Has the practice of making family allowance application forms available at hospitals been discontinued?

2. If so, when was this action taken, and where are such forms now obtainable?

3. Is consideration being given to make family allowance application forms again available at hospitals?

4. Is an applicant for the family allowance for a new-born child, if the applicant is already receiving the allowance for another child or other children, required to give the number on the cheque already being received when applying for the allowance for the new-born child? If so, when did this practice begin?

5. Is the requirement noted in question No. 4 resulting in registrations, in some cases, not being made or accepted until the month after the month in which the child is born?

6. In such cases, does the payment of the allowance start with the month in which the child is born or with the subsequent month?

7. If this is resulting in applicants losing a month's allowance to which they are otherwise entitled, is consideration being given to making the necessary changes so that in all cases payment can begin with the month in which the child is born?

Mr. McCusker:

1. No.

2 and 3. See answer to No. 1.

4. From early in 1945 when registration for family allowances first commenced, the supplementary application form for an additional child requested an applicant to quote the family allowances account number under which allowances were already being paid. This number appears immediately following the payee's name on the family allowances cheque. It is in the applicant's own interest to give this information as it enables the regional director of family allowances to locate the account more quickly and thus to expedite payment on behalf of the additional child. However, if the applicant does not know the account number, the form may be forwarded without this information.

5 and 6. There is no question but that a supplementary application is acceptable whether or not the family allowances account number is given.

If the application form is received in the office of the regional director within thirty days of the child's birth, payment of the allowance becomes effective the month following the month of the birth. If, however, the application is not received within the thirty-day period, payment begins with the month following the month in which the application is received.

It is possible that in a few cases registration is not being made within thirty days of the child's birth because the applicant delays submitting a registration form until such time as the account number is available.

7. As indicated above, cases of delayed applications are already small in number and are continually on the decrease. Regional directors make every endeavour to acquaint the public with application requirements and do their utmost to expedite payments of allowances. Also, as indicated above, payment of allowances never begins with the month of birth, but, in accordance with the act, in the month following the month of birth. Arrangements are already under way to amend the supplementary application form in such a way as to indicate that its submission should not be held up if the serial number of the account is not known to the applicant.

KOREA—REGULATIONS FOR PARCELS TO NAVAL OFFICERS AND RATINGS

Mr. Lennard:

1. Is there a limit on the size and weight of parcels sent from Canada to naval officers and ratings serving on ships of the Canadian navy in the Korean theatre of war?

2. Do the same regulations apply to shipments from Canada to officers and ratings of the British navy serving in the same theatre of war?

Mr. Langlois (Gaspe):

1. Yes; (a) Limit of size—3½ feet in length, width or depth, but the length and girth combined not exceeding 6 feet. (b) Limit of weight—10 pounds.

2. Yes.

WOOL—PURCHASES BY WOOL PURCHASING BOARD

Mr. Catherwood:

1. How many pounds of wool have been purchased by the wool purchasing board, since it was set up under the Department of Trade and Commerce?

2. In what countries were purchases made?

Mr. McIlraith:

1. 8,512,872 pounds.

2. Canada, Australia, New Zealand, United Kingdom and United States.

CANADA'S CONTRIBUTION TO COLOMBO PLAN

Mr. MacInnis:

1. What was the amount of Canada's contribution to the Colombo plan for the current fiscal year?

2. (a) Which commonwealth countries participated in Canada's contribution; (b) to what amount; (c) for what projects?

Mr. Lesage:

1. $25 million.

2. (a) India and Pakistan. (b) Tentative allocation: India, $15 million; Pakistan, $10 million; (c) For India; $10 million for wheat; $5 million unallocated as yet but under negotiation. For Pakistan: Projects tentatively selected subject to domestic availabilities—(i) Some equipment for a colonization project in the Thal area of the Punjab in collaboration with the international bank (e.g. dump trucks, motors, pumps, etc.); (ii) Cement plant for Thal colonization project; (iii) Experimental livestock farm (jointly with Australia and New Zealand); (iv) Power pumps for irrigation project in East Bengal; (v) Harbour equipment and railway and marine workshop equipment; and (vi) Miscellaneous (probably chiefly electrical equipment and aluminum transmission wire).

OLD AGE SECURITY—YEARLY SAVING FOR NOVA SCOTIA

Mr. Balcom:

Under the new federal program for old age security, what yearly saving will result for the province of Nova Scotia?

Mr. McCusker:

There is no firm basis for making an estimate except actual experience when the program gets under way. However for the purposes of the dominion-provincial conference which took place last December, an estimate was placed before the conference based on the assumption that approximately one third of the persons in the 65 to 69 year age group would prove to be eligible for old age assistance.

This percentage was raised slightly in the case of Nova Scotia because of the fact that under the existing Old Age Pensions Act Nova Scotia's ratio of old age pensioners to total population over 70 years was higher than in most of the other provinces.

On the basis of the calculation made for the purposes of the conference referred to it was estimated that Nova Scotia's expenditure under the new program in the calendar year 1952 might be as much as $556,000 less than its expenditures would be if the existing Old Age Pensions Act were to continue in operation throughout that year.

QUESTIONS PASSED AS ORDERS FOR RETURN

ALUMINUM—PRODUCTION—USE IN COOKING UTENSILS

Mr. Brown (Essex West):

1. Is aluminum produced in Canada? If so, where?

2. Is aluminum processed in Canada into cooking utensils? If so, where?

3. Is food cooked in aluminum cooking utensils dangerous to health?

RAILWAYS—MAINTENANCE OF TRACK—EMPLOYEES

Mr. Knowles:

1. Has there been at any time, since September 1, 1951, any ruling or judgment given by the board of transport commissioners regarding the number of maintenance of way employees working on sections of track? If so, what was the date of such ruling or judgment, and what were its terms?

2. Has the Canadian National Railways abolished any sections of track and lengthened others, for maintenance purposes, at any time since September 1, 1950. If so, how many of such sections have been abolished or added to other sections?

3. Where sections have been lengthened, has the number of maintenance of way employees been increased accordingly?

4. If not, have there been reductions in the total number of maintenance of way employees doing track maintenance work?

FEDERAL TAX ON WINES

Mr. Lennard:

What federal tax is levied on (a) Canadian wines; (b) imported wines?

LAKE SHORE SCHEMES—QUESTION AS TO FEDERAL CONTRIBUTION

Mr. Lennard:

Is the government, or has it been, interested and committed financially to lake shore schemes other than the Erieau Burke drainage scheme?

MOTIONS FOR PAPERS

MING SUNG INDUSTRIAL COMPANY—REMISSION OF TAX

Mr. Diefenbaker:

For a copy of all correspondence since the first day of January, 1950, to date, that has passed between the Ming Sung Industrial Company of Canada Limited, or anyone on behalf of the said company, and the Department of Finance and/or National Revenue and/or Trade and Commerce, in regard to the remission in whole, or in part, of the said company from corporation or income tax.

GRANTING OF VISAS FOR TRAVEL TO U.S.S.R., POLAND, HUNGARY AND CZECHOSLOVAKIA

Mr. Diefenbaker:

For the complete file of correspondence respecting each and every person to whom visas were granted since the first day of January, 1950, whereby such persons were permitted to travel to (a) U.S.S.R.; (b) Poland; (c) Hungary; (d) Czechoslovakia, and including the location of the embassy which granted the visas in each case, together with a copy of all correspondence prior to the date of the issue of the passport in each case, which passed between each of the said persons and the Department of the Secretary of State.

He said: Mr. Speaker, I wish to drop this notice, without prejudice to redrafting another motion of a similar nature.

Motion dropped.

ORDNANCE DEPOT, LONDON, ONT.—REPORT OF ROYAL CANADIAN MOUNTED POLICE

Mr. White (Middlesex East):

For a copy of the report of the Royal Canadian Mounted Police in connection with the investigation carried out at central ordnance depot 27, London, Ontario.

FREIGHT RATES

APPLICABILITY OF RAILWAY ACT AMENDMENTS TO NEW FREIGHT RATE INCREASES

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Will the Minister of Transport say whether the amendments to the Railway Act which have been referred to a special committee on railway legislation will be applicable in the hearings of the applications by the Railway Association of Canada for freight rate increases, one of which is to be heard on November 12? If not, will the minister request the board of transport commissioners to postpone the hearing of all such applications until those amendments become law?

Hon. Lionel Chevrier (Minister of Transport): The hon. member was kind enough to send me notice of his question, Mr. Speaker. Before I answer it, perhaps I should clarify these applications for increases, because there has been some doubt about their status. In the first place, on December 21, 1950, the railways made an application to the board of transport commissioners for a 20 per cent increase in the freight rates. Some seven months later, namely on July 26, 1951, an interim increase of 12 per cent was granted. On November 1 of this year the railways made application for a 5 per cent increase in freight rates, and the next day, on November 2, the board postponed indefinitely the hearing of the 20 per cent application upon which an interim increase had been granted. Following that, and on the following day, November 3, the railways applied for an interim increase of 5 per cent. The board of transport commissioners has not, therefore, dealt with that application.

The question which I have received is worded somewhat differently from the one which my hon. friend asked a moment ago.

Mr. Green: That is because there was a further application filed after I had given notice of the question.

Mr. Chevrier: That is why I wanted to clear the air, and place the position of those applications before the house. The question is, in view of the report that new freight rate increases are being asked by the railways, will the new railway legislation be applicable to those applications? I believe the only reply that can be made to that question is this. If the house, and the committee before which this railway legislation is now, decide to approve this legislation, then the board, of necessity, will have to take cognizance of it.

Mr. Green: But if the hearings are held before this bill goes through, then I presume the new terms of the Railway Act will not apply to those hearings. Is there some way in which the hearings can be held off until this bill becomes law, so that the decision will be based on the new law?

Mr. Chevrier: The best answer I can give the hon. member is that the sooner this legislation before parliament can be enacted, then the better the opportunity for the board to take cognizance of the new legislation.

WHEAT

QUESTION AS TO LOAN OF $10 PER ACRE ON UNTHRESHED GRAIN—ADVANCES ON STORED GRAIN

On the orders of the day:

Mr. P. E. Wright (Melfort): In the absence of the Minister of Trade and Commerce, I should like to address a question to the Prime Minister. I am sorry I was not able to give him notice of it until a few moments

ago. Will the Prime Minister give consideration to the request that the dominion government co-operate with the municipalities and the provincial governments to make provision for a loan of $10 per acre on unthreshed grain, the administration of such loans to be the responsibility of the rural municipalities.

Right Hon. L. S. St. Laurent (Prime Minister): As the hon. member said, I received notice of his question just a moment ago, but I am in a position to say that representations have been made from a number of sources, including the premier of Saskatchewan and the leader of the opposition in Saskatchewan, to this effect. The wheat board and the Department of Trade and Commerce are giving consideration as to what may be required to meet the unusual circumstances which have developed in the western provinces.

Mr. H. R. Argue (Assiniboia): As a supplementary question, may I ask whether or not a firm decision has yet been reached by the government on the advisability of making advances to farmers on grain stored on the farm?

Mr. St. Laurent: No; no firm decision has yet been made. The whole situation has been and is under serious consideration by the wheat board and the Department of Trade and Commerce. When a decision is arrived at, it will be announced in the house without its being necessary to prompt that announcement.

SHORTAGE OF BOX CARS FOR MOVEMENT FROM COUNTRY ELEVATORS

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I should like to direct a question to the Minister of Transport in connection with the serious freight car shortage in the west. What I have been asked by the various municipalities is this. To whom must complaints concerning the shortage of cars in the various localities be sent? I hope it will not be considered, Mr. Speaker, that I am prompting any favourable reaction in this regard, but it is a serious situation. I ask the minister what the situation is generally and whether there has been any improvement in the last few days, because correspondence indicates it is very critical.

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, I would not like the hon. gentleman or anyone else to have the impression that there is shortage of equipment, because there is not.

Mr. Diefenbaker: No shortage of freight cars?

[Mr. Wright.]

Mr. Chevrier: If the hon. member will allow me to continue, there is not a shortage of equipment. As a matter of fact, there has been far more grain moved in this season than ever before. Before I deal with the question I should like to put on the record a few figures. For instance, shipments from country elevators in 1951 were 160 million bushels as compared with 112 million bushels last year. Unloadings at the lakehead were 109 million bushels this year, as compared with 71 million bushels last year. Shipments from the lakehead since the opening of navigation were 102 million bushels as compared with 48 million bushels last year. Churchill has received more grain and disposed of more grain this year than ever before in its history. Cars unloaded at the lakehead from August 1 to October 25 amounted to 57,910, as compared with 39,209 last year. Cars loaded at country points from August 1 to October 25 amounted to 80,580 this year, as compared with 56,529 last year. So that the position with regard to the movement of grain has been good on the whole. I must admit, however, as was admitted by the Minister of Trade and Commerce the other day, that the allocation of cars has not been as good as we would like it to be.

I should like the hon. member to be reminded of this. In so far as these movements are concerned, the transport controller puts himself in the hands of the wheat board. The wheat board indicates to him where the wheat must go and how it must be moved. It is the responsibility of the controller to provide the equipment. As a rule he has been able to provide all the equipment. Sometimes he has fallen down and the hon. member has brought it to the attention of the house, as he did with reference to the movement from country elevators to the Pacific coast earlier in the season; but that has been righted. In so far as allocation is concerned, while it is true that allocation has not been all that it should be, the statement made by the Minister of Trade and Commerce and my assurance now is that as soon as the movement of wheat down the lakes takes place, I believe and hope that it will be possible to dispose of the movement from the farms to the country elevators.

Mr. Diefenbaker: If I may be allowed, I want to thank the minister for saying the responsibility for allocation rests upon the wheat board. I hope I shall be allowed to do this, because it is a matter of importance. Here is a message, a copy of which was sent to the minister and also to the Minister of Trade and Commerce (Mr. Howe) on October 16, from Kandahar where there is 300,000

bushels of millable wheat, and yet this marketing point has had only six freight cars since the 1st of August. Certainly there is something wrong with the allocation. I wonder if the minister could do anything to bring the matter to the attention of the wheat board which is responsible for the allocation, and how unfair it has been.

Mr. Chevrier: I shall be glad to bring the matter to the attention of the transport controller first, so that he may take it up with the wheat board.

INFLATION

REQUEST BY CANADIAN ASSOCIATION OF CONSUMERS FOR CALLING OF CONFERENCE

On the orders of the day:

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Prime Minister (Mr. St. Laurent). Has the Prime Minister given consideration to the calling of a conference to consider ways and means of dealing with inflation as suggested by the Canadian Association of Consumers? Will the Prime Minister invite to such a conference representatives of farm organizations, co-operatives and trade unions?

Right Hon. L. S. St. Laurent (Prime Minister): I shall be glad to take note of the hon. member's request.

PENSIONS

RELATIONSHIP OF WAR VETERANS ALLOWANCE AND OLD AGE SECURITY PAYMENTS

On the orders of the day:

Mr. L. A. Mutch (Parliamentary Assistant to the Minister of Veterans Affairs): Mr. Speaker, on Thursday last the hon. member for Eglinton (Mr. Fleming) asked me in the house whether the minister had made a new statement with respect to the impact of the old age pension legislation on the war veterans allowance. At that time I promised to get him an answer. The previous Wednesday or Thursday, when the minister had made some comments in the house, he had had prepared a release for the press in connection with the matter. It had been turned over and it broke without my knowledge on the evening of Wednesday last. The story in the newspaper was somewhat garbled. In order to get the matter straight on the record I propose to read, on behalf of the minister, the statement itself, which is quite brief:

News Release

The Hon. Hugues Lapointe today announced that payments of the old age security pension to veterans in receipt of war veterans allowance and eligible for this new pension would be considered as income for the purposes of the War Veterans Allowance Act.

"This will allow," Mr. Lapointe said, "the war veterans allowance board to supplement the old age security pension where the veteran's total income including the pension does not exceed the maximum provided for in the War Veterans Allowance Act, that is, $610 per annum for a single veteran and $1,100 per annum for a married veteran."

Mr. Lapointe illustrated this by stating that a single veteran now in receipt of $40.41 per month under the War Veterans Allowance Act, and with no other income, could receive $40 per month in old age pension and $10.41 per month from war veterans allowance. Similarly, a married veteran now in receipt of $70.83 per month by way of war veterans allowance, and with no other income, could receive $40 per month from old age pension and $51.56 war veterans allowance. In cases where both husband and wife are eligible for the old age pension, they could receive $80 per month by way of pension and $11.66 per month from war veterans allowance, if they have no other income.

Mr. Lapointe went on to say that the present treatment benefits available to recipients of war veterans allowance would be continued to veterans who may cease to receive war veterans allowance because they are in receipt of old age security pension.

"All veterans and their wives who have reached or will reach the age of seventy by January 1, 1952, and who have not already done so, should file applications for the new pension at once," advised Mr. Lapointe.

That is the story which had been given to the press and on which the inaccurate story in last Thursday morning's *Citizen* was based.

[*Later:*]

Mr. Robert Fair (Battle River): I should like to ask a supplementary question of the parliamentary assistant to the Minister of Veterans Affairs. What is the position of those recipients of war veterans allowance, 65 to 69 years of age, receiving old age assistance?

Mr. Mutch: At the moment their position is unchanged.

QUESTION AS TO INCOME TAX EXEMPTIONS

On the orders of the day:

Mr. G. A. Cruickshank (Fraser Valley): I also should like to ask a supplementary question. Will the recipient of war veterans allowance, in so far as income for income tax purposes is concerned, be treated the same as any ordinary individual?

Mr. Mutch: That is a matter for the income tax department, not for me.

Mr. Cruickshank: I should like an answer to the question.

Hon. Douglas Abbott (Minister of Finance): If the veteran who is in receipt of war veterans allowance receives old age pension under the new legislation, that pension is taxable income just the same as any other income. It may well be that his exemptions are such that he will be paying no income tax. But it is considered as taxable income just as if it was any other form of receipt.

Inquiries of the Ministry

Mr. Cruickshank: I wish to ask the minister another supplementary question. As I understand it, a single individual is entitled to an exemption of $1,000. The minister will correct me if I am wrong.

Mr. Abbott: That is correct.

Mr. Cruickshank: Will the recipient of the war veterans allowance be entitled to the $1,000 exemption?

Mr. Abbott: Yes.

Mr. Cruickshank: I should like that to be recorded.

Mr. Abbott: Yes.

VETERANS AFFAIRS—REQUEST FOR SETTING UP OF COMMITTEE

On the orders of the day:

Mr. P. E. Wright (Melfort): In view of the confusion which there seems to be both in the house and in the country with regard to the war veterans allowance and the old age pension, will the government reconsider their position and set up the veterans affairs committee at this session in order to deal with this matter?

Mr. L. A. Mutch (Parliamentary Assistant to the Minister of Veterans Affairs): I have nothing to add to the statement made by my minister on a previous occasion when this question was answered.

HOUSING

REFERENCE TO STATEMENT BY MINISTER ON OCTOBER 16—FINANCING OF HOUSES FOR DEFENCE WORKERS

On the orders of the day:

Mr. J. W. Noseworthy (York South): I wish to direct a question to the Minister of Resources and Development. Have the lending institutions accepted the government policy announced by the minister on October 16 for financing houses for defence workers, or is Central Mortgage and Housing Corporation finding it necessary to make direct loans on these houses as the minister indicated would be the case in the event of mortgage money not being available from the finance companies?

Hon. Robert H. Winters (Minister of Resources and Development): Mr. Speaker, that is a matter of current discussions with the lending institutions.

LABOUR CONDITIONS

REPRESENTATIONS FROM CARPENTERS' UNION AT WINNIPEG—QUESTION AS TO COMMENCEMENT OF DEFENCE PROJECTS TO RELIEVE UNEMPLOYMENT

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): In the absence of the Minister of Labour (Mr. Gregg) I should like to direct a question to his parliamentary assistant. Can the parliamentary assistant say whether the minister has received representations from the carpenters' union at Winnipeg asking that certain defence projects already allotted to the Winnipeg area be proceeded with immediately, particularly in view of unemployment amongst carpenters and other building tradesmen in the Winnipeg area? Has the minister discussed the matter with his colleagues? Can these unemployed tradesmen count on this work soon?

Mr. Paul E. Coté (Parliamentary Assistant to the Minister of Labour): I wish to thank my hon. friend for sending notice of this question. In reply I may say that the minister in fact last week received the representations referred to a moment ago. The possibility of an early commencement on the defence projects mentioned in the letter of the head of the union is being explored. We expect to have a final report shortly, when the minister will gladly write to the president of the carpenters' union in Winnipeg.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed, from Wednesday, October 31, consideration of the motion of Mr. Robert Cauchon for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto of Mr. Drew, and the amendment to the amendment of Mr. Coldwell.

Mr. J. W. Murphy (Lambton West): Mr. Speaker, I should like to associate myself with the other hon. members who have preceded me in this debate in congratulating the mover and the seconder of the address in reply to the speech from the throne. I think I would be remiss, as a member of my party, if I did not also say that we appreciate the remarks of hon. members of other parties in this house concerning the four new members who have been added to our party. I think that everyone will agree that their maiden efforts were a splendid indication of what we may expect from them as they continue in the discharge of their responsibilities as members of the House of Commons.

In view of the suggestions made by the Minister of Defence Production (Mr. Howe) a few weeks ago regarding defence areas and the allocation of houses on special terms to people in those particular areas, I suggest to the government that special consideration be given to the city of Sarnia which should be designated as a defence area. In that city we have the largest refinery in the British empire, and the Polymer Corporation, the

only synthetic rubber plant in the British empire, and other allied chemical industries. I hope the government will seriously consider making it a defence area because the industrial expansion in Sarnia is so tremendous at the present time that housing is not available for many who need it. If the government could see its way clear to include Sarnia as one of those areas it would be of great benefit to many people in that particular area, which, in the event of war, or in our present state of cold war, because of the type of industry carried on there, could contribute much of what we require today, and I expect greater quantities in the days to come.

I do not intend to dwell at any great length on the matter of veterans' rights which, I think every hon. member will agree, were advanced so ably by one of our new members and supplemented by others on this side of the house. Since they have done that it is not necessary for me to go into it in detail. In view of the fact that the proposed legislation was not in the speech from the throne, it required pressure from this side of the house to induce the minister to make a statement. I am very glad to be a member of a party that forced a statement from the minister, dilatory though it was. It seemed that the government was shadow boxing with respect to veterans' rights. I say to the Minister of Veterans Affairs now that the veterans and their dependents—and I have reference particularly to the veterans now, to whom we owe a special consideration—were certainly not shadow boxing when they received the injuries that entitled them to some compensation. Since the legislation is not to be brought down until next year may I say it is quite unfortunate because these men did not have the opportunity of saying when they were to receive their injuries. They were not in a position to postpone them. As I see it, it is unfortunate that the legislation is not to be discussed at this particular session. I am quite safe in saying that the Legion and the veterans themselves, and others who have their welfare at heart, certainly have a challenge before them to see that the proposed legislation is of the right type and that no one now receiving benefits will suffer in any way because of the old age pension legislation which will be enacted within a short time.

In view of the proposal respecting the Canadian Broadcasting Corporation, I say that now is a good time to cut out some of these nuisance taxes, more particularly since we have built up a surplus of over $500 million in five months. One of these taxes which I shall define modestly as a bit of a nuisance is the radio licence fee. Our party has been advocating the abolition of that nuisance for quite a long time. When the legislation which is about to be submitted to the house is before us it would be a good time for the government to listen to such proposals, because I am sure if every hon. member consults his constituents he will find that they are in agreement with the abolition of the licence fee.

Within a few months some parts of Canada will have television, but it will not be available to a great many areas. In all probability there will be a licence fee for television sets. If there is a licence fee for television sets, then certainly those in the area that does not benefit from the Canadian television system should not be asked to buy any television licence. I understand that television will be available in Ottawa, Toronto and Montreal. As an illustration, I cannot see why we in western Ontario should be subjected to a television tax, because the only channels that are available to us—and we are on the fringe area; most parts of Ontario will not be able to get the programs—are the United States channels. Until all parts of this country are serviced by our own broadcasting system there is no reason why they should be subjected to a tax.

When I spoke in the house in the early session of this year after the increase had been made in the cigarette tax I expressed my views and said at that time that I believed the minister would be disappointed in the returns that he would get as a result of the increase in the tax on cigarettes. The records prove that conclusively. They also give evidence of the unnecessary taxes which have been imposed by this government; otherwise the huge surplus, which seems so unnecessary in these days, would not have been built up.

Some weeks ago a delegation from the tobacco area around Norfolk consisting of the Flue Cured Tobacco Growers Association appeared here in Ottawa and presented a very strong and sensible brief to the government. I am not going to take the time of the house to refer to that brief at length because it is available to any hon. member who wishes to obtain it. It contains some valuable information. The figures that I have not only reveal that the tax needs to be lowered, but show that a lesser quantity of tobacco is now going into cigarettes. I remind the house that this is an industry that some of us have followed from its infancy. It has contributed a great deal to our economy. It has opened up vast areas in some parts of the country

for very high production, and it has made some low-priced property very high-priced property. This industry has been more or less penalized in its progress and advancement. It has had to suffer many special taxes. It had to develop its own market. All of us know that only a few years ago we imported practically every pound of tobacco that we used. We did grow a little cigar tobacco in some townships in Quebec, but the tobacco that went into cigarettes, and pipe tobacco, were imported. That situation changed as our growers became more experienced and our tobacco became better for different purposes. Today in Canada we grow three kinds of tobacco which are in heavy demand. These are black, burley, and the flue-cured, which is used in cigarettes and cigarette tobacco, and in fact in other tobaccos.

There is one further point I should like to make at this time. I am sure hon. members would not wish to leave a false impression in the minds of the people with respect to the profits of the retailers and jobbers in the tobacco business. Unfortunately the impression was created that dealers in tobacco were getting enormous profits because of the price of forty or forty-two cents charged for a package of cigarettes.

Let me put on record the fact that the cost to the wholesaler today of a package of twenty cigarettes is 35.16 cents. The cost to the retailer is 37.60 cents, and the cost to the consumer is 42 cents. These figures may surprise many people, including hon. members in the house, when it is realized that the profit to the jobber or the wholesaler is now 6.48 per cent and that to the retailer is 10.4 per cent. These are exceptionally small margins of profit for people in business today.

I can say with some experience that the only reason these products can be handled on such low margins is the terrific turnover. The suggestion has been made from time to time in the house that articles bearing taxes should show those taxes in their prices. I believe the suggestion was first advanced by the hon. member for Macleod (Mr. Hansell) and I am sure no hon. member on this side of the house has any quarrel with it. We know that on one package of cigarettes the government receives today almost 25 cents. That does, of course, leave a margin of 10 cents to the manufacturer. I am not prepared to say whether or not that margin is too great, because I have never manufactured cigarettes.

Manufacturers in Canada follow a policy that is different from that followed in the production of tobacco products in the United States. In that country a large manufacturer will concentrate on the production of one line, whereas in Canada the largest manufacturer has perhaps dozens of lines, although there may be very little change in the quality or the type of the product.

It is not for me to say however that we might have a cheaper product if Canadian manufacturers were to follow the policy accepted in the United States, where cigarettes are sold in such great volume. I can never get away from the thought that where one must manufacture twenty-five products instead of only one the cost is bound to go up on each individual product.

Tobacco taxation is seriously affecting our tobacco growers. The consumption of tobacco from Canadian production will be down. It has taken years to develop an export market for our tobaccos, and that market has become essential to our economy. We have had it for some time, and the market has been well developed. I am inclined to think however that those who have grown tobacco this year will find that they will receive less for what they have to sell. I know their product is just as good as it ever was, but they may be inclined to cut down on production next season. Not only will the Canadian market be affected, but it will affect our export sales.

When I think of these excise taxes on tobacco products, I am wondering if, when the Liberal leader was down in Simcoe, Norfolk, Kent, Elgin and Essex, he told the people down there that he supported an increase in the excise tax on cigarettes. I wonder, too, if when he was in Brantford, where 500 people working in refrigerator plants have been thrown out of work, he told the people in that city that he favoured the imposition of the 15 per cent excise tax on refrigerators, electric stoves and washing machines. Did he tell the people in those places that he supported this government's policy of taxing these household necessities?

We hear a good deal of talk in the house about the cost of living, and extravagance in government spending; we hear talk about economies and inflation. The Minister of Defence Production (Mr. Howe) said at one time, quite vociferously: if he wanted to get away with it, who was going to stop him? Well, I have a return here dated January 26, 1948—and I believe my reason for making reference to it will be obvious in a moment. In the return I asked this question:

1. What amount, if any, was paid by the government to W. C. Thomson, barrister, Toronto, for legal work in the year ending March 31, 1947?

This was in connection with the Veterans Land Act. The return states that as of December 20, 1947, Mr. Thomson received

$142,768. In the next three months he received $65,251, and there was payable to him $17,697, making a total for fifteen months of $225,716.

A return tabled on June 14, 1951, in reply to a question by the hon. member for Lake Centre (Mr. Diefenbaker), states that Mr. Thomson received a small sum since that time. The total sum received by him up to June 14, 1951, was $232,135.

The only comment I would make on those returns is that he did receive $6,419 in about two years after the first return was made. It seems clear that even a backbencher in the Liberal party is able to get a quarter of a million dollars in fifteen months. No wonder he can go down to the dairy country in Oxford and tell the farmers that he, too, is a grand farmer. Who in the world in this country could not be a grand farmer if he could get from this or any other government a quarter of a million dollars in fifteen months?

Mr. Gibson: What election are we fighting at the present time?

Mr. Murphy: I hear the hon. member for Comox-Alberni.

Mr. Gibson: I will stick my nose in, too.

Mr. Murphy: All right, and I will tell you what you can do: run up next door to my office and take the sign off the door which says "W. C. Thomson". As long as that sign stands on that door I will comment in the house. It is about time the people of this country realized that this government cannot get away with everything. We have come to a fine state of affairs when the federal government at Ottawa, this Liberal government, will subsidize a provincial leader by providing him with office space in the House of Commons when, God only knows, lots of us would like to get better accommodation. Not only that, but he gets secretarial service, and a typewriter pounds in my ear from next door, night and day. He is doing a grand job in that office, at the taxpayers' expense.

What does this government care about money? I wonder if he went down to Windsor. If he did so, did he tell the unemployed numbering over several thousand that they were out of work because of this government's policy and that he had supported the government in its respective policies? Did he tell them that? The Minister of Defence Production went down to Windsor and he told these unemployed people that all they had to do was to go one hundred miles and they would get work. I live in the Sarnia district, which is not one hundred miles from Windsor, and we do not want that many additional unemployed because there are five or six hundred out of work already from the Holmes foundry and about the same number from the Auto-Lite plant. If it were not for the huge industrial development down there there would be far more unemployed in Sarnia.

Perhaps when Mr. Jolliffe went to Windsor he did not read Mr. Green's speech which he used when he spoke at the Toronto fair. I think this is important in view of the unemployment that they have there, and perhaps I should place Mr. Green's remarks on the record. Then he will probably use it. We are the people who are supposed to believe in free enterprise, and then for some reason or other the C.C.F. do not accept it. It is not often that I quote the Toronto *Star*, but they were kind to me during the last election. I must thank them for getting me elected. I shall give them another opportunity as soon as possible, and I think the result will be the same. I quote from the Toronto *Star* of September 4, 1951, which reports a speech by Mr. Green who, as we all know, or as anyone who belongs to a union knows, is the president of one of the greatest unions on this continent. The report reads:

> "Organized labour stands for the free enterprise system," he said. "But where would it be without the support of 8 million men in organized labour in the U.S.? America is the last home of free enterprise."

The article is quite long, but the closing words are as follows:

> Mr. Green got applause from his audience when he shouted, "There will never be a totalitarian government in America so long as the American Federation of Labor lives and functions."
>
> "Let us sink our tiny differences and stand together for the free enterprise system, which means freedom for labour to organize and for the rights of employers. Let us dwell on the bonds that hold us together rather than the barriers which divide us," he said.

Maybe Mr. Jolliffe could use that in Hamilton and Toronto.

Mr. Knowles: Fight your own election.

Mr. Murphy: You do not fight your own elections, you bring in the premier from Saskatchewan. At least I am from Ontario.

Mr. Martin: Which Mr. Green are you referring to? Are you referring to the hon. member for Vancouver-Quadra or the member for New York?

Mr. Murphy: I think it will be quite obvious from the record which one I am referring to.

Mr. Knowles: This is the debate on the speech from the throne.

Mr. Murphy: That is right.

PROVINCIAL LIBRARY,
VICTORIA, B. C.

An hon. Member: Tell us more about Thomson.

Mr. Murphy: It is not going to do you fellows any good because we can see your ranks being cut down every day.

Mr. Knowles: Who is in his room now?

Mr. Murphy: You ought to go up there and see how it is staffed with males and females. I do not know how many there are. By accident I went in there one day, not because I could not read the sign but because I wanted to go in the door. This is the man who is supposed to have left here as a member of the House of Commons.

Mr. Cruickshank: Where is he now?

Mr. Murphy: I did not hear the hon. member. With reference to the hon. member for Fraser Valley (Mr. Cruickshank), I say what I said when I first came in to the house, that I have heard more intelligent sounds coming from a cradle, and they were not cries for a bottle either. We have this champion of Liberal rights going up and down the province of Ontario. I wonder if he is telling the Canadian Legion and the Daughters of the Empire that he would like to have the word "royal" struck out of Royal Canadian Navy and Royal Canadian Air Force? I wonder if he goes to the elementary and high schools and the universities and tells them that he voted against federal aid for education? I do not suppose he has mentioned the subsidies which he voted against.

I suppose we shall have another opportunity to deal with the cost of living. Before I close I want to say that I listened with interest to the hon. member for Essex West (Mr. Brown), who spoke in the debate a few days ago and who seemed greatly concerned about the situation in Windsor. I think the hon. member had the sympathy of every other hon. member because he found himself in the most unfortunate position of having to say that the government had a responsibility there and were not facing up to it.

It seems a shame that we have to listen to ministers of the crown telling the people in Windsor to go across the river, to get out of this country if they want to get work. That is nothing but a rotten shame because it is government policy that put those people out of work. I think the government is responsible to the people of Windsor. That city has got only a trickle of defence orders and not many years ago it was the arsenal of Canada. I think those men are entitled to more consideration than they are getting from this government. They should not be left in such a hopeless situation. For a government or any member of the government to tell unemployed people to go one hundred miles away to get jobs, or to go across the river, is just about the last word in party politics.

Mr. J. L. MacDougall (Vancouver-Burrard): Mr. Speaker, unfortunately for me I have not the opportunity to make a fiery provincial speech such as has just been made by the hon. member for Lambton West (Mr. Murphy). There are certain aspects of the situation that exist across Canada that were brought to the attention of hon. members when they returned home after the last session. They found that either they were desirous of discussing them with the electorate or the electorate were desirous of discussing them with us. By virtue of that fact certain things stand out as far as my own riding is concerned. They are of great concern to the people of my riding. It being a normal riding, I would assume that these items are of similar interest to the people of probably all the ridings in Canada.

Before going on to the main points that I wish to discuss, with the usual amenities observed by members on all sides of the house, I should like to congratulate the mover (Mr. Cauchon) and the seconder (Mr. Simmons) of the address in reply to the speech from the throne. I think that they both did a very fine job, and I am sincerely hopeful that their words of wisdom will bear continuing good fruit for the Dominion of Canada. I also—and this is rather unusual—wish to congratulate the leader of the opposition (Mr. Drew). I thought the attitude he took the other day with respect to the attack upon the Prime Minister (Mr. St. Laurent) was a most worth-while stand. It demonstrated, I think possibly as well as anything could demonstrate, the fact that, regardless of the party to which we may belong, we hold as one of the imperishable and basic principles of our liberal—with a small "l"—democracy the very things that he in his able manner brought to the attention of the house.

If it had not been for the onrush of other things having quite an important aspect I should like to have dealt on this occasion with some of the fundamental principles that we as a parliament and a liberal democracy have as our right, principles which we as a parliament and those who sent us here are bound, because of our heritage, to fight and continue to carry on to even greater and better use.

I think every member has received a copy of the paper that I hold in my hand, the *Financial Times* of November 3, 1951.

Unquestionably one of the important matters considered by the electorate is the question of the high cost of living. Before I go further, may I say it is my considered opinion that very few people in the Dominion of Canada are desirous of returning to the economic status of the period from 1935 to 1939. It is on the years 1935 to 1939 that the standard of our high cost of living is based. I think that we must look at this thing objectively and realize that very few people want to see a return to the level of prices and wages of those years.

The *Financial Times* cites some thirty-eight newspapers across Canada about whose politics I know nothing, but I do know that they are outstanding journals. Some of them are against the government and some are for it. I am not going to take time to read all thirty-eight quotations from these various papers. However, I want to take the time to refer to two or three. First I should like to refer to the Fort Erie *Times-Review* which has this to say:

> We can't say there is any wild rapture over our government's anti-inflation policies, but giving them what credit we can, they are beginning to hold the line and to lessen the need for the desperate remedy of controlled prices, which cannot be equitable and cannot be effective unless associated with a concurrent control of the wages that produce the surplus buying power that induces inflation.

The Hamilton *Spectator* has this to say:

> The only man to put his finger on the weakness of most price control arguments in the parliamentary bluster Tuesday was the Prime Minister, "I know farmers in various parts of Canada, and I know for a fact that at the present time they are getting a larger share of the national income. I am not saying they should not. I know that they work hard for what they get and I feel that the prices they are getting under present price levels aren't too high and that it would not be fair to try to roll them back."

Then there is the *Standard-Freeholder* of Cornwall, which has this to say:

> If the farmer's earnings are reduced and his cost of operations left untouched, no controls devised by man or government can hold down food prices. Everybody in the country would be participating in black market proceedings in food products. If food prices are up now, price controls could put them a whole lot higher.

I am quite sure that everyone in the house is desirous of seeing the rising spiral of the cost of living halted. We see that the rise in the last month was only ·6 compared to 3·65 in one of the summer months. Although I am not sure, I think I am being fair in saying that I am hopeful that the policies adopted by the government are having an effect with respect to reducing the cost of living. I am convinced by certain speeches made by my good friends immediately to my left. In 1945, when the government was doing away with controls, they were most anxious that controls be eliminated quickly. Conditions have changed in the course of six or seven years, and it has been a change for the worse so far as the soundness of that argument is concerned.

In those days were were just emerging from a terrific war. We had not had the time or opportunity to eradicate war controls which had been in effect, but I think the opposition were quite right at that time in asking the government to get rid of controls as quickly as possible. We must recognize the fact that, when controls were in effect at that time, individually and collectively, across the length and breadth of Canada, we were consumed with patriotic fervour. We were desirous of winning the war at all costs regardless of whose toes we might tramp upon in order to do so. That picture has completely changed today. We are in what might be termed a twilight period of war or peace. As a result it seems to me that the argument that controls should be introduced now is one that would put us into a position which would be pretty indefensible so far as the government of Canada is concerned.

I should like to deal with a few matters concerning civil defence, something that has received considerable kicking around in this parliament. Some people advocate large expenditures of money and the purchasing of a lot of equipment that would be necessary for an A.B.C. war. I might add also, Mr. Speaker, that we are not only living in the day of the potentialities of an A.B.C. war, but we are living also in an era in which another type of warfare is not only possible but is already upon us, and that is psychological warfare. It seems to me that Stalinism is endeavouring to push psychological warfare to the *nth* degree, because it is cheaper to fight a psychological war than it is to fight an A.B.C. war. I believe we would be well advised to keep that in mind, and at no time to allow ourselves to think that war is immediately inevitable.

With respect to civil defence, it seems to me that we should consider civil defence not so much as an immediate associate of an A.B.C. war, but rather on the basis of a permanent organization to prevent the disastrous results which might occur in peacetime from either flood or fire. It is on that basis, and on that basis alone, that I believe we should consider the question of building up a permanent organization of civil defence workers. In one of the discussions I happened to have with my electorate during the summer, the question arose of whether or not workers injured in civil defence work

would be compensated. I have asked the minister, and he has informed me that the government is giving serious consideration to that aspect of civil defence. I believe that is all to the good, because certainly we wish to have a nucleus of civil defence workers established across Canada. These people would be trained in first aid and ready at any moment to do the work necessary in proportion to the disaster, whether it be local, provincial or federal.

There is another aspect of civil defence which I shall mention at this time, because it happened to be my privilege to write an article concerning civil defence for distribution in the province of British Columbia. I did not go into the economics of it, but rather dwelt upon what you and I could do in the event of an A.B.C. war which would assist us in saving not only our own lives but the lives of our family and the people in our community. As authority for my statements I quoted Dr. Sanford Rosenthal of the International Institute of Health in the United States public service. He says this in part:

> Here is what you must do to prepare the solution that will not only save your own life but the lives of many others as well.

Today we know that in an A.B.C. war radioactivity is not the great killer that it was first thought to be after the explosions at Hiroshima and Nagasaki. Today it is universally accepted that one of the great killers is shock. Death by shock may occur either in an A.B.C. war or as a result of accidents on the highways of the Dominion of Canada or in the home. So when I speak of a solution that is a great help, particularly if administered within the first twenty-four hours after shock occurs, I am not speaking of any of the so-called wonder drugs that have recently been placed on the market. I am speaking of things that are on the shelves of every household in the Dominion of Canada, salt and soda. The directions for making this solution are as follows:

> Dissolve one level teaspoon of salt in one quart of water and add one-half teaspoonful of baking soda.

The shock victim must be made to sip this solution as consistently as possible. The severely injured may require the equivalent of 10 per cent of their body weight during the first twenty-four hours or some nine quarts for any person weighing two hundred pounds. I believe it is well for the people of Canada to know that, because we never know when accidents, either domestic or highway, may befall any family in Canada. We may be far from a physician or the roads may be impassable, so it is well to recognize the value of these commodities which are on the shelves of every household.

[Mr. MacDougall.]

"The time has come, the walrus said, to talk of many things." For a few moments I should like to deal with the reserve army. I believe it is generally recognized that we have a considerable wastage in our reserve army. Under a democratic government, and without compulsion, that wastage is difficult to prevent. But when we are spending the taxpayers' money in the training of a reserve army it should be our duty, as representatives of the taxpayers, to see to it that we prevent as much of that wastage as is humanly possible. At this time, sir, I do not wish to bring in provincial personalities and compare them with other extremely fine soldiers in the Dominion of Canada. I should like to cite just one or two instances that will bear out what I am about to say.

During the last war two outstanding officers of the Canadian expeditionary force were Major General Hoffmeister and Brigadier Sherwood Lett. I could name others, but those two gallant soldiers bear out the truthfulness of what I am about to say. I believe, and I strongly recommend to the government, that we should do something to prevent this continual wastage in our reserve forces. I do not say that this is a complete answer, but I maintain that it would be most helpful. We have today a gap between the age at which men are taken into the reserve army and that at which boys graduate from the cadet force. During that period in which they are neither cadets nor members of the reserve forces we have a terrific wastage of the money that has been expended in the training of the personnel of our cadet force. I suggest that the government give serious consideration to closing that gap.

That can be done in either of two ways. It can be done by taking younger men or by lowering the age at which personnel go into the reserve army, or it can be done by increasing the age at which our young boys graduate from their cadet training. If we can synchronize the end of cadet training with the commencement of reserve training, it is my considered opinion that we shall have accomplished a great deal not only with regard to the continuing discipline and training of these young men but also with regard to the prevention of waste caused by the time lapse that now exists, during which the cadet loses contact and possibly does not go into the reserve. I respectfully suggest that that gap be closed, and that either of the two alternatives that I have already mentioned be utilized so as to prevent that wastage in the future.

During the time that I have been interested in public affairs, it seems to me that we have had in the armies of Canada one of two conditions. Our army has either been riding

high with an abundance of money or has not had any. They have been living in an era of feast or famine. It would seem logical that those two extremes be compromised. I believe that it would be wise if our authorities in Canada who have to deal with our defence forces would give that matter some consideration.

It is not enough, Mr. Speaker, that certain men in any of the services say that we must have such and such, regardless of the cost. I say that because, in my riding—and I presume that it is similar to all other ridings in Canada, in many aspects—the people are not so greatly concerned about the amount of money that we are spending on defence as they are about whether that money is being properly and economically spent. I think we all will agree with that statement. That condition that we have gone through in my lifetime—certainly in the part of my lifetime from the time when I was engaged in fighting in the first world war up to the present—has been, as I have said, one of two extremes. The various branches of our defence services have been living in a period of either feast or famine. Again I say that I think we should give some consideration to dovetailing those two extremes into a more factual average with respect to the amount of service that we are securing from the expenditure of the taxpayers' money. That is not going to be an easy thing because you have the question of what might be termed, in the vernacular of the street, the opinion of the brass. But we must recognize the fact that that condition exists; and if anything can be done to ameliorate it, then by all means let us do it. Before I leave the question of defence, I wish to congratulate the minister and the government on the integration of the services. It has been a terrific job. Regardless of what may be said about spending too much money, in that one instance alone I think we had done something that will stand to the everlasting credit of the administration and of the Minister of National Defence (Mr. Claxton).

Now I want to deal shortly and briefly with one aspect of finance. I see that the Minister of Finance (Mr. Abbott) is in his seat and that he perks up his ears.

Mr. Abbott: He is all ears.

Mr. MacDougall: I am not going to be too critical of the minister, but in one of the papers the other day I noticed something that struck me rather forcibly, namely, the definition of a bargain sale. It was defined as a place where a woman goes to save more money than her husband can afford. I think all members of the House of Commons received last week a copy of the Vancouver *Daily Province* depicting my good friend the Minister of Finance and a group of parliamentarians; it did not say to which side they belonged; it described them just as parliamentarians, and we will let it go at that. Up above was shown a horn of plenty and pouring from that horn of plenty was the $500 million surplus. I am quite in favour of a surplus. If we did not have a surplus but had a deficit, I can imagine the wails I would hear go up from the various parts of the house. I am all for the surplus. Make no mistake about that. But coupled with that was an advertisement, which must have cost a great deal of money, by the motor dealers of British Columbia; the fact remains that it was there. I did not need to see that advertisement in order to recognize the fact that a great number of small people feel the pinch with respect to credit restrictions in that regard. I am all for credit restrictions. Make no mistake about that. I think our Minister of Finance has done a magnificent job in doing what he has done indirectly to prevent the continuing rise of the high cost of living, But I should like to say, Mr. Speaker, and through you to the house, that there are a great number of small people in Canada who need transportation to and from work. They cannot get it by means of bus or electric railway in many cases. In all fairness to our good friend, the Minister of Finance (Mr. Abbott), I suggest that he give consideration to bringing our restrictions more in line with the United States system, particularly as it affects the cities and towns in the southern portion of Canada that have constant communication back and forth with that great country. The basis upon which they buy motorcars is one-third down and a year and a half to pay the remainder.

Mr. Cruickshank: And the price is one-third less.

Mr. MacDougall: As hon. members know, our arrangements are 50 per cent down and twelve months to pay the remainder. I would be remiss in interpreting the thoughts of the people of Burrard if I did not draw that to the attention of the minister, certainly not in any invidious way but in all sincerity. That is why I have quoted what a bargain sale actually is. Some people think that the Minister of Finance is the housewife and he is saving more than the husband can afford.

My time has nearly expired. I do wish to say how pleased I am that legislation is to come down with respect to increases in the basic rates of veterans pensions. I wish to be excluded from this statement because I happen to be one. I am not speaking for myself; I am speaking for the great mass of men and women who, when the great hour

of national danger was upon our front door step, never hesitated in going forward even at the sacrifice of their lives in order that the freedom, liberty and Christian belief of the Canadian people might be saved from the iron heel of either Mussolini, the Kaiser or Adolf Hitler. The sacrifices of these people have been the bulwark of Canadian national unity. Had it not been for their service we could quite easily today be under the hand or the heel of a dictator from a foreign power. Therefore I congratulate the government upon seeing the vision with respect to the needs of all these men and women across the Dominion of Canada. I hope that at the next session of parliament we shall be able adequately to deal with some other aspects of dependents legislation, which will make it more amenable to the needs and requirements of people who have suffered by virtue of the positive factors of actual warfare in the frontline trenches, regardless of whether they be on the North American continent, Africa, Europe, India or wherever they may be.

In closing I want to say a few brief words on a subject that I have spoken on previously in this house. I understand that we are not to have a baby budget at this present session —I do not think we need it. Consequently I will be precluded from speaking on it unless I deal with it today. I refer to those who are on fixed incomes and those who are in the age category of 45 years and over. Our governments on all levels, municipal, provincial and federal, are not setting too good an example to the general employer of the Dominion of Canada in the way we deal with those 45 years of age and over. I know that there is an actuarial question that arises when one is employed in the civil service or in the government service generally in either a temporary or a permanent position, and it has to do with the question of pensions. Surely that problem is not beyond the brain trusters of the federal government. I think that men and women of 45 are more adequately equipped to do a good job for either the ordinary employer or the government than a person of 20 or 25, because they have the experience to go with their years. Again I impress upon the government the need, the dire need, of doing something with respect to men and women in this particular age group.

Let me say a word about those on fixed incomes. Early in my remarks I stated that there were not many people in the Dominion of Canada who want to revert to the economic conditions that existed in 1935-39, which form the basic years upon which we calculate our cost of living. I do not think many want to go back to those years. But may I say that I as an individual am not concerned about the tycoon. In my opinion he is able to look after himself, and I am not concerned about him. Mind you, I am not speaking against him, I am all for him; but as members of parliament I do not think we need to worry about his economic need. They can be looked upon as one layer of bread in the sandwich. The bottom layer of that sandwich might be termed the great labour organizations throughout the Dominion of Canada. And God bless them, too. They are a good outfit. But in many instances they have escalator clauses in their contracts, and therefore they are not particularly suffering from the rise in the cost of living. Of course, we would all like to see everybody have more money, and also that everybody should pay less taxes; but we have to deal objectively with the situation as it presents itself. Those two categories that I have mentioned are the toast of the sandwich; but what is in between in the sandwich? What is the meat, if you wish, of the sandwich? I am quite sure you will all agree that the meat of the sandwich is those poor people who are on permanently fixed incomes. They are the ones who are being strangled because of this high cost of living and high taxes.

In conclusion, Mr. Speaker, I would put in a plea for the alleviation of the difficulties of that particular group of people. I do not know how many are in the Dominion of Canada. We have so many records in Canada with respect to all age groups and all incomes that I am sure it would not be too difficult to find out the number of these people. I say in all seriousness and sincerity that if we can find—as we have found and as we shall likely continue to find—additional bonuses for civil servants, for instance, then surely we should be able to do something to relieve the suffering of the small man and the small woman on fixed income. There is not a single thing they can do, either as individuals or as a group, to rectify this mistake—if we may call it that—that is now foisted upon them.

So I beseech the government to give this matter earnest consideration. I believe that no more humanitarian legislation could be brought down by this or any other parliament than a type which would give people of low fixed incomes a greater income than they now have, and with which they must now face the world and eke out a living.

It makes no difference whence that income is derived—whether it be disability pension, commercial pension, old age pension or what have you—when one is on a fixed

small income of perhaps $400 or $500 a year and endeavours to keep body and soul together on that amount, it is high time for us to do something about it.

Mr. Rene N. Jutras (Provencher): Mr. Speaker, I wish at this time to take advantage of this opportunity to speak in this debate on the address in reply so that I may discuss some of the problems my constituents have to face, and also to analyse a little more closely the subamendment of the C.C.F. now before the house.

(Translation):

May I first be permitted, Mr. Speaker, to congratulate my friend, the hon. member for Beauharnois (Mr. Cauchon), on his magnificent speech as mover of the address in reply to the speech from the throne. His great oratorical delivery evoked in my memory my first sessions in the house, when Ernest Lapointe and P. J. A. Cardin were among the prominent speakers of the day. Needless to say, I listened carefully to his speech, which gave me great pleasure. I wish to congratulate him.

(Text):

I wish also to congratulate the hon. member for Yukon-Mackenzie River (Mr. Simmons). Nothing could have been more fitting than for him to open the door to the great north, to take us into his confidence, and to take this opportunity to extol the great advantages of the north as well as to explore its possibilities. I am sure the constituents of Yukon-Mackenzie River must have been pleased with the presentation he made in the house and, for one, I am most grateful to him for his informative address.

I should like now to turn briefly to some of the more immediate problems facing my constituents in Provencher. I make no apologies for referring to those problems even at this late stage in the debate, because they are of a general character and can be found in most parts of western Canada.

As all hon. members are aware, we experienced this fall very bad weather and difficult conditions. My personal experience has been that the last two fall seasons have been the worst I have known. Bad weather conditions, and everything flowing therefrom, created a period of great concern and anxiety in the early fall among all the farming population of western Canada. This would apply with equal force to the businessmen and all others connected with the activities in that part of Canada.

One must bear in mind that, particularly in my district, we experienced a disastrous flood two years ago, with the result that very little crop was sown last year, and the revenue was limited. In addition to this, harvesting operations were very expensive, and the farmers found that it required the expenditure of a lot of money to reap the crop in the fields. The result was that, even in those areas that were not flooded, the revenue was limited, owing to bad weather conditions.

Again this year, with the heavy expenditures for harvesting coupled with the slow movement of grain brought about by the shortage of box cars—and this, in turn, is due to the weather—the people have gone through a period of great concern. In most places they have been short of ready cash, and this was true particularly in the early part of the season.

When one considers that up until the time this session opened no grain had been sold to the elevators that was not at least tough, and that a great deal of it was damp, and when he considers further that out in Manitoba the price received by the farmer for tough wheat is $1.18, and that he is restricted to a quota of nine bushels to the acre—or was in the early part of the season—a simple arithmetical calculation discloses that the ready cash position was not very good. And all this must be coupled with the high expense of reaping the crop.

On this score, through the Minister of Trade and Commerce (Mr. Howe) I would make a suggestion to the Canadian wheat board. My suggestion would be that the announcement of the annual price to the farmer should be speeded up, if at all possible. I realize that the wheat board has difficulties and that, to a certain extent, it must wait until it has a general picture as to what the various grades will be before it can establish the prices. On the other hand I must point out that this makes the situation more difficult for those of us in Manitoba than for people in other provinces. We are always the first in western Canada to harvest our grain, usually beginning harvesting operations some two or three weeks in advance of Saskatchewan. So that quite often by the time the crops in Saskatchewan are being harvested, we have been harvesting for over a month. This year our farmers had been harvesting for more than a month before a price was announced by the wheat board. During all that time those farmers were anxious and concerned, not knowing what they would get.

I realize that there are difficulties in connection with early price announcements. I suggest that the Canadian wheat board issue a bulletin every week or every other week when harvesting is under way in Manitoba in order to keep the farmers informed of what goes on and as to when they can expect a price. There are many things done by the

wheat board of which the farmers are not generally aware and I think that it would be of advantage to all concerned if more publicity was given to these things.

I know, for instance, that before the price was announced this fall there were hundreds of farmers in my constituency who did not have the slightest idea of what they would get for their wheat. I was even surprised to find one bank manager in a wheat growing district who told me that he had no idea what the farmers would get. Of course he should have known that No. 1 northern would bring $1.40 Fort William.

If a farmer wanted to get a loan from that bank to carry him through he would not be in position to make any loan because he did not have any idea of what would be obtained for the wheat. If these farmers were told that a price would be announced in a week or so, if attention was drawn to the difficulties that were being encountered, I am sure that the farmer would be relieved of a great deal of anxiety and it would make for better understanding among all concerned. I suggest again that the wheat board announce its price for the various grains at as early a date as possible.

There is another thing the board did about which the farmers knew nothing. As I said, some of the farmers in my constituency had harvested for over a month and had their grain at the elevator. They were worried that they would have to pay storage because they could not sell until the price was announced. Those farmers who had obtained advances from the grain companies were worried that they would have to pay interest. We know that the Canadian wheat board has an arrangement with all the grain companies that no interest would be charged, that these interest charges would be paid by the board. I have not run across one farmer who knew about this arrangement and many of them were worried.

I give these two illustrations to point out the merits of the Canadian wheat board issuing bulletins from time to time at the beginning of the fall in order to keep the farmers posted as to what is going on and preventing unnecessary anxiety on their part.

The difficulty of moving grain has again brought up the demand for farm storage payments and advances. This matter has been brought up in the house mostly by opposition members. It was brought up outside the house in a most dramatic fashion by the hon. member for Lake Centre (Mr. Diefenbaker). I am sorry he is not in his seat today because I would have liked to refer to the manner in which this was announced.

[Mr. Jutras.]

Since the matter has been brought up, I should like to deal briefly with this problem. The problem must be analysed from all sides. I was surprised at hearing the members of the opposition merely make the demand without attempting to analyse the problem at all. I understand from those who have made a study of it that it is not a simple problem. First of all, provision to pay storage for grain held on the farm is already contained in the Canadian Wheat Board Act so there would be no need to change the act.

The first question that arises is the rate of payment. Presumably it would be the same rate that is paid to the elevator, that is one cent for thirty days after fifteen days. The next point that comes up is who would pay the storage. It has been suggested that the wheat board pay the storage. I think it is most important to make it quite clear to all members of this house, particularly those who are not from the west, that it is the wheat board and not the government that is being asked to pay the charges on wheat stored on the farm. There is all the difference in the world. No public money is involved in this. It merely means that an advance payment is being made to the farmer for wheat stored on the farm. In the final analysis it will be the producers themselves who will be paying with their own money, but in advance instead of having to wait until the end of the year.

Over the years Manitoba, the province from which I come, has been the first province to sell. That is logical since we are the first province to harvest. Our harvesting conditions are better at the start than those prevailing in the other two provinces. Generally speaking, the heavy movement in Manitoba is in the early part of the year, and I think statistics will show that the heavy movement in the other provinces is much later in the year and in the early spring. There is some movement in the early and late fall, there is little marketing during the winter, and then you have another heavy surge of marketing in the early spring. Taking a selfish point of view, I do not see how Manitoba would really benefit from any scheme of that nature.

There is another important consideration. The elevator companies have a specific understanding with the wheat board that they must deliver their grain when requested by the board. This would create a problem in connection with wheat stored on the farm because it might be hard to have immediate delivery made of that grain. However, possibly some system could be worked out to make this possible.

In my humble opinion the payment of farm storage would be a plum to the larger operator. The large operator is usually able to hold off his marketing until later. He can sit back and wait until the spring, or even for a year or two. But the smaller farmer cannot wait that long because he has financial obligations to meet.

The board must have wheat on hand because there are definite commitments which must be met at this time of the year. Milling wheat is at a premium and the board has to make special efforts to get that grade across before the close of season. Even if it attempted to pay storage on the farm an exception would have to be made in the case of milling wheat. There is another problem. At the present time, as I said, most of the grain is tough. That is not grain that will keep on the farms. It has to be moved to a drier before it can be stored. One of the arguments in favour of this proposal is that the farmers would get the storage that the companies are getting at the present time. Even that has to be looked into a little more closely, because the question there is: how much of that storage would the farmers get? As I said, the bulk of the crop must move at the present time because it is already sold and committed. The wheat board has to get it out. Therefore it could not remain on the farms very long.

Furthermore, I imagine that the wheat board should have a stock of grain on hand at all times to meet demands when they arise; because I am sure that one of the things we do not want to do in this country is to start piling up surpluses of grain anywhere. I am sure we are anxious to sell as much as we can, as fast as we can. Therefore it would appear that the only wheat involved, as to which payments might be made to the primary producers for storage, would be surplus wheat. Lately at any rate surplus wheat has not been very substantial. Therefore it all depends on how much would really go back to the producer that would otherwise go to the companies.

When I look at the matter from Manitoba's point of view, I cannot help but think that it certainly sounds like a P.F.A.A. proposition, where you put $3 in and get $1 of your own money back. Frankly I cannot have much enthusiasm for this suggestion. However, it is a broad suggestion and I believe it should be examined very closely to see if it can be of real benefit to agriculture.

It would appear that the solution is more storage space at the country elevator points. In my humble opinion the most important factor of all is that we are dealing with the farmers' money, not public money. Surely therefore the farmer should be heard and given a chance to analyse the scheme before it is introduced by the government. This is not a matter for political parties or even for politicians individually to demand that it be put into operation immediately. It is certainly a problem, and since it concerns the farmers' money they should at least be given a chance to be heard and to analyse the scheme before the government implements the measure.

The counterpart of storage on farms is the proposition that advance payment be made for wheat thus stored. I have a great deal of sympathy with that proposition, not so much from the immediate point of view but as a long-range measure. I think it should be studied closely. Here again the main question that arises is who will advance the money. It has been suggested in many quarters that the Canadian wheat board should advance the money for wheat stored on farms. I should like to suggest that possibly this is the wrong place to fix the responsibility for making advances on wheat. I would much prefer that some effort be made to try to get our lending institutions to perform that task in the various communities. If the matter is studied closely, I am sure there is no reason in the world why our lending institutions could not make advances on properly stored and, if we wish, graded grain held on the farms. The local manager knows the people of his community; he lives with them and knows the conditions, and it would be much simpler than to ask the Canadian wheat board, which is located in Winnipeg, to operate such a scheme.

Under the wheat board you would have to have certificates as to the grade before it could be done. Even the granaries would have to pass inspection. They would have to be weather and rodent proof. In other words they would have to measure up to all the various specifications in order to make sure the money would be lent by the board on say No. 1 wheat that would still be No. 1 wheat later on in the year. If we embark upon such a course then we will need an army of inspectors to go around checking in order to make sure that the wheat is still there next month or three, four or five months later, and to check that the condition of the grain is being maintained. Therefore I should very much like to see our lending institutions look into this problem. It seems to me it is one of the services they could render to the rural communities of the west, and as a matter of fact it might also prove most profitable to them.

If I may go back to what I said at the beginning, these demands all boil down to the lack of ready cash at the moment, and I

should like to make two specific recommendations to the Minister of Trade and Commerce (Mr. Howe). I can assure him that I have given this matter a great deal of consideration before deciding to make these suggestions. In order to alleviate the present conditions, and as a long-range plan, first of all I would respectfully submit that a date be set for the commencement of the payment of participation certificates on the various grades. This year the Canadian wheat board, as we know, started issuing the first cheques in the middle of October, and this was an abnormal year. They had their difficulties the same as the farmers. These difficulties affected them and made their task that much harder. I would suggest that October 1 be set as a tentative date for the issuance of the first cheques. There are many reasons for that. First of all the farmer would be in a better position to know where he stands. I find, for instance, that in a year like the present one he knows what the initial payment will be on his grain. If he could receive his cheque on the participation certificate of the year before at about the same time as he receives his initial payment he would in effect, from a practical point of view, draw as much money as if he were receiving full market value at that time. Therefore it would mean being behind only one year. After that, participation would make up the difference each year, and he would be in a much better position.

However, even if the date is not fixed exactly as the first of October, it would make a big difference if he knew when payment would be made, because I find that a great many have to go to the bank to borrow money to finish harvesting and meet certain obligations. As it is, not knowing when the cheques will be issued, the farmers are left in a very uncertain position. They go to the bank manager to ask for a loan, and they do not know whether they should ask for it for a period of one, two or three months. It makes all the difference in the world to the bank manager whether he has to make a loan for two months or six months. After all, we have a set date for the close of the crop year. It closes on July 31. If we allow one month for the various grain companies to turn in their reports to the board, then it would give the board another month to issue the cheques.

Mr. Wright: Would the hon. member permit a question?

Mr. Jutras: Yes.

Mr. Wright: Does the hon. member realize that is the amendment we suggested last year when these amendments to the wheat board act were before the house, that payments be made one month after the end of the official crop year, or on October 1?

Mr. Jutras: I am not saying it should be a month. I am saying the Canadian wheat board, because I know all the men on the board and I know they are doing the best they can under the circumstances, should determine the time. If they can do it in a month, so much the better. If they cannot do it in a month let us give them six weeks or two months, but at least there should be a definite date. It would make it much easier then for the farmers to plan their operations.

Mr. Wright: That is what we suggested last year when the amendments were before the house, but it was turned down.

Mr. Jutras: As I said, what length of time should be allowed after the close of the year I do not know, and I am not in a position to determine. I do not think the hon. member is in any better position to determine it. The Canadian wheat board should do it. All I want to say is that I think it would be a great help if a date were set.

Last year the wheat board made an advance payment of 20 cents. I know I am speaking for my constituents when I say that, in view of the difficult conditions of last year caused by the flood, and in view of the expensive harvest of this year with a large percentage of the crop not being harvested, the Canadian wheat board should be urged to consider making another advance payment this year of any reasonable amount they may see fit. I would hope that it would be the same as last year, 20 cents per bushel. All indications point to the fact that the crop is selling well on the markets of the world at relatively the same price as last year. I would think, therefore, the board would be in a position to make an advance payment of 20 cents per bushel on this year's crop. I am sure this would be of great help, particularly to those who have only sold part of their crop this year. I urge the Minister of Trade and Commerce to impress upon the wheat board the necessity of trying to make another supplementary payment on this year's crop as soon as possible.

At this point, Mr. Speaker, I should like to deal briefly with the C.C.F. amendment. I shall read it, because it is rather important:

> That the amendment be amended by adding thereto, immediately after the words "high cost of living," the following words:
>
> such as the making of provisions for price controls and the payment of subsidies, where necessary, so as to equalize the sacrifices our people are called upon to make at this time.

I should like to draw your attention particularly, Mr. Speaker, to these carefully

selected words. I cannot help but feel that it is just a front to hoodwink the farmers again while favouring one class of society. What does that amendment actually mean? It can only mean one thing, particularly when we review the speech made by the leader of the C.C.F., the member for Rosetown-Biggar (Mr. Coldwell), and the speeches of his stalwarts. They have deplored the low salaries in the country, and certainly I can agree that some of the salaries are not what they should be. Then they deplored the fact that the farmers of this country were underpaid. Again I would agree with that. But what is their solution? They say we should raise wages and pay subsidies to the farmers.

It is quite obvious that this amendment caters to one class of society. I recall the old adage that he who pays the piper calls the tune. I regret that a party, the representatives of which come mostly from Saskatchewan, should be the one to introduce such an amendment. Unfortunately these sentiments are echoed by others who are not far from that party in the house, with the result that the other day we heard the member for Three Rivers (Mr. Balcer) ask for an embargo on the export of beef cattle from this country. I do not know whether it is unparliamentary to use the word "nonsense" but that kind of nonsense will get them nowhere. It is unfortunate that there are always some people who pick on the farmers in an attempt to bring down the cost of living. It is an attitude that is most humiliating to the farmers, and seems to indicate that farmers are not entitled to a fair value for their products.

All this flows from pre-war conditions when the farmers sold at below the cost of production. During the war they continued to produce at below cost, but the subsidies made up the difference. Now our C.C.F. friends would like people to believe that all would be well if the farmers were singled out to receive subsidies, while others received full value for their products. This amendment can mean nothing else, because it refers to "subsidies where necessary." From the bureau of statistics I obtained a bulletin setting forth the elements which go to make up the cost of living index. It is most interesting. As most members know, it is made up of various items, the largest of which is food which represents 31·3 per cent of the whole cost of living. The second one in importance is the miscellaneous item, which represents 22·6 per cent. This item takes in health, which includes drugs, doctors, dentists, and so on. I am sure there would be little room for subsidies in that item. Then there is a personal item for things like tooth powder, razor blades and so on. I do not suppose our C.C.F. friends would subsidize any of them. Then comes transportation, which includes streetcars, automobiles, and so on. Again there is little room for subsidies. The next item is recreation, including the theatre, hockey and all the other amusements. I suppose it takes in bingo. I do not suppose anyone would subsidize bingo. Then there is life insurance, and it is hard to conceive that anyone would subsidize that. The other item which makes up 100 per cent of the cost of living is shelter, which represents 19 per cent. To a certain extent we have subsidized housing now. Then there is fuel, light and clothing in which labour is the predominant factor. There are home furnishings and services, telephone and electrical appliances. It is hard to conceive how you could apply a subsidy there. When they say that subsidies will be applied where necessary, they can only mean that subsidies would be paid to primary producers of food.

The primary producers of this country believe they should receive fair value for their products. If subsidies are to be paid to some people, let everyone receive them. Let us not single out one class for subsidies and keep it below par. At the present time we are living under an extremely high cost of living indeed; but we are also living under an extremely high standard of living. As a matter of fact the food index has been going down for two months, but everything else, aside from food, has been going up during that same period.

This is something that has been pointed out before, but I wish to refer briefly to a table that was published in the Ottawa *Farm Journal*. It was compiled by Gilbert McMillan and gives the cost and the amount of work required for milk and butter. The Canadian average retail price for a quart of milk in 1939 was 11·1 cents; in June, 1951, it was 19·5 cents, with the result that the number of quarts of milk per hourly earning in 1939 was 3·85 and in June, 1951, it was 5·94. The working time required to buy a quart of milk in June, 1939, was 15·6 minutes and the working time required in June, 1951, was 10·1 minutes. The same thing applies to creamery butter. The working time required to buy one pound of butter in 1939 was 41·2 minutes and in June, 1951, it was 35·2 minutes. Hence, in working time, the cost of food at the present time is not high as compared with 1939 or any other previous period.

While I am on the subject of the dairy industry I should like to say a word about

its plight in this country at the present time. I have a great deal of sympathy with that industry in Canada. I remember quite well the great service it rendered to agriculture particularly during the depression. I know that in our section of the country it was the dairy industry that kept us through the depression and prevented us from going bankrupt when the prices of other agricultural commodities were so low. I am quite sure it is no exaggeration to say that the dairy industry kept the farmers from general bankruptcy throughout the west and throughout Canada during those bad years we have known in our history. This industry therefore should receive special attention at this time. There is no question about the fact that at the moment it is going through a difficult period. Exactly what the answer is I am sorry to say I do not know. But I should like someone in authority to make a study of this problem, because it needs to be looked into without too much delay.

In passing, I should like to make one little suggestion based on experience in my own constituency. There we have one of the most modern cheese factories in the country, situated at Grunthal. It is the only cheese factory west of Ontario, I believe, which is equipped with a pasteurizer. They tell me they have quite a large demand for new cheese; that is, for cheese that has not been aged. The law does not allow them to sell their cheese until a certain time. Experts on cheese may argue that cheese that is not aged is not good cheese, but that does not alter the fact that they tell me their clients, the people who buy cheese, want cheese right out of the vat. If that is the way they want it, and if they are not going to buy it any other way, and if they will not buy cheese unless they can get that cheese, it would increase the consumption of cheese if we allowed them to sell it right out of the vat. The argument was made that it was not safe for health. This restriction was imposed by the Department of National Health and Welfare. As I say, now that they have a pasteurizer and the milk is pasteurized before it goes into cheese, I cannot see that the argument still holds good. After all, the other types of spread cheese are allowed to be sold without being aged at all. I should therefore think it would be possible to allow that cheese to get on the market. I am told that consumption would go up in certain parts of the country, particularly in western Canada, if they were allowed to get that cheese on the table before it is aged. I am just passing that thought along as one suggestion. There are many others that could be made, such as with regard to packaging and so on, that would no doubt help the situation in the dairy industry. This matter should be looked into without delay by someone in authority in order to try to find a solution to this problem.

In conclusion I just want to say that instead of always looking to food and the farmer in order to try to bring down the cost of living, one should look elsewhere. I can assure you, Mr. Speaker, that this is not the place to look at the present time, because the price of food is not high in relation to the price of other things. If you want to bring down the cost of living, the place to look is not in the food category, because production is down and the trend is down, not only in Canada but in the United States. If production keeps going down, the price will be much higher in the years to come. The solution of this problem of inflation is not to be found in food but in other commodities generally whose prices go up. The farmer has set an example. No other class of people in this country have given such a lead and have made such tremendous efforts to stabilize prices in this country. That has been their policy. They have made sacrifices to achieve this stabilization. If all the other industries would follow the same lead, we would soon cure the problem of inflation.

Mr. O. L. Jones (Yale): Mr. Speaker, I rise to support the amendment to the amendment, dealing as it does with an extremely critical and urgent national problem. To my mind this amendment offers the only concrete and logical way of dealing with this emergency of the high cost of living. Other hon. members in this group have already placed on the record sound arguments why the suggested control of prices would bring about immediate relief. I believe it is the only way by which inflation can be effectively stopped, in spite of the statement by the hon. member for Vancouver-Burrard (Mr. MacDougall), quoting from the thirty-eighth editorial that appeared in the *Financial Times* this week. I too read those editorials. I too felt that they presented the situation quite logically from their point of view, but their point of view is not the point of view of the people of Canada. There were thirty-eight chosen, picked, editorials all along one line. But we must remember that thirty-eight editorials, however they are picked, are still less than half of one per cent of all the editorials that appear in the weekly and daily papers in Canada. Hence, if you were to peruse the other 99½ per cent of Canadian papers and read their editorials, I am satisfied that you would get far more editorials requesting price controls than were produced against them in the *Financial Times* this week. I believe, as I have said, that we have no evidence that the cost of living has

stopped rising. Both by mail and, during my recent stay at home, by personal contact I obtained impressions from the people of my riding, and they are given to me in no uncertain terms. In every case they demanded price controls. I have not had a single letter objecting to price control, but I have had several hundred cards as well as letters and personal contacts demanding it. That feeling is general across this dominion. In spite of this editorial, to my mind the overwhelming majority of Canadian people desire controls immediately. The C.C.F. amendment expresses the wish of that majority. If the government are timorous about accepting our amendment and putting it into practice, the only proper thing to do would be to hold a plebiscite and let every person, every housekeeper, every farmer, every merchant in Canada say whether or not they approved of price control. I believe we would receive an overwhelming answer that they would prefer it to the present mess we are in. I believe the opinion of the vast number of Canadians expressed by plebiscite would be a sounder basis for the government to work on than the opinion of those who advise against price control at the present time.

I come from a tree fruit area that has been particularly hard hit by the high cost of living. They have been particularly hard hit because a few years ago they suffered loss through frost, and last year the price for apples was actually less than during 1939, which is used as the basis for computing the cost of living. It was a pathetic sight to have one group of farmers actually receiving less per box for their apples last year than during the basic period. So far as I am aware they are the only group of farmers that have not benefited by the rise in prices. At the same time everything they buy is up at least 100 per cent. It is true that when they were in distress the government came to their assistance, and for that I am grateful. I think I speak for every fruit grower in the valley when I say I am particularly grateful for the help given. But that does not solve their problem. On their behalf I appeal to the government to reconsider their decision not to impose price control at the present time.

I wish to congratulate the mover (Mr. Cauchon) and seconder (Mr. Simmons) of the address in reply to the speech from the throne. They did an excellent job. I would like to refer particularly to the remarks of the hon. member for Yukon-Mackenzie River. He spoke of the vast potential in his riding. With that I agree a hundred per cent, but what worries me is not the potential production of the riding, or any other riding, but what is to happen to the goods produced. It is true that we can produce abundantly in Canada; there is no question about that. But instead of prosperity there is a chance of such production bringing in its wake unemployment and wasted surpluses.

It has been suggested by the members of the government that we in Canada should produce more, as if that would solve all our ills; but so far no government spokesman has said what to produce. No one has been explicit enough to say: we want more of this, of that or the other, whether garments, clothing, food, furniture or anything in particular; nothing but the general statement: produce more, without saying what we should produce. Producing more on that basis is not the solution to our difficulties. It could be under a planned economy, yes, but not without some such planning. Last year we produced large quantities of potatoes in this country, with the result that the farmers could not get a decent price for them. So this year they produced 25 per cent less and are going to get good markets and a good price. Last year we produced 8 million boxes of apples with the result that we received less than the cost of production. I understand that this year we have a little over 5 million boxes, the price will be higher than last year and the farmers will make a little money. The same applies to plums. This year the price will be greater because we have produced less. The same applies to cattle, hogs, dairy products, wheat, oats, barley. Where there is control you can have a fixed plan in regard to prices, but unless you plan the production in our economy you will have variation in prices.

If you take a look around this country today you will find that our warehouses are bulging with manufactured goods. Retailers are assisting the wholesaler to overstock in their own warehouses in the distributing centres, and they are doing it to help out in an emergency. The other day I asked what is to become of these surpluses, because the Prime Minister (Mr. St. Laurent) said these goods would leave the shelves at diminishing returns, which is quite true. In other words, the merchant who is taking care of this uncontrolled surplus that we are producing at the request of the government is in a dilemma. As the Prime Minister said, we can get rid of it at diminishing returns, which means virtual bankruptcy for the man who has helped out the government in an emergency. The government should be more explicit and should tell the producers of this country exactly what they want in the way of greater production, and there should be a means to control it.

We could help out the situation by creating more currency to purchase the goods we produce. We could do that by increasing pensions all across the board, old age pensions, veterans' pensions and family allowances. All these things would help. But on the other hand the Minister of Finance (Mr. Abbott) asks us to buy less and consume less, which worsens the situation. I hope the Prime Minister and the Minister of Finance will get together some day and make up their minds what they really want, whether the rigid economy of the Minister of Finance or the increased production of the Prime Minister, because both are contradictory and under both suggestions we are going to pile up surpluses that cannot be moved.

The producers and manufacturers are tying up their capital, and in many instances in order to operate they have to borrow. That again places them in a dilemma and adds to the cost of the produced article through interest that is paid to the bank. I do not want the impression to go out that I am opposed to production. I believe that increased production under a planned economy is the solution, along with assistance to move these goods and raise the standard of living of the people. I am all for increased production if the surplus is to be used for that purpose. The surplus could be used for the pensioners I mentioned, or to feed and clothe the undernourished people of the world whom we have heard a lot about in recent discussions. To increase production just for the fun of it is not my idea of a sound economy.

I should now like to deal shortly with the brief presented to the government this year by the Canadian Legion. I am in complete sympathy with that brief. There is no need to enlarge on the details of it, because I think the case for the veterans was well presented. I further believe that we Canadians who pay these taxes should be quite willing to have an extra tax imposed on us if it is going to help out the veteran with his pension problem, because I feel that for all we have, all we own, the standard of living we retain today, we must give thanks to the efforts of these men. The story would be totally different if there had been a German victory. I feel that our treatment of our veterans, the returned men in general, has not been in line with the benefits we have received from their endeavours during the war. The cost of living has hit pensioners very hard. I do not know of any pensioner today who should not be getting his pension; not one. Close adherence to the rigid standards set up by the Department of Veterans Affairs in connection with the assessment of pensioners' disabilities has been enforced so well by the various boards that there are no leadswingers, as we used to describe them in the army, among the pensioners today. Holding the view that there are no leadswingers, and that every pension is deserved, I have no hesitation in saying that the demand of the Legion for a 33 per cent increase right across the board should be met, because that is exactly the amount of the increase in the cost of living, from the date of the last increase given to pensioners up to the present time. I have never heard complaints from veterans with respect to overpayment of their claims.

All hon. members have welcomed the announcement made earlier by the minister, and the further announcement today. The only point is that so far we have not been told what the increase will be. I would earnestly ask the minister to consider nothing less than 33 per cent. I would trust that in any case the increase would bear a close relationship to the present high cost of living. As legislation is to be presented at a later time I shall not deal further with the matter now. I would add, however, that the welfare of imperial veterans should also be kept in mind. Owing to the devaluation of the pound, the difficulties involved in securing hospital attention and care and those connected with income tax payments, when they must pay income tax in both countries, and because of several other problems, I do feel we should take a great interest in this matter and pay more attention to the problems of imperial veterans. If a committee is to be set up, I would ask especially that imperial veterans be considered during the deliberations of the committee. This group is now excluded only because of geographical considerations. Their war service aided Canada and the Canadian people just as much as did the service of our own Canadian soldiers. In peacetime some of them have been here for as long as twenty-five or thirty years, and are numbered among our best citizens. They cannot be distinguished from other Canadians.

I should like to refer to one further matter, namely the farmers in the fruit-growing area in which I am interested. I have referred to the severe winter conditions they encountered two years ago, at which time they lost about 600,000 trees. Some of those trees are still dying. Last year's wretched prices did not help, either. These fruit growers have also suffered from what in my opinion is unfair competition from subsidized American producers, whose apples are offered at $1.25 per box. In view of all these difficulties many farmers have had to seek loans in order to carry on their work. I have in mind applications for loans which have been directed to the Canadian farm

loan board. In what I shall say I am not blaming the officials of that body, but I do suggest that as it is operated today the farm loan board has become obsolete. It does not fit modern farming conditions. The terms upon which loans are made are obsolete. First of all, they are based upon pre-war values, and especially is this true in those irrigated areas where farm values have gone up and are much higher than is the case on the prairies. Still the act operates much the same, no matter whether it is being applied to prairie land or to the irrigated land of a much higher value. In most instances the land value is at least 100 per cent greater than the assessment allowed by the Canadian farm loan board. Another point is that the homes and buildings alone on some of these farms are worth the $9,000 necessary for a guaranteed maximum loan of $6,000. However the maximum allowed is only $3,600. I know of some homes that cost $15,000 to $18,000, yet the farm loan board has maintained the amount at $3,600. That is why I suggest a change to meet modern building values, which today are double what they were when the act was passed.

I would ask, too, that the board be more generous in its interpretation of values of buildings, equipment, stock and the like. Instead of making loans to assist farmers during this temporary condition, the board has actually stiffened the terms upon which loans can be made. I have here several letters from farmers whose applications for loans have been turned down by the board because these farmers had other liabilities. We realize, of course, that if there were no liabilities the loans would not be required. However that is the excuse given for the refusal, that these farmers have other liabilities; and because they cannot discharge them the loans are not forthcoming.

My interpretation of the act would be that loans should be made on the value of land and buildings, and that from that point on the government would take a mortgage on the property. It is true that the board should have help and should be guided in valuing these assets, and the applicants should explain for what purpose the money is to be used. I do say, however, that an applicant should not be refused a loan simply because he has debts beyond the amount covered by the required loan. On the contrary he should be helped, because the government is always protected by the mortgage taken on the property. I have before me one example, where the farmer who made application received part of his income through trucking. This man was told to sell his truck and turn in the money to reduce the amount of the debt. Had he done so his condition would have been worse than it was before making application for the loan, because his truck was a means he could use to help earn his living. In another instance a farmer was told to sell his cows so he might have the cash and thus reduce the amount of the loan. Again the farmer would have been depriving himself of a source of income, with the result that the loan would not have been of much use.

The strange part of it is that some of these farmers whose applications have been refused by the farm loan board have been able to go to orthodox banking institutions and loan companies and borrow the money on the same assets that were offered as security to the farm loan board. My interpretation of the act has always been that the board was set up to help the farmers, and particularly those who did not have access to orthodox lending channels. My view would be that if the security was good enough for a loan company or a bank, it should be satisfactory for the Canadian farm loan board.

I suggest that farm buildings have value and offer sufficient protection for a loan. The government must always consider the purpose of the loan, and what the money is to do. It is intended to place the farmer on a sound financial footing, by removing the major obligations he has as a chain around his neck. If this sum is exceeded by let us say $100 or $150, it should not be regarded as an amount too great to remain outstanding after the major debts are paid. I believe if the government agency were to issue instructions to its workers in the field to the effect that they must give more careful consideration to loans, and that they should not encourage farmers to dispose of cows, trucks or chickens, as they have done in the past, but rather should encourage those farmers to keep these assets so that their position might be more stable and could be remedied more quickly, they would be rendering a real service to the group of farmers who require help at the present time.

Mr. H. O. White (Middlesex East): Mr. Speaker, in taking part in this debate on the address in reply to the speech from the throne I wish to associate myself with those who have congratulated the mover (Mr. Cauchon) and seconder (Mr. Simmons). I wish also to extend my congratulations to the four new members who have so ably discharged their duties in making their maiden speeches. I do not intend to go into the vast ramifications of the problems facing Canada abroad, but I should like to deal particularly

with many of the problems that affect my constituents and of course all the residents of Canada.

It would seem apparent that a large number of people in the country believe that the government can do what divine Providence in His infinite wisdom has not attempted to do. I make that observation because of the many requests, suggestions and ideas put forth intimating that the government is an eternal spring of wealth. It is not. It cannot spend a dollar that is not taken from you or from me or from someone else.

This session was called primarily to deal with old age pensions. I think that name should be changed to retirement pensions because I suppose many of us here hope to participate in them in the not too distant future. I think this matter has been gone into quite fully by a number of previous speakers, but I do want to touch upon the plight of those who must live on pensions or fixed incomes. In many cases their lot is desperate.

The previous speaker referred to the brief presented by the Legion. It seems to me that brief was just and fair and I can see no valid reason why action on it should be postponed until the next session. I believe every hon. member of the house agrees with the suggestions contained in that brief. It is not enough to say that we cannot pay it when the Minister of Finance (Mr. Abbott) has been able to gather up some $500 million which might burn a hole in his pocket between now and next session. I know of no better way in which that money could be used than to augment the rather meagre pensions paid to these men who offered their all to protect our freedom. It would appear that the only persons in the community who are being left out are the burnt-out pensioners. Three or four sessions ago I suggested that some formula should be worked out so that all pensions would be hooked up to the cost of living. As prices went up, pensions would go up; if it should happen that prices came down, then pensions would come down. But there would always be a direct relationship to the cost of living. A pension issued twenty or thirty years ago is inadequate to meet today's costs.

That brings up one other matter with which I want to deal, that of inflation. Regardless of what has been said, inflation and the high cost of living apparently go hand in hand. We cannot separate one from the other, no matter how much we might wish so to do. Just a little over a year ago we were called here to bring about the settlement of a railroad strike. The gains made by labour at that time have been wiped out by the increased cost of living. Civil servants and those on company-employee pension plans find themselves in the position where they have not enough dollars to go around. I repeat that a formula should be worked out so that these pensions would have a continuing relationship to the cost of the things the pensioners must buy.

Returning to veteran pensions for a moment, let us not forget that these pensions should be based on right and not on need. As soon as we introduce the question of need discrimination will creep in regardless of how fair the officials may want to be in administering the pensions. I hope the question of need will be forgotten. Let us give the pension as of right, as it should be.

Let me deal for a moment with national defence. Three years and hundreds of millions of dollars ago the Minister of National Defence (Mr. Claxton) mentioned forces in being and the plans for a vastly increased mechanized army, air force and navy. Recently a pamphlet was published by the bureau of statistics under the name of the Minister of Trade and Commerce (Mr. Howe). This indicates that the total number of aircraft completed in 1950 in fifteen plants was 85, at a total cost of $2,666,000. When you begin to compare that with the production in the war years of some 4,000 aeroplanes in one year at a cost of $277 million you begin to wonder what is holding up our production. I realize of course that these new aeroplanes are much more difficult and intricate to complete than were the planes of those days, but there is a vast difference between a production of 85 and 4,000 planes.

I should like to draw the attention of the Department of National Defence to a matter that was presented to me last week. A young married man joined the Korean forces, and after being given an I.Q. test he was sent to officers' training school. He completed the course, but he finds that his wife is not eligible for separation allowance because they were married below the age at which an officer is supposed to be married. His people and her people are supporting the wife until such time as the department get around to paying the allowance. This should be looked into because it will have an effect on all those who might be thinking of joining the army in the future. They will say, "If that is the way they treat the wife of a soldier in Korea, I want no part of it." I hope the Department of National Defence will look into this situation.

While inflation is a big riddle to most of us, nevertheless we all recall that when the Bank of Canada was established it was said

that it was going to do great things for us by way of stabilizing our currency, controlling the fluctuations in dollar value, and so on. Our currency was going to be maintained in such a condition that there would be no more trouble along those lines. I find that in the past few years the amount of money in circulation has gone up four times while the actual production of wealth has only doubled. That, and that alone, indicates why we have to pay more dollars for fewer goods.

Coupled with that is the fact that the government in their defence program—and I have no quarrel with it except to say that it is probably too little and too late—are competing for scarce goods, and the allocation of scarce materials to the needs of the army, navy and air force makes consumer goods scarcer. Therefore with more dollars floating around and fewer goods available we have the very noticeable effect on the high cost of living. Aside from that, a certain amount of labour unrest has been created partly due to the fact that the wages for which labour contracted a year ago are not adequate now, and also because they do not know what is going to happen in the immediate future. Together with labour unrest there are spots of unemployment. With the high cost of living what it is, anyone out of employment for even a short time finds that his credit is not too good and his ability to live properly is curtailed.

The government's attitude toward agriculture has resulted in decreased production in many lines. I want to deal with that more fully, but before doing so there is something else I want to say about inflation. The government like it. It has enabled them to collect a surplus of $500 million. That is one reason they are not facing the problem of inflation and the high cost of living. As costs rise so does the 10 per cent sales tax bring in greater revenue to the coffers of the government. They profess to be unable to stem the tide of inflation; yet at the same time they are the ones who are supposed to have their hands on the Bank of Canada and the control of credit and currency. They profess not to be able to do anything about inflation, when they are the root cause of it.

I should like to turn for a moment or two to the development of our natural resources forecast in the speech from the throne. First and foremost is the seaway project. I believe that Canadians generally approve of the government going ahead, in conjunction with the province of Ontario, with the development of the seaway and power project on the St. Lawrence river. In that connection may I point out that we are asked to pour millions into foreign lands to stem the tide of communism while at the same time we have not the money to develop our own resources. Plenty of investment capital is coming from the United States to develop our oil, mineral and forest resources. It would seem to me that it is a rather short-sighted policy on our part to be sending money abroad when in some cases it is on a wild goose chase. I say that because we have no guarantee that, after having spent the money in some foreign land, it is not going to turn communist in the end. On the other hand they will curse us because it is not enough.

I can see that in the future the seaway plan of taking ocean shipping to the head of the great lakes may even be extended. I doubt whether research has been conducted into the engineering problems, but it would seem that the logical thing for Canadians to do is to develop these great resources. I have mentioned our investments in foreign lands to stem the tide of communism, and I have a couple of clippings here which I should like to draw to the attention of the house. The first one is taken from the *Christian Science Monitor*, and reads as follows:

> The sympathy of the world unquestionably goes out to the abjectly poverty-ridden peasants and low paid workers of Egypt and other middle eastern countries. Yet the explanation of their misery is not primarily in foreign exploitation . . . the foreigner has brought to their lands more wealth than he has taken, but is rather in the stubborn feudalism of an oligarchy of land owners and politicians.

Great Britain spent much money in Iran and is getting no credit for it. The same is true of Egypt. In fact she is being blamed. She has spent large sums of money in these countries but the money has not seeped out, as we say, to the man on the street and the man on the land. We get no credit for the immense wealth we have poured into these lands. Then we see extreme efforts at nationalization. Actually in many cases nationalization is the desire on the part of the people to participate in the fruits of someone else's labours. The professional do-gooders who tell us to invest in these foreign lands do not suggest any means whereby we can collect these loans once we make them. If private enterprises intend to make investments in such lands they at least try to make sure the projects are feasible and will pay returns on the gamble they have taken. Even so, in many cases their hopes have turned out to be false.

In that regard I should like to mention what has happened in some foreign countries. Loans were made to Burma and later were repudiated. The investment was lost. They took advantage of the tide of nationalism sweeping the country to get out of paying their debts. I have a clipping from the pen of P. M. Richards under the heading "Business Comment". He has this to say:

> Dr. Paul Einzig, the British economist and journalist, claims that this course is now proved unsound both financially and politically . . . protected by the UN policy of non-aggression, they plunder foreign investors. And so far from strengthening resistance to Russian or Chinese communist imperialism, this financial investment in backward countries may actually result in inclining them towards communism . . . Looking beyond Iran there is the example of Burma, where British investments ran into many hundreds of millions of dollars. There, Einzig says, the nationalization of British enterprise was virtually confiscation . . . it is deplorable that United Nations policy should be used as a shield for illegal seizures and defaults on obligations.

I want to come back to the development of our potential resources and say that the money we are pouring out, in some cases in a vain hope, could be better used at home. I should like to refer to two of our resources that we might develop, the Passamaquoddy project in the maritimes and the South Saskatchewan river project in the western provinces. I think the sooner we go ahead with these things and develop our own country the better position we will be in. I would suggest to the Minister of Resources and Development (Mr. Winters) that instead of lowering the amount of the loans for housing, we should look after those broader fields we have here.

Coming again to the question of the recent disturbances in Windsor, may I say there are large numbers of men unemployed in that city. This not only applies to Windsor, but also to London and Hamilton. In Windsor a municipal-federal-provincial committee was set up to deal with the problem. We have a national advisory committee on manpower, but so far it has had only one or two meetings, and no others are scheduled for the near future. When we are not getting as much war material as we should and we have idle men, it would seem to point to a serious situation.

For a moment I should like to deal with the shortage of farm labour. The farmers are asked to bring in skilled farm workers from Europe, and to guarantee their wages and living conditions. Today I read a letter from one farmer who in the past few years has had twenty-three of these men come to work for him. Only one or two indicated any desire whatever to remain on the land. These people are using the farmers to get to this country; then when they become more familiar with conditions here they go to the cities. In a way they are coming here under false pretences. The government should be more firm, and insist that they remain on the land for the duration of their contract. The government expects the Canadian farmer to adhere to his commitments, but they do not see that the man who comes here to work keeps his bargain. It is certainly a one-sided deal.

While I am dealing with farm matters, may I say that on my desk I have a number of cards sent to me by dairymen all over the country. So far as I am concerned, I feel that the dairy industry has been badly treated. Labour and industry are protected by high tariffs. If it is all right for those segments of our economy to be protected by tariffs, it is all right for agriculture to be so protected. I therefore place these cards and complaints of the dairy industry where they belong, on the doorstep of the government.

In the speech from the throne there was mention of legislation concerning the fixing of retail prices. I know many will think that this is a hot potato, and I believe the government thinks it is a hotter potato than anyone else. I want to draw to the government's attention the words of the late James V. Forrestal, secretary of defence of the United States, who said:

> Politics often get in the way of good government.

How true that is. I believe a good many people in the country recall the prices committee which was set up, and the royal commission which followed it. After several months of investigation the commission produced a voluminous report and found out what the housewife knew before they started, that prices had gone up and were still going up. It has been suggested recently that a committee be set up to study this problem. Actually I believe that is a smoke screen to draw the attention of the people from the fact that the government has not had the courage to deal with the problem.

As the hon. member for Lake Centre (Mr. Diefenbaker) mentioned on Friday last, we have on the statute books the Combines Investigation Act. I would think that would be one way in which this problem could be dealt with. When we look at the administration of the Combines Investigation Act we find that apparently the government is in partnership with many of the big companies. The penalties levied on these companies are only a small percentage of their take. So far as the consumers of this country are concerned, that is not sufficient. I would point out that there are others who are guilty of price fixing besides the corner

grocery store and the merchant in the city. Labour, with its minimum prices and contracts for wages, has a certain amount of price fixing. Farmers would like to have an organization by means of which they could have guaranteed floor prices and stabilized markets. In fact, I seem to recall that was one part of the gospel preached by the government. This was the aim of the wheat board and the international wheat agreement, so far as we were concerned. True, the results were perhaps not as satisfactory as we hoped, but the idea behind it was the stabilization of prices and the consequent stabilization of our economy. The examples of the glass, flour and other industries have demonstrated just how far the government is prepared to go.

There is a danger that many small businesses throughout the country will be ruined as a result of the introduction of this legislation. The man on the street and the man on the farm are not too perturbed about it. They are of the opinion that possibly the merchants, as has been said in this house, have charged all the traffic will bear.

There is another matter I wish to bring before the Minister of Justice (Mr. Garson). Recently it was brought to my attention that a general merchant in my community was refused certain nationally known veterinary remedies, as well as certain other medical supplies. For twenty-five years he has been able to purchase supplies of those products from a wholesaler in the city of London. Since January, 1951, he has been told he can no longer be supplied these goods. This results in hardship to many farmers who depended on that general store for these recognized veterinary remedies and other goods along that line. I would think that would be something that could be investigated under the Combines Investigation Act. Certainly, it is an action in restraint of trade.

If the government is accepting responsibility for the development of the St. Lawrence seaway and the South Saskatchewan river project, as no doubt it is, then the question of the expropriation of land is tied up with that. That is a sore spot with many farmers, when the government move in without so much as a by your leave and establish themselves on your private property. The men say: "I have nothing to do with it; I am just one of the contractors sent in here with a bulldozer, and I am to do this work. You can talk it over with your lawyer or anybody else." I think this is the wrong way to tackle the problem. When the Bell Telephone Company string a line across the country, they go in and make a deal with every farmer whose property they cross, and that deal is completed before one man sets foot on the farm for the purpose of digging a hole or erecting a pole. But that is not so with regard to these projects. There is an old saying that possession is nine points of the law. After the contractors and the government have moved in on these various projects, they make an offer of possibly not too much money. Consequently there is disappointment and hard feelings. I would suggest that this matter be looked into before any more government projects are proceeded with where there is any question of the expropriation of private lands. In many cases the farmers are treated just like the dirt under their feet.

One can, of course, always speculate as to what is going to happen; and I am going to speculate with this phrase: The political winds blow soft. I can look into the future and see a reduction of taxes in 1952, with that $500 million surplus to play with. I can see the popular appeal of the seaway and the South Saskatchewan river development. I can see the maritimes promised nearly anything they want. With all this, along with a reduction in the tobacco tax next year, it might be a good year to have an election.

There is something wrong with our economy when Canada, a great agricultural country, from January 1 to July 31 this year imported butter to the tune of $2,500,000; cheese to the tune of $1,864,000; fresh pork $3,240,000; bacon, ham and prepared pork, $37,000; canned beef, $3,183,000, to say nothing of many other agricultural products. These figures show that there is certainly something wrong with our economy.

Mr. Roland Beaudry (St. James): Mr. Speaker, some few days ago, while discussing our budget surplus, the hon. member for Eglinton (Mr. Fleming) issued what he termed a challenge. As reported at page 358 of *Hansard* he said:

> Is there one, just one private Liberal member, in this house who will have the temerity during the course of this debate to rise in his place in the house and say: I not only condone, I support this government's taxing policies?

I have not been able to follow the debate very closely. I do not know how many times the challenge has been accepted. In any case I say to him in simple terms: Here is one who accepts it. I want to make myself extremely clear. I do not condone the government's taxing policy. I support it.

First let me say to the hon. member for Eglinton that as he was sitting here with me in 1946, 1947 and 1948, he will recall that I was never loathe to offer to the Minister of Finance (Mr. Abbott) constructive criticism, and I am happy to say that

some of it is embodied in the present legislation. When I state without equivocation that I support the government's taxing policy, I do not stand quite alone. I might remind the challenger, the hon. member for Eglinton, of what was said by the financial critic for the official opposition, the hon. member for Greenwood (Mr. Macdonnell), when he sat for Muskoka-Ontario in 1948, as reported at page 4241 of *Hansard*:

> I said that I approved of budgeting for a surplus, and so I do; but the question is how much of a surplus?

And further:

> . . . I am going to assume that it is practically, say, $500 million.

And further:

> I suggest that there should be . . . an increase in the exemptions for people in the low income brackets. Just in case anyone wishes to know if I have a figure in mind, I say, no;

Unlike the financial critic for the opposition, the hon. member for Greenwood, Mr. Speaker, I do not have to plead ignorance when I say that I fully support the government's taxing policy. I support the government's taxation policy for definite reasons. I support it, first because it has helped to place this country, and every citizen in it, in the most favourable position of any in the universe. I support it not only because it has helped to place this country as a whole, collectively and individually, in this preferred position in the universe, but because at the same time we have been enabled to decrease our debt while increasing our financial benefits. But if the hon. member wishes to use his time to better advantage than in issuing challenges, he might cast his eye back over the deliberations of this house from 1930 to 1935 and study his country's financial history. He might discover that there is no better illustration than those five years of what his type of thinking will do towards decreasing social benefits while increasing the debt. I support this government's taxing policy because we do not have to plead ignorance, like the hon. member for Greenwood, when veterans ask us for an improvement in pensions; when old age pensions are discussed for everybody over the age of seventy; when families are enabled to enjoy the benefits of the family allowance; when as a country we can contemplate the canalizing of the St. Lawrence without having outside aid or financial assistance; when unemployment holds no more terrors for any citizen in this country; and, Mr. Speaker, when no citizen in this country, save perhaps a few Conservative moneybags, would change places with himself as he was twenty years ago.

I should like to issue a modest challenge of my own to the hon. member for Eglinton.

[Mr. Beaudry.]

Let him rise in his place in this house and suggest the country which he would offer for our consideration as preferable living quarters. Further, let him quote from *Hansard* what concrete, constructive suggestions have been made by himself or by the financial critic for the opposition which have resulted in improving this country's financial and economic position.

Will you please convey to the hon. member for Eglinton, Mr. Speaker, the information that his challenge has been accepted; and I will gladly contribute to him, so that he may take up my challenge, the thirty-five minutes that I do not need to use.

Mr. Victor Quelch (Acadia): Mr. Speaker, I intend first of all to make a few remarks about the weather in western Canada and more especially about the weather in the constituency that I represent.

Mr. MacInnis: I'll bet the government will not do anything about it.

Mr. Quelch: I am not going to blame the government for this condition. The area I represent is in the east central part of Alberta which, generally speaking, is regarded as one of the semi-dry areas of western Canada. In the past it has been customary for people to pray for rain in order to save their crops. This year apparently all the prayers were answered at once because it started to rain during seeding, thereby delaying the operation of seeding. It rained practically all summer. It rained throughout harvesting and then it started to snow, and it has been snowing practically ever since. As a consequence I think it is safe to say that at least 75 per cent of the crop in that area is under the snow. That of course has created a very difficult situation for the farmers. Their livestock has had to be taken off pasture and fed far earlier in the year than normally is the case, and no doubt long before spring serious food shortages will develop. Many farmers have not been able to thresh their coarse grains; consequently they have no coarse grains to feed their livestock. In view of the fact that only 25 per cent of the crop has been harvested many farmers are going to find it very difficult indeed to finance their obligations and also meet the cost of living until next spring when we hope the crop will be harvested. Therefore if it were possible for the government to find ways and means by which loans could be made to farmers against crops outstanding, crops that are still under the snow, no doubt it would be of great help. I can assure the government that the farmers are waiting with anticipation the final payment

on the 1950 crop, which I understood the Minister of Trade and Commerce (Mr. Howe) to say will be paid during November.

As I pointed out, the area of Acadia is semi-dry, and for that reason has always been greatly interested in irrigation. Throughout that district, as far back as 1921 the major project, the William Pearce project, was surveyed; and that later became known as the North Saskatchewan project. In recent years other projects, more modified, have been advocated. The Red Deer diversion project is one that all farmers today are interested in. The government has carried out many surveys in connection with that project, and as a matter of fact have already started work on a number of dams on some of the creeks. These dams will all later on be part and parcel of the major project which is known as the Red Deer diversion; but unfortunately these dams on the creeks are dependent upon surface runoff water for their supplies. In dry years there is very little runoff, with the result that the very time water is needed for irrigation none is available. Until such time as the major project, that is, the Red Deer diversion project, is constructed there will be no certainty of water being available for these small dams. Of course that is not the case this year; these dams are overflowing.

Under the Red Deer diversion project a dam 150 feet high would be constructed at Ardley. From that dam water would be carried by gravity a distance of 100 miles south to Coronation. There it would enter two lakes, Hamilton lake and Craig lake. This would provide irrigation for around 500,000 acres. The estimated cost of that project is $15 million. Therefore you can see that the actual cost of irrigation of this land would be very moderate as compared with the cost of irrigating land on other projects. It would also make it possible to support an increased population of 30,000 people in that area. The project would also make it possible to develop power, and that power project would probably be one of the largest in western Canada. It would utilize Buffalo lake as a reservoir, and Buffalo lake has a storage capacity of 1½ million acre feet. We are hoping that the international situation will not prevent the government from going ahead with these projects. I recall that last year the Minister of Agriculture (Mr. Gardiner) said he hoped that by the fall of 1950 the surveys would have reached the position where it might be possible for the government to sign an agreement with the provinces. I do not know whether that has been done up to date; nevertheless we are hoping that nothing will be allowed to interfere with the construction of that project.

I noticed a report in the paper from the director general of the food and agriculture organization, Mr. Dodd, stating that there is still a very great shortage of food in the world, and that actually the production of food today is barely keeping up with the increasing population. He urges member nations to do everything in their power to increase the production of food. Well, one of the surest ways of increasing the production of food in Canada today would be by the construction of irrigation projects in areas that have facilities in the form of roads, towns, railways and so forth. I know many people have always felt that the land in these semi-dry areas was of a submarginal nature. I think last year and this year proved that, given the moisture, these areas can produce good crops, because this year we have crops in there that would run anywhere from 30 to 50 bushels to the acre. There is nothing wrong with the land. All it needs is moisture. Irrigation would help to guarantee that in that area we could always raise enough feed to carry the cattle on pasture in the summer. One of the greatest difficulties is that while there may be pasture in the summer there may be no feed in the winter, and the cattle either have to be shipped out or feed brought in during the winter, which of course is a very expensive thing for the feeders, and it is not always possible.

At 6.15 p.m. the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Quelch: Mr. Speaker, just before the dinner recess I had been stressing the desirability of making an early start upon the construction of the Red Deer diversion irrigation project. I should like now to turn my attention to the two amendments before the house.

I do not think it is necessary to spend any time upon the amendment of the Progressive Conservative party because, after all, it is merely a reiteration of what is contained in the speech from the throne. The subamendment of the C.C.F. reads:

> That the amendment be amended by adding thereto, immediately after the words "high cost of living," the following words:
>
> such as the making of provision for price controls and the payment of subsidies, where necessary, so as to equalize the sacrifices our people are called upon to make at this time.

It will be noticed that it only calls for price controls and subsidies where necessary. I would agree that when it is necessary to impose price controls they should be imposed.

I think all in the house could agree that if it becomes necessary to impose price controls and subsidies, then they must be imposed. So we in this group have absolutely no hesitation whatsoever in supporting the sub-amendment. However I wish also to stress the fact that this was actually the attitude of the government at the last session of parliament, so far as price controls are concerned. Several ministers of the government stated at the last session that they would impose price controls if it became necessary. Therefore I was greatly surprised when the Minister of Finance (Mr. Abbott) challenged that statement when it was made by the hon. member for Rosetown-Biggar (Mr. Coldwell). Not only had the Prime Minister (Mr. St. Laurent) and the Minister of Trade and Commerce (Mr. Howe) made that statement; the Minister of Finance himself had made it. He even went further and said that he would not hesitate to impose price controls if it became necessary. The Minister of Finance described as rubbish the statement of the hon. member for Rosetown-Biggar, so I thought I would do well if I were to quote the minister's statement at the last session. On February 12, as reported at page 299 of *Hansard*, he said:

> On the order paper there is a resolution upon which a bill will be founded, asking for wider powers of control. I think it is fair to say that the government will not hesitate to recommend and to bring into force such control measures—whether they are price control measures, wage control measures or otherwise—as it deems necessary—

And so on. If the Minister of Finance wishes to apply the word "rubbish" to that statement, that is his prerogative. I was amazed to see that he should now turn round and say that has not been the government's attitude in the past. Perhaps I should quote what was said by the Minister of Trade and Commerce when he made a similar declaration. This was his statement on February 8, as reported at page 185 of *Hansard*:

> I am not ruling out the possibility that sweeping price control measures will be needed, should the developing situation make action necessary—

Strangely enough, when I followed the Minister of Trade and Commerce I criticized him for having made that statement. I said that by making it he was actually encouraging industry in this country to increase prices. I said: You are telling industry that you are not going to impose price controls today, but that you will possibly do it in the future. Consequently industry will say that if there is danger of price controls being instituted in the future they will raise their prices while they have the opportunity to do so.

Mr. Knowles: And you were right.

[Mr. Quelch.]

Mr. Quelch: What happened? In a short time the prices did go up. It looked as though industry took that as a cue to raise prices. Yet today the Minister of Finance tells us the government never stated that if necessary price controls would be imposed in the future.

I think I understand why today the government does not want to introduce price controls. Perhaps before I go on to that, however, I should say that just for the very reason I criticized the government at that time for stating that price controls might become necessary in the future, I will say that I think the government is right today in stating most emphatically that it has no intention of imposing price controls. I say it should continue to make that statement right up to the very moment it decides to bring them in.

I am reminded that the chancellor of the exchequer in England denied most emphatically that they were going to devalue the pound. Yet we know that a few weeks later the pound was devalued. He knew it would cause wild speculation if they intimated that such action might be taken in the future. So I hope the government is now merely stating that it is not going to impose price controls because it realizes that any statement to the contrary would have serious results on the economy of the country. The government realizes now that if price controls are to be imposed, it must be done without warning.

On the other hand I realize why the government is hesitant to bring the controls in. First of all the Minister of Finance is using the inflation of prices for the purposes of expanding his revenue. We heard a former minister of finance, Mr. Ilsley, bitterly criticizing any government that tried to finance through inflation. Yet that is exactly what this government is doing. The minister knows too well that the higher prices go, the higher will be his revenues. Therefore I do not think he is very much interested in seeing prices reduced at the present time. I recall, too, that when the Minister of Trade and Commerce spoke in this debate he pointed out that we are now able to develop many resources that we could not develop before prices went up. In other words now that prices have gone up it becomes possible to develop certain resources, and no doubt the government is anxious that those resources should be developed.

To be absolutely fair I believe I should say that the government is no doubt hesitant in imposing price controls because it realizes that controls entail a certain amount of regimentation, and that the people of Canada do not like regimentation. The government realizes, therefore, that if price controls are

to be introduced it must be done with a minimum degree of regimentation. Unfortunately, however, not only has the government failed to take any action to control prices but by its own taxation policies it has actually increased prices in this country, by the imposition of an increased sales tax and increased excise taxes, and moreover by the surcharge.

It will be recalled that when the government's taxation policy was announced many members in the opposition prophesied that as a result of that policy prices in Canada would rise. It was obvious that prices would rise as a result of the sales tax and excise taxes, but there were many who disputed the suggestion that the surcharge would increase prices. Let me quote the Ottawa *Evening Journal* of November 2, which makes this statement in regard to the railways:

> An increase of between 5 and 6 per cent was asked to compensate the companies for the 20 per cent "defence surcharge" on income tax in the last federal budget.

The same happens, of course, in connection with labour, as a result of increased taxes and increased prices. Labour has asked for increased wages, and that has had the result of pushing prices up still further. We in this group have always insisted that if we had an over-all system of price control we would have to have wage controls at the same time. I am aware of the fact that labour often disputes that fact. They are opposed to the idea of wage controls, and claim that wages are already controlled by agreement. That may be true in some cases; but even where there are agreements, when those agreements expire there is often a demand for increased wages in the new agreements to be signed. So while on the one hand labour insists that price controls should be imposed without any control of wages, on the other hand the farmers take the opposite view. The farmers of this country are not asking for price control, but they are insisting that if a system of over-all price controls be instituted, at the same time wages should be controlled. That was made perfectly clear in a resolution passed at the annual meeting of the Canadian Federation of Agriculture. That being the case it is no wonder the government hesitate, because they are between two fires. If they bring in price control without wage control, they run foul of the farmers of this country; if they bring in price control with wage control, they run foul of labour. So they are between the devil and the deep blue sea.

When I was home during the recess I contacted a number of farmers to find their reaction to the proposal for price control. In every case I found doubt as to the wisdom of the government going ahead with price control. Why? Because they were doubtful whether this government would be competent to bring in price control on a basis that would be equitable to all groups concerned. I think they had good reason for fear. They recalled that in the first few years after the war they as farmers actually paid for a program of stabilization by accepting prices lower than they could have received elsewhere. In return for accepting those lower prices they were promised a post-war program of stabilized prices that would bear a fair relationship to the prices of other commodities.

The farmers were very glad when the Agricultural Prices Support Act was made permanent last year, but unfortunately there is nothing concrete in that act. It merely states that the government will buy farm commodities at prices that bear a fair relationship to the prices of other commodities. What the farmers are asking today is a formula placed in the act to determine how parity will be obtained. When I spoke last year on the speech from the throne I outlined how a formula could be worked out. I shall not take the time to repeat it now, but time and again the federation of agriculture have told the government that they would be only too willing to co-operate with them in working out a formula for parity that can be inserted right in the act. If that assurance were given the farmers it would do a great deal to remove doubt and uncertainty as to the government's future policy toward agriculture.

Recent statements made by the Prime Minister (Mr. St. Laurent) and the Minister of Trade and Commerce (Mr. Howe) indicate that neither of these gentlemen has a proper understanding of the agricultural situation. On October 15 the Prime Minister made this statement, as reported on page 38 of *Hansard*:

> The prices that our farmers are getting for their produce, in spite of the fact that they are paying higher prices for things they have to buy, is giving them a larger share of the national income at this time than ever before.

The Prime Minister did not substantiate that statement with figures. The reason that statement was not substantiated is that it is not a statement of fact. Mind you, the Prime Minister did not say the farmers are getting a larger gross income than they have ever received before; he said that notwithstanding the high cost of production they are receiving a larger share of the national income than they have ever received before. There has been only one period during the past forty years when the farmers of Canada have received parity prices, that is a fair share of the national income, that was the period

1915-19. During those years the farmers, representing 33⅓ per cent of the national population, received 33⅓ per cent of the national income.

What share of the national income are the farmers receiving today? The hon. member for Battle River (Mr. Fair) obtained figures from the bureau of statistics which show that today the farmers are receiving 9·95 per cent of the national income. There is a vast difference between 9·95 per cent and 33⅓ per cent. Today the farmers represent approximately 25 per cent of the national population. You do not have to go back as far as 1915-19. I have here the percentages of the national income which farmers have received during the years 1926 to 1947, and I shall quote a few as follows:

Year	Per Cent
1926	17
1927	14·9
1928	14·6
1931	4·5
1933	4·1
1939	10·8
1942	13
1943	10·7
1944	12·5
1945	9·9
1950	9·95

The Prime Minister says they are getting a larger share of the national income than they have ever received before. As long as the government is suffering from that delusion it is going to be hard for them to introduce a policy that will be fair to agriculture. The Minister of Trade and Commerce made an error similar to that made by the Prime Minister. Last session he told this house that during the five-year wheat pool period 1945-49 the farmer received a higher return for his wheat than in any other five-year period. That statement is just as incorrect as the statement by the Prime Minister to which I have just referred. I have farmed in this country since 1909, and as soon as the Minister of Trade and Commerce made that statement I knew it was not correct. I looked up the figures in the Canada Year Book, and found that during the first world war the highest prices for wheat were those received from 1916 to 1920. The parity period was 1915-19, but the period of the highest prices for wheat was 1916-20. I wrote the bureau of statistics and asked them to give me a price index for wheat during the period 1945-49 based upon 100 for the period 1916-20. I asked them also to give me a price index for farm machinery for the same period. I find that the price index for wheat during the period referred to by the Minister of Trade and Commerce was 87·5; in other words, it had dropped from 100 to 87·5. At the same time the price index for farm machinery had risen from 100 to 174·4. In 1949 we find that the price index for wheat stood at 87, while the price index for farm machinery had risen to 209·1. Since that period the price of wheat has gone down and the price of farm machinery has gone up. In 1950 the price index for farm machinery stood at 218, and there has been a further increase since that time. I noticed that when the hon. member for Moose Mountain (Mr. Smith) spoke he said he did not think it would be wise to raise the price of wheat, but he thought the price of farm machinery should be reduced. He thought the price of farm machinery was altogether too high, and I think the figures I have just quoted fully substantiate his claim. However, he recommended that a commission be set up to investigate farm prices. Personally I would not have any faith in such a commission because I am afraid that if it did recommend action to reduce farm implement prices the government would merely refer the recommendation to a committee, as they have done in the matter of resale price maintenance, and that would be the last thing we would hear about it for quite a long time.

There is another reason I do not think it would do any good to refer the question to a commission, and I will tell the house why. Some years ago I attended a convention of the United Farmers of Alberta. At that convention the main speaker was the Minister of Agriculture (Mr. Gardiner). During the question period the report of one of these commissions which had investigated farm machinery, and which indicated that the prices were too high, was quoted. The Minister of Agriculture was asked why he did not do anything about the price of farm machinery. His reply was that he thought the price was too high but he asked them to remember that he was merely one of a cabinet of sixteen and that he had not been able to convince the other fifteen. What chance would he have today when he is only one of twenty? In addition, there are the appendages, the twelve parliamentary assistants. How would he be able to convince that number if he was not able to convince fifteen in the past?

Mr. Knowles: Especially the appendages.

Mr. Quelch: Therefore I would say that if you are going to bring down the price of agricultural products you will first of all have to bring down the price of things that enter into their cost. As far as I know there is only one commodity in this country the price of which is controlled, and that is wheat. Is the price of wheat too high or too low? The price of wheat today is lower than it was in 1948 and 1949, the last two years of the British wheat agreement. At that time it was $2 a bushel. Today under the international wheat agreement it is $1.80 or $1.89

in Canadian funds. Since that time, however, the cost of living has risen 35 points. Therefore how can anyone say that the price of wheat is as high as it should be?

What is the basis of the price of wheat today? It is nothing more or less than government guessing or speculation. I say that for this reason. In 1948 and 1949, when we were discussing the international wheat agreement in this house, I criticized the agreement on the ground that in trying to set the price of wheat in advance the government were merely guessing as to what the price should be. Therefore I urged that, instead of guessing at a price for the future, they should tie the price of wheat to the price level so that if the price level went up the price of wheat would go up and if the price level went down the price of wheat would go down. That would be fair to both the consumer and the producer because if the price level went down the farmers should be able to buy things more cheaply and therefore could afford to take less for their wheat. If, on the other hand, the price level went up they should receive a higher price for their wheat because they would have to pay a higher price for the things they would have to buy. In other words, we have been consistently subsidizing the Canadian consumers, and at the present time the farmers are actually receiving 43 cents a bushel less for their wheat than is obtained by the wheat board for what they sell to nations outside the international wheat agreement as class II wheat.

I disagree entirely with the statement that was made by the hon. member for Quebec-Montmorency (Mr. LaCroix) during his speech. He wanted an embargo placed upon the export of cattle. Why pick out beef alone? Why say there should be an embargo on the export of cattle? What about other commodities in short supply that are exported, thus causing higher prices? I would say that the farmers would very much like to see the government place an embargo on the export of lumber. For the past few years we have had a great deal of difficulty in getting the lumber we wanted in western Canada, and the price of lumber has risen to a far greater extent than the price of farm commodities. In the early stages of the war one could buy No. 1 shiplap in the west for $30 a thousand. Today for lumber that is far inferior in quality you have to pay $120, an increase of over 300 per cent. When people start talking about an embargo on any agricultural commodity let them at the same time ask for an embargo on the export of these things that enter into the cost of producing farm commodities.

The main reason there is so much misunderstanding with respect to the price of agricultural products in Canada today is the fact that the bureau of statistics has been using the 1935-39 period as the basis for their price index. It is well to remember that during that period the prices of farm products were away below the cost of production. They were at the depression level. Farmers were having to allow their capital to depreciate. During that period they had to accept a standard of living far below what might be considered subnormal. Therefore with such misunderstanding regarding agriculture farmers are somewhat dubious about asking the government to impose an over-all system of price control. Let the government introduce a parity formula into the Agricultural Prices Support Act. That would do more to remove that doubt than anything else the government could do.

I was very much interested in the speech by the parliamentary assistant to the Minister of Finance. I am not going to have time to deal with it fully, but I should like to refer briefly to the statements he made that interested me. He told us there were plenty of goods in the country, that there was no shortage. I see he is in the house so perhaps I should quote what he said. At page 159 of *Hansard* for October 18 he said:

> Many countries have grave shortages of consumer goods and a great abundance of purchasing power. In this country today there is no real shortage of consumer goods.

Then again he said we have an excess of purchasing power and sufficient consumer goods; therefore there is no real shortage of goods in Canada. If there are plenty of goods then it cannot be charged that people are bidding against each other in order to get goods that are not in short supply. The goods are there. What does it mean? It merely means that industry today says to itself that there is enough money in circulation to pay higher prices than are being paid for certain goods, and they are going to have some of that money. Therefore they will raise prices. It is nothing more or less than a straight case of profiteering.

I will give the government a very good example of that. When it was announced over the radio that the cost of living had risen to 190·4 it was stated that the main cause of the increase was a rise in the price of textiles. What is the situation regarding the textile industry in Canada today? The textile industry is in a slump. It is having difficulty selling its production. The reason I say that is because I had a letter from a man in Norway wanting to come to Canada to work in the knitting mills. He wanted to

know what the chances of employment were. I telephoned the immigration department and asked what chance he would have to get a job in Canada. They said he could obtain a job in practically any industry except the textile industry because it is in a slump and is having difficulty in selling its production. What possible excuse is there for the textile industry to raise prices when they cannot sell their existing goods? Can the minister say there are too many dollars chasing too few goods? They have goods there that they cannot sell.

It is nothing more or less than a straight case of profiteering. The textile industry's sales were reduced and they wanted to maintain their profits, so they raised the price of their goods to try to get the same return from the sale of a reduced quantity. I was also told that the situation would be remedied very soon because large defence orders were pending which would put the textile industry back into full production. That being the situation, surely the parliamentary assistant to the Minister of Finance would agree that the most logical way of dealing with it—a situation which is nothing more or less than straight profiteering and not a question of too many dollars chasing too few goods—would be price control. The best method would be price control, not instead of increased taxation, not instead of borrowing, but in addition to them. I would say that at the very least we could certainly impose price control on the mark-up of the goods imported into this country. Such a move would have a beneficial influence upon the prices of goods produced in this country.

In the few minutes left I should like to refer to one other matter. I believe the government made a mistake in raising the interest on savings bonds. By doing that the government is bound to increase the debt charges against the country. It is all very well to boast that you are reducing the amount of the national debt, but if you are going to increase interest charges you are going to increase the debt charges against the people. No doubt the minister will argue that if the government had not increased the interest rates on bonds the people would not have been willing to buy those bonds. After all if, in order to maintain the economy on an even keel, it is necessary to reduce the amount of purchasing power in circulation, and the government decides to do so by borrowing the savings of the people, then if the people refuse to buy savings bonds the government would be fully justified, in my opinion, in bringing in a system of compulsory savings such as existed during the war. After all, a system of compulsory savings provides a far more effective control over the money in circulation than any system of selling bonds, because when the people buy bonds today they can sell them tomorrow if they so desire. The government has no control over that money. We know quite well that under pressure many people have bought bonds, and within a few weeks have sold them again. On the other hand if a system of compulsory savings were used to withdraw the money from circulation, then the government could keep that money out of circulation until such time as the general situation warranted returning it.

In closing I would say it is quite evident that the government's anti-inflationary measures have not been effective in controlling prices in this country. There does not appear to be any immediate likelihood that government policy will have that effect. Therefore until such time as the government is in a position to control prices effectively in order to lessen the burden on the people, I would say they are under a definite obligation to take steps to increase the purchasing power of those people who are in the extremely low income bracket. The group of people that come to my mind before any other group are the recipients of war veterans allowances. How can we expect people to live on $40 a month or $70 for a married couple under today's conditions? I was quite disappointed when the government announced it had no intention of setting up a committee to deal with this question this session. It is the intention to set up a committee next year, but in the meantime these people have to manage somehow or other on that miserable allowance. I believe the government should reconsider that action, and either set up the committee this session or take immediate action to increase the war veterans allowance to $50 a month for a single person and $100 a month for a married couple.

Mr. G. T. Fulford (Leeds): Like those who have preceded me in this debate, Mr. Speaker, at the outset I should like to pay tribute to the mover (Mr. Cauchon) and seconder (Mr. Simmons) of the address in reply to the speech from the throne. I believe the practice that has been followed in this parliament for many years is really an excellent one, that either the mover or seconder gives his address in the French language. It is very fortunate also that the members who participate in this debate are from different sections of this country. I was impressed with the sincerity of the remarks of the hon. member for Beauharnois. I felt that he had the interests of his people very much at heart, but with that he had a broad vision of the good of Canada as a whole.

I know all members were impressed with the zeal and vigour of the remarks of the

hon. member for Yukon-Mackenzie River. I only wish that more information about that marvellous northland of ours could be given to the rest of Canada. I feel it is too bad that more Canadian citizens have not emulated the example of two of our governors general who have gone from one end of the Yukon to the other, and have visited many parts of the Northwest Territories. I thank the hon. member for Yukon-Mackenzie River for the splendid picture he painted of that great section of Canada which he represents, and for his conception of how his section can fit in with and benefit the rest of this country. Having members of this type demonstrates the size and might of this great country of ours.

Much has been said in this debate, and quite rightly so, on the subject of inflation. Inflation respects no man's position. No matter what his station in life, he has to pay for inflation. If it were a phenomenon peculiar to this country I would say the government could do something about it, but inflation is something that has swept across the whole world. If we in Canada were to say we were going to stop this insidious inflation, I believe we could be likened to King Canute who once stood on the seashore of England and ordered the waves of the ocean to roll back. The very sound of the word "inflation" is insidious. I was particularly interested, and I might say educated, by the remarks of the member for Coast-Capilano (Mr. Sinclair). I consider that in his speech he outlined, concisely and logically, the influences that have brought about inflation throughout the world, and the influences that are at work within our own country.

I have this morning's issue of a newspaper which has never been known to shout the virtues of the Liberal party from the housetops. I should like to quote from an editorial appearing in the Montreal *Gazette,* in which much of the debate that has taken place in this house on the subject of inflation is condensed. Mention is also made of the breakthrough of prices beyond the control limit set in the United States. Referring to the actions of this government the editorial states:

> By declining to impose price controls now the government of Canada has not taken, politically speaking, the easiest course. But it has taken, economically speaking, the soundest one.

Yes, it is much easier for the government to listen to the popular clamour than to what would be the practical solution. Since the war certain other nations within the British commonwealth have consistently endeavoured to control prices. Probably the most outstanding example is Great Britain itself, where inflation has burst the bounds of any controls set by the socialist government there. I know it is not pleasant to make comparisons. As has been so well said, comparisons are odious. Nevertheless, last fall while travelling in Australia and New Zealand I discovered that the chief hue and cry in those two sister countries in the commonwealth was with respect to the high cost of everything. Taking into consideration the depreciated value of the pound and changing it into Canadian dollars we found that prices in Australia and New Zealand were high. Just this morning an article appeared in the Toronto *Globe and Mail* stating that prices have gone completely out of bounds in Australia, that the government over there are in a desperate condition and a serious quandary.

Actually, with regard to inflation there is a strange paradox. During a period of rising prices we find that people are prosperous, are working and are able to purchase articles. But if deflation is brought on, or if an attempt is made to bring down prices, unemployment becomes rife, wages are lowered, and the purchasing power of the people is reduced, with all the consequent evils that follow. Much as we should like to see a great reduction in present prices, I do not believe it would be to the general good of Canada to have this condition brought about even if we could do so; and I have read what economists have said with regard to this matter. If we take the advice of the Minister of Finance (Mr. Abbott) and control our purchasing, try to produce more—whether it be by longer hours or by improved machinery—and increase the amount of consumer goods in the country, a levelling off could be effected. If we could do that it would certainly be possible to maintain a price level, high as that may seem to be to many.

Certainly in times such as ours people would not tolerate rationing. Anyone who has been to England in recent years—that is, in years since the war—will have found that one of the chief topics of conversation everywhere in that country is condemnation of their rationing laws. Reference has been made in this house to the matter of rationing, and it has been suggested that we in this country have purse rationing. I deplore remarks like that. They savour too much of soap box oratory, the kind that pits class against class, making some people envious of others. I do not think that type of approach is helping the situation any, nor do I think it contributes in any way to a solution of the problems that face us.

In that regard I should like to quote from the magazine *Time* of October 29, 1951, a statement attributed to Arnold J. Toynbee,

the great historian of this century. These remarks were published in the New York *Times* magazine:

> Can we guess what the outstanding feature of our twentieth century will appear to be in the perspective of three hundred years? . . . My own guess is that our age will be remembered chiefly neither for its horrifying crimes nor for its astonishing inventions but for its having been the first age since the dawn of civilization, some five or six thousand years back, in which people dared to think it practicable . . . to make the ideal of welfare for all a practical objective instead of a mere Utopian dream.

It is strange how two sets of eyes can see the same object in an entirely different light. A number of years ago my wife and I were travelling in Russia with some people who had leftist sympathies, to say the least. We visited workmen's clubs, and we would compare notes when we got back to the hotel. I would see the cracks in the walls where the snow was seeping through. The others who were with us would see the fire in the grate and the easy chairs. Some people can see Canada today as a country in which there is much want. Some can use statistical figures to show that all is not well. But in going around to factories I see the parking lots filled with workers' cars; in going into the average home I see all the modern electrical labour-saving devices, electric refrigerators, radios, washing machines, electrically stoked furnaces. One can see these evidences of prosperity all over the country, both in cities and through the rural districts. I believe what I see with my eyes. I would much prefer to rely on what I see in that way than on figures, drawn up by some statistician, purporting to prove something but which in reality just jumble the mind. At the risk of repeating an old cliché, I would remind hon. members of the old saying that figures do not lie but liars can figure.

The group for whom I personally have a great deal of sympathy are the so-called white collar group whose salaries have not gone up as have salaries in other lines of endeavour. I refer to clerks in the stores, bookkeepers and those in similar types of employment. I also feel for the elderly people who will be greatly helped by the old age pension when it becomes universal after January 1, but who nevertheless are forced to live on the income from low yield investments—the so-called blue ribbon investments such as government bonds—and whose income has remained constant in spite of the heavy increase in the cost of living. I feel that a definite effort should be made to help persons in that class.

Actually it is rather amusing to me to see a certain section of the Canadian press condemning this government for having a surplus. I can assure you, Mr. Speaker, that if it were a deficit rather than a surplus that same section of the press would be howling to the hilltops. I feel that, having regard to our financial affairs Canada is the envy of the world. All we have to do is to look around and see the great amount of investment capital that is flocking into this country. Even if a certain group of Canadians do not feel that we are on financially sound ground, the rest of the world appreciates what we have over here. Is it any crime to write $500 million off the national debt this year? After all, $500 million off the national debt means an annual saving in interest of $15 million. At that rate it would take more than 20 years to write off all the national debt, but in so doing we would be saving $300 million a year in interest charges, or enough to pay family allowances.

I should like to take this opportunity, Mr. Speaker, to congratulate our Minister of Citizenship and Immigration (Mr. Harris), and I wish he were in his seat. His policies are now beginning to bear fruit. I understand that up to the end of September we had received the largest number of immigrants that had entered Canada in any year since the war. Canada needs a larger population. Looking at it from the purely mercenary point of view, every immigrant who comes to Canada means that our per capita debt is decreased; but far more important than that, every immigrant who comes to our shores increases the earning power of our country. Many more are needed to develop the potential resources of Canada.

Last week it was indeed an inspiring sight for us sitting in this house to look up at the diplomatic gallery and see the soldiers, sailors and airmen wearing the uniforms of all the united nations who are fighting for the freedom of mankind in Korea. I am just a little afraid that a certain group of Canadians are becoming a bit complacent. We can be proud of the achievements of our fighting men in Korea, yet at times one wonders whether they are not an almost forgotten lot. There is a type of person who feels that the Korean expeditionary force is useless. That is the type of person who must be aroused from his lethargy. One excellent way of arousing him from that lethargy is to have a properly organized civil defence service. I was very glad to read in this morning's *Globe and Mail* a statement by the Minister of National Health and Welfare (Mr. Martin) to the good roads conference held in Toronto last Saturday night, in which he outlined the progress that has been made in regard to the civil defence organization in this country. On the night of October 24 the town of Brockville had the honour of having the Minister of

National Health and Welfare as its guest. We also had many more people who are important in the public life of this country. Along with the minister came Major General F. F. Worthington, civil defence co-ordinator; Colonel M. P. Cawdron, General Worthington's assistant; Fire Marshal W. J. Scott of Ontario; Colonel K. B. F. Smith, representing Hon. G. Arthur Walsh, Ontario co-ordinator; R. Richter Townsend, chief of the New York state bureau of fire and personal representative of Governor Thomas E. Dewey. There were also representatives from the municipal councils of many neighbouring communities, mayors and aldermen from Cornwall, Prescott, Smiths Falls, Gananoque, Kingston, who had come to see the civil defence demonstration that was put on. I only regret that so little publicity was given this event, because it made me very proud of the town that I have the honour to call my home. It was a splendid exercise and was highly complimented by the Minister of National Health and Welfare, who stated that other communities right across Canada could well emulate the progress that had been made in Brockville in regard to civil defence.

At this point I would like to pay a special tribute to C.B.C. Broadbent, the co-ordinator for the town, who came to Ottawa last winter to attend the special civil defence school that was held here. I shall not go into the mechanics of the event except to say that 500 or 600 citizens took part. Each one was given a special duty. Theoretically the town had been raided by an enemy through the air. Each one know what his duty was, but no one knew where the targets were to be. A central control office was set up about three miles out, which was kept informed by wireless of the targets that were hit. The whole community co-operated. There was a virtual blackout from eight o'clock in the evening until ten o'clock. Very few disregarded the appeal of the mayor to see that all lights were out in the homes and in the shop windows, or if they were left on the blinds were firmly secured. There was the closest co-operation among such organizations as the medical profession, the nursing profession, the St. John Ambulance Corps, the Red Cross, the league of frontiersmen and all private citizens. Special mention should be made of the co-operation of the police departments, municipal, provincial and federal, as well as the Brockville fire department.

All who saw this event were greatly impressed, especially the representative who had come from Albany, New York, as the representative of Governor Dewey. At this point I should like to mention that towns along the international border had offered to send no fewer than 40 pieces of firefighting equipment. Right up to last moment it was thought that they would be able to do this. Unfortunately it was found that there are no statutes in Canada granting immunity against personal or property damage to vehicles participating in a civil defence demonstration. For the good of all communities which are to set up these demonstrations, action should be taken in this country to see that those taking part in the demonstration are not held liable for any damage that may be caused. I mention that also because of the fact that every panel truck in Brockville was commandeered as an emergency ambulance. Everyone who owned a panel truck got it out; yet each one of those men was taking a chance in participating in this event if there had been an accident.

To make the exercise more realistic an attempt was made to obtain aeroplanes at either Trenton or Uplands from the Royal Canadian Air Force. In spite of the earnest efforts of the town and others we were unable to get this co-operation. I suggest that closer co-operation could and should exist between the Department of National Defence and the co-ordinators of civil defence operations. I know the criticism has been made that insufficient funds have been voted for civil defence in Canada. Perhaps it would be interesting to the house to know that, with 500 or 600 people who participated in this event and put on this most realistic demonstration, the total cost to the community was less than $300. I would add that, so far as the equipment was concerned, that provided by the Department of National Health and Welfare and the province of Ontario was adequate, and will serve well in the event that, some day, it may be necessary for civil defence forces to go into action. Certainly this demonstration drove home to the minds of the people of the community the fact that attack is not inevitable. Certainly it drove home to them the fact that we are living in perilous times. I can assure the house that any complacency that may have existed was dissipated after this magnificent display was put on.

No member from eastern Ontario could help mentioning in this debate the St. Lawrence seaway. I should like at the outset to pay special tribute to the hon. member for Vancouver South (Mr. Laing) who took a broad and magnanimous view by stating that in building the seaway a large part of Canada would benefit materially, and that what was good for any part was good for the whole. I say it was a magnanimous view because there have been others who have not shared that view and who, I am afraid, have allowed

sectionalism to interfere with the breadth of their vision. We have seen this great scheme buffeted from pillar to post for many years in the legislative chambers of our neighbour to the south. I only wish it were possible for the American people to realize that what is good for Canada is good also for them; and that whereas we will benefit materially from the building of the St. Lawrence seaway and the development of its tremendous hydro-electric energy, they will benefit equally and perhaps to an even greater extent.

Recently—and I say "recently"; to be specific I have here the issue of June 9, 1951—there appeared in the English magazine *The Sphere* a series of pictures. I wish it were possible to have them reproduced in *Hansard*. However, I shall read the short article accompanying the pictures because I believe it reveals the great awareness in Europe of the tremendous advantages of canal systems for both navigation and hydroelectric purposes. I believe it will be of interest to hon. members to see how this great Rhineland canal system has been financed. The article accompanying the picture is as follows:

One of the most remarkable changes which has taken place in Europe in modern times is the rapid growth of Swiss trade and industry. Zurich, where the 600th anniversary celebrations recently took place, is now one of the great commercial capitals of the continent, and Basle, second city of the confederation, is now one of the most important traffic centres of Europe, not least because of its loading and unloading facilities at its extension of the Rhine lateral canal, known as the Grand canal of Alsace, which is now being pushed northward from Kembs to Ottmarsheim. The sections involved in these latest extensions are in French territory, and from a hydro-electric point of view France will be a big beneficiary, notably from the new power station at Ottmarsheim; but the implications as far as Switzerland is concerned are immense, for Basle more than ever looms as one of the great river ports of the Rhineland system. This linked with the fact that the large area of the Swiss midlands between the Alps and the Rhine has developed more and more as a manufacturing area, although still retaining the aspect of an agricultural province, means that exports and imports are likely to flow ever faster along this famed route.

Construction work began on the extension of the Grand canal of Alsace in April, 1948, the plan, financed by Marshall aid funds and equipment, involving the excavation of 19,000,000 cubic metres of banking, the construction of two locks and the building of one new power station at Ottmarsheim.

The most modern plant has been brought in mostly from America, and the scheme is so far advanced that the opening of the new section of the canal is forecast for November.

This is by no means the end of the scheme. Between Basle and Strasbourg there is a difference in level of 60 feet, and it is hoped eventually to extend the canal system all the way northwards to Strasbourg, France's great eastern port, building en route no fewer than five more power stations. The scheme will be a blessing to the whole Rhineland, bringing electrical power to farms and to industry and to a host of homes.

For the Swiss, who have remained so steadfastly outside the turmoil of modern Europe, these Marshall aid works have no charitable implications, for Switzerland is well able to pay in dollars for all her imports from the U.S.A. and her special position in relation to E.C.A. is fully recognized.

Switzerland, however, has urgent problems to face with regard to industrial development and electrical generation.

In the former category she has two other big canal schemes in mind. One relates to the linking of the Rhine and the navigable Rhône by the Helvetia canal along her western border.

Looking at a map of Europe I learned that Basle is approximately 400 miles from the sea. So that hon. members may have some idea of the size of this canal, I shall read the description of one of the illustrations showing a lock now nearing completion, so they may compare it with the size of the locks at the American Soo and the locks on the Welland canal. It states:

One of the mighty locks on the Grand canal of Alsace: This lock on the new section north of Kembs is 600 feet long, 74 feet deep and 75 feet wide. It is hoped that this section, extending northwards from Basle towards Strasbourg, will be open in November.

I know nothing can be said in this chamber to influence the policies of another country. It does seem deplorable, however, that the country which is financing this tremendous scheme in Europe has not seen fit to help us develop the mighty St. Lawrence seaway. But if that unwillingness persists, then I am very glad to see that government policy in Canada has been stated to the effect that Canada will complete the St. Lawrence seaway by her own efforts. Such a development would bring cheaper freight rates to the farmers of western Canada, enable the development of the great Labrador ore fields, and make available vast quantities of electrical energy which, in Ontario alone, would amount to no less than 1,100,000 horsepower. It would make every lake port a potential seaport, and bring the trade of the world to the middle of this great continent.

As I have mentioned, there has been certain opposition to this scheme, though it is hard for me to understand why there should be. It seems to be purely of a sectional nature. Attempts have been made to make central Canada look as though it wanted no other part of Canada to be developed, but that is not the case. This is a matter that transcends all party lines. I am sure every hon. member wants to see the natural resources of Canada properly developed. If the west coast needs developing, if Alberta or any other section of the prairie provinces needs developing, if the maritimes are in need of development this parliament is ready to give earnest and sincere attention to all such matters brought before it.

We in Ontario are anxious to see the coal and steel industry of Nova Scotia prosper. We are interested in the possibilities of the

Passamaquoddy scheme. We would like to see Cape Breton connected to the mainland by a causeway. We would like to see the eventual construction of the Chignecto canal. These are not sectional matters; they are things that pertain to all of Canada. I think all hon. members want to see the great natural resources of this country developed for the future welfare of the people of our land.

Perhaps eastern Ontario will benefit most from the development of power, as there will be literally 1,100,000 horsepower at our back door; but eastern Ontario would not expect to have any power which it is not equipped to take. It is up to us to see that we do our share in developing the industries and natural resources of this section of the country so we will be able to take our share of the power. We do not want to see it all go to central Ontario, and I know it will not.

The first iron smelter in Upper Canada was opened in Leeds county, which I have the honour to represent, over one hundred years ago. The first lead mine in Upper Canada was operated there. I can remember in my own time when mica and graphite were mined to a large extent in the county. The ores are still there and perhaps with modern methods and cheap power it may again be profitable to work these veins. We have all watched with the greatest interest the development work of the Bethlehem steel corporation at Marmora, north of Belleville. I am not a geologist, but I am told that the same outcropping of rock extends all over this section of the province.

As I say, one hundred years ago iron ore was mined in Leeds county, put in barges and taken through the Rideau canal to Kingston, where it was transshipped to lake ports to be smelted. That traffic stopped with the discovery of the Mesabi range, but the Mesabi range may no longer be the great producer of ore it used to be. It may be that the great natural resources of eastern Ontario can again be economically developed.

We cannot conclude a discussion of the St. Lawrence seaway without remarking on the splendid co-operation that has existed between the premier of Ontario, the chairman of the hydro electric commission and the federal authorities. I regret that this matter has been brought into the provincial political field. A project that means so much to our country should never be brought down to the level of petty politics. I am sure the vast majority of the people of Canada realize that it is only through the co-operation of the provincial and federal governments that such a scheme can be brought into successful operation.

The St. Lawrence seaway has been the dream of all of us who live in the eastern part of this province. As a little boy I remember men discussing the possibilities of the seaway. We actually believe it will be started with or without the co-operation of the United States. We cannot help but feel confident that the great natural resources of this country will be usefully and economically developed by means of this great power development which will serve the whole Dominion of Canada. Beneficial results will be felt in all sections of the country, in the prairie provinces and in Labrador, that great new part of our tenth province. Again I repeat that what is good for any part of Canada is good for the whole.

(Translation):

Mr. Paul E. Gagnon (Chicoutimi): Mr. Speaker, the speech on the address in reply to the speech from the throne, in addition to providing me with an opportunity of congratulating the mover and seconder, also allows me to say a word or two on a subject I had already broached during the last session.

On June 27 of this year I drew the attention of the house to the case of Flight Lieutenant J. J. Desrochers of Quebec, unfairly discharged from the R.C.A.F. after thirteen years of loyal and continued service.

The facts then reported were neither denied nor contradicted. The particulars stated were clear and true, and yet the questions put have remained unanswered.

When I stated that Flight Lieutenant J. J. Desrochers had been discharged because of justified activities in favour of French-speaking compatriots, the Minister of National Defence (Mr. Claxton) answered that this man was discharged because he had failed to pass the qualifying exams in 1948, 1949 and 1950.

To set the record straight, to dispel all doubts in the minds of those who like to know how our fellow countrymen are faring and, above all, in justice to this young man, whose career was shattered by the French-baiting brass hats of the air force, I will read a letter written by Flight Lieutenant Desrochers, on July 2 last, to the newspaper *Le Devoir*, a copy of which he sent to me:

Quebec, July 2, 1951

Editor,
Le Devoir,
Montreal.
Sir,

With reference to your article of June 28, under the title "Mr. Gagnon tells the house about R.C.A.F. Officer J. J. Desrochers," I beg you to offer me the hospitality of your columns in order that I may enlighten the public with respect to the explanation the Hon. Brooke Claxton gave of my dismissal, in reply to the speech made by the independent member for Chicoutimi, Mr. Paul Edmond Gagnon.

The general staff which has undoubtedly forwarded to the Minister of National Defence the explanation that my dismissal had been necessary due to my having failed the 1948, 1949 and 1950 examinations, has misinformed the minister. I prove right now this statement by certifying that this same general staff which established these tests in 1948 stated in its official directions, R.C.A.F. Administration, Series P, that these tests were not compulsory and that their only purpose was to determine whether an officer was qualified for promotion from his present rank to the next higher rank in the military hierarchy.

I shall go further yet. I am submitting to this end an official document signed by Group Captain J. G. Stephenson, for the Chief of the Air Staff, under date of March 22, 1950, giving details as to the result of examinations I wrote in 1950, from which it will be realized that I am asked to rewrite at the 1951 term the only subject in which I failed to secure the required marks: Current events.

If we admit the explanation of my dismissal as given by the minister, we are forced to the conclusion that the general staff had reversed its official decision signed on the enclosed document, to allow me to rewrite my examination during the following term and thus has given to the rules governing such examinations a unique interpretation in my case, namely to dismiss me, which, on the face of it, would be a gross injustice.

I wish to thank *Le Devoir* for its sympathetic view.

Yours very truly,

J. J. Desrochers,
42 St. Jean Baptiste,
Beauport East, P.Q.

As is evident from this letter and the attached document, there is a contradiction between the statements of the Minister of National Defence and those of the person involved, Mr. Desrochers. As I do not doubt the latter's word, I am inclined to think the minister has been misled.

A full and impartial inquiry would shed light on that most unfortunate case, and I again request it from the minister.

If the government refuses to do so, and does not care to find and punish the guilty parties, it will be accused of collusion. I would then say that the government is conniving with those bent on destroying national unity, on persecuting Canadians of French descent and on putting my compatriots through a kind of military life that they find unacceptable.

Canada cannot efficiently defend itself without the help of the French element; yet it is humiliating to find how our compatriots are treated in the various services. We must relentlessly insist on our rights so that the bilingual character of our country be recognized, in the armed forces as elsewhere. The constitution that governs us should be respected without our having to protest and complain.

The brigade that will presently serve in Europe will comprise, if I am not mistaken, three infantry battalions and one artillery regiment.

I would like to know the names of the commanding officers of each of these battalions and also whether the orders given to the French-Canadian units will be given in French. I would also like to be assured that the soldiers from my province will not have to submit to the risks and inconvenience of particular affection such as is now the case in Korea where French Canadians are chosen for the most exposed positions in the line and the most unpleasant fatigues.

And will our troops, at last, have a typically Canadian flag, a symbol of a free and sovereign country?

Has the time not yet come to bow to the wishes of those citizens whose one and only country is Canada and to give our country a distinctive ensign, free from all traces of colonialism? I most eagerly hope so as I most eagerly hope and wish for "O Canada" to be officially proclaimed our national anthem.

Mr. Speaker, the other remarks I wish to make today concern the government's foreign policy.

I have often urged in this house that our country send a representative to the Vatican and I have often deplored the fact that Canada remains one of the few nations officially without direct contact with the Holy See.

Newspapers representing all shades of opinion, political and religious, have on various occasions supported this view and all those who are abreast of international affairs or who are concerned about the struggle against communism realize the necessity of such diplomatic representation.

To the reasons already voiced in my previous speeches, I wish to add the unequivocal testimony of the parliamentary assistant to the Minister of Finance (Mr. Sinclair) and I wish to place on *Hansard* what he wrote on this subject last year. I am quoting from *The Ensign*:

(Text):

Canada is losing information by not having a diplomatic representative at the Vatican, says James Sinclair, parliamentary assistant to finance minister Abbott, and Liberal member of parliament for Coast-Capilano, B.C. Mr. Sinclair expressed his views in a letter of support to a Catholic women's league subdivision in Vancouver and to various Protestant groups who opposed the appointment. Following is the text of Mr. Sinclair's letter:

"During the ten years that I have been a member of parliament the matter of establishing diplomatic relations with the Vatican has been raised in parliament by private members. It has always been

raised by a Catholic member, and generally opposed by Protestant members; and so had the appearance of being a religious dispute. I had never given the matter much thought, but simply sided with the Protestants on this matter. However, for eight weeks this year I was in Europe settling post-war debts with eight countries, and so had the opportunity to see for myself the work being done by our diplomatic missions, and therefore to realize the importance of that work. Before the last war, Canada maintained missions in the United Kingdom, France, the United States and Japan. As a consequence of the very full part we played in winning the war, we found it necessary to expand the number of these missions, and today we maintain them in the hope that by reaching international understanding between our country and these other countries we may be able to prevent the misunderstandings which lead to international disputes and war. These missions serve two important purposes—to spread correct information about our country and our country's policies, and to gather and transmit the political views and economic problems of these countries to our own government at Ottawa. The gathering of this information is especially important today because of the cold war between the east and the west. It is for this reason we have missions today in Russia, Czechoslovakia, Poland and Yugoslavia, not as an indication that we approve of the government of those countries, but rather because we want to know as much about them and their future policies as possible. With communism fighting a world wide battle against the western world it is especially important for us to have all possible information about the activities of the communist countries and the communist movement.

The Catholic church is fighting communism wherever it exists, and it has no hesitation in accrediting representatives to even the communist governments, so that they may have all possible information. I met the Vatican's representative in Yugoslavia, and learned more from him about the country than I did from any other diplomatic representative in Belgrade.

This, and other experiences, have led me to the belief that Canada is losing information by not having a diplomatic representative at the Vatican. Almost every European nation, Protestant and Catholic, has such representation.

In Canada, where we are comparatively new to the necessity for diplomatic representation, the problem has been discussed almost entirely on religious grounds, and if an appointment were made at this present time, a large proportion of our people would regard it as a religious appointment, and so be strongly opposed to it. Public discussion of this situation, however, will bring about a better understanding, which might eventually lead us to have a representative in the Vatican, as does Protestant England. The most certain way then to assure the people of Canada that our representative was there for diplomatic reasons would be to have such Canadian ministers chosen from non-Catholic faiths.

(Translation):

Following this statement, it is interesting to read what is reported in *The Ensign.*

(Text):

It is now clear beyond argument that opposition to sending a representative from Canada to the Vatican is based on religious prejudice rather than on factual examination.

Canada is to continue on a colonial status of dependence on London and is to forego advantages of diplomatic exchange with the Vatican, now so widely accepted because the Pope is not only sovereign ruler of the independent state of Vatican City but is also Supreme Pontiff of the Catholic Church.

The beclouding of a political issue through the injection of religious prejudice naturally arouses more than mere interest amongst those against whom the prejudice is directed.

There is one special remark in Sinclair's statement which must be noted and acted upon. He implies that there is still great ignorance abroad about the Vatican and its role. Do we as citizens not owe it to our less informed citizens, even those now sitting in parliament, to destroy any vestige of ignorance on a subject with which we should be fully familiar?

Times are too serious and the needs of the hour too great to permit us to neglect any advantages we see for our country and the cause of freedom, justice and, above all, true understanding of what we all, all who believe in God, face from our common godless enemy.

(Translation):

I am sorry to say that Canada was not represented when, in 1950, standing before 37 representatives of great and small nations who had met in his palace to hear an appeal for peace in international relations, the Pope scornfully referred to the attacks launched against the Vatican, adding that while the independent state in his keeping was bereft of military power, its peace potential was incalculable.

I hope that the Secretary of State for External Affairs (Mr. Pearson), who was noncommittal when replying to a question I asked him recently about this matter, will soon take a decision and that, in accordance with an old custom of his predecessors, he will follow the example of civilized nations which deem it important to have an ambassador at the Vatican.

Mr. Lesage: Will the hon. member who has just spoken allow me to ask a question?

Mr. Gagnon: Surely.

Mr. Lesage: The hon. member for Chicoutimi (Mr. Gagnon) claims that Canadians of French descent fighting with the United Nations troops in Korea were being treated with particular affection by the military leaders of these troops.

Mr. Gagnon: Is this a speech or a question?

Mr. Gauthier (Portneuf): It is a question.

Mr. Lesage: I shall repeat first what the hon. member has said. The hon. member said that French-speaking Canadians fighting with the United Nations troops in Korea were the victims of particular affection from their leaders who were always sending them to the most dangerous spots and ascribing to them the heaviest and most tedious tasks. Mr. Speaker, this accusation has exceedingly serious consequences. For that reason, I feel we must ask the hon. member to make known his source of information.

Mr. Gagnon: I assert, Mr. Speaker, that my statements concerning the way French-Canadians are treated in Korea are true, and that the particulars of the situation were supplied to me, not by the hon. member for Montmagny-L'Islet (Mr. Lesage), who knows nothing about it, but by soldiers recently returned from the Korean front.

Mr. Langlois (Gaspe): Where did you do your military service?

Some hon. Members: Order.

Mr. Lesage: Since I have not yet taken part in the debate on the speech from the throne I am entitled to speak.

I say that the member for Chicoutimi has not answered my question. He has made a very dangerous statement and I dare him to prove to the house what he has just said. All United Nations forces in Korea have been treated equally and fairly. In my opinion it is rather low to contend that our troops were held in particular affection because they were in more exposed positions than others. One need only consult the casualty lists, Mr. Speaker, knowing of course the proportion of French-speaking Canadians serving in Korea to realize that these casualties are proportionate to the numerical importance of the various language groups in the army. Let us also compare the number of our men with that of the Turkish, Greek, American or French troops! I therefore ask the hon. member for Chicoutimi to withdraw a statement that might have very serious consequences from the international point of view.

Mr. Gagnon: I have not the slightest intention of withdrawing my remarks. I repeat that all I have said is true and based on information given me by soldiers back from the Korean front.

Mr. Deputy Speaker: Order.

(Text):

Mr. W. J. Browne (St. John's West): I know hon. members would like to see the debate conclude very soon, but I have some remarks that I feel I should make at the present time. Like all hon. members, I should like to congratulate the mover (Mr. Cauchon) and the seconder (Mr. Simmons), as well as the four new members. I feel sure that the new members won the admiration of all hon. gentlemen in this house for the excellent manner in which they delivered their maiden speeches. I should like also to make a reference to the speeches of two or three other hon. members who have preceded me in this debate. I wish to congratulate the hon. member for Moose Mountain (Mr. Smith) upon his criticism of some of the programs we hear over the C.B.C. Some of these anti-religious programs are a disgrace and should not be allowed. I hope those in charge of the C.B.C. will see to it that this sort of program will not be heard in the future.

I desire to congratulate the member for Maple Creek (Mr. Studer) for his very interesting and homely talk. I did not have the pleasure of being present when he gave it, but I heard a lot of the members praising it, and I read it. I thought it was full of common sense. I was especially struck by his reference to the possibilities of sheep raising in the part of Saskatchewan he represents. It seems an extraordinary thing that a great country like Canada should not be producing far greater quantities of wool than it is today. I was glad to know that in the area in which the hon. member for Maple Creek lives sheep raising is an important industry. It seems to me that far more sheep could be raised in many of the provinces of Canada than are being raised today. This would mean increased wealth for Canada and cheaper clothing for Canadians.

I should like to refer to the speech made by the member for Charlotte (Mr. Stuart). I think most hon. members were a little surprised to hear he had been a smuggler all his life, and that he intended to continue to be a smuggler. I am sure we appreciate his frankness on this subject, but at the same time when we think of the thousands of people across Canada who are liable to prosecution for smuggling a package of cigarettes, the matter takes on a different aspect. I have often seen men fined heavily for smuggling even a small quantity of cigarettes across the border. I think it is not right for members of the House of Commons to say that sort of thing, create a scandal like that and receive the applause and approval of members of the house.

Mr. Stuart (Charlotte): May I ask the hon. member a question? Did he ever bring anything across the border on which the duty was not paid?

Mr. Browne (St. John's West): Did I ever bring anything across the border on which the duty was not paid? Certainly I did.

Mr. Stuart (Charlotte): Let him who is without sin cast the first stone.

Mr. Browne (St. John's West): I was down in the United States a short time ago, and I took advantage of the generous provision—

Mr. Stuart (Charlotte): You are not being as frank as I was.

Mr. Browne (St. John's West): —I took advantage of the generous provision of our customs law which allows a person to bring in $100 worth of goods duty free.

Mr. Stuart (Charlotte): May I ask the hon. member another question? Did he ever bring anything in which he did not declare?

Mr. Browne (St. John's West): I do not think I should be subjected to questioning—

Mr. Stuart (Charlotte): I do not think you should either.

Mr. Browne (St. John's West): I do not think any hon. member should be subjected to cross-examination about his whole lifetime. Even if I did bring anything in, there is such a thing as having done wrong; but it is not necessary for a member of parliament to say that sort of thing here when he knows that the citizens in his own constituency are likely to be arrested today or tomorrow and brought before a court and fined.

Mr. Stuart (Charlotte): Let me put one other question. Is there any harm in a member of parliament telling the truth?

Mr. Browne (St. John's West): Sometimes, Mr. Speaker, I do not know if the hon. member is serious, but there are certain times when it is harmful to tell the truth. The hon. member should have sense enough to know that.

Mr. Stuart (Charlotte): I resent that statement.

Mr. Deputy Speaker: Order. The hon. member for St. John's West has the floor.

Mr. Stuart (Charlotte): On a question of privilege, Mr. Speaker, I should like to have that statement withdrawn, for I consider I have as much sense as the hon. member for St. John's West.

Mr. Browne (St. John's West): What I said was that the hon. member should have enough sense. Now I shall say he has not got enough sense.

Mr. Stuart (Charlotte): On a point of privilege, I should like to have that statement withdrawn. I insist upon it being withdrawn, because I believe I have as much sense as the hon. member for St. John's West. I have been frank and honest in my statements, and speaking frankly I do not think he has been.

Mr. Browne (St. John's West): What I intended to point out was that the policy the hon. member for Charlotte (Mr. Stuart) recommended to the government was to let down tariffs and take off customs duties on goods coming from the United States, and in three months, he said, the problem of the high cost of living would be solved.

Mr. Stuart (Charlotte): On a point of privilege, Mr. Speaker, I did not say anything of the kind.

Some hon. Members: Order.

Mr. Drew: Mr. Speaker, I think there should be some limit to these interruptions.

Mr. Stuart (Charlotte): Mr. Speaker,—

Mr. Deputy Speaker: Order. The hon. member for St. John's West has the floor.

Mr. Stuart (Charlotte): —on a point of privilege again, may I say that I did not make that statement that has been attributed to me by the hon. member for St. John's West.

Mr. Browne (St. John's West): What did you say?

Mr. Stuart (Charlotte): I did not make that statement, and I do not want him to put it on record that I did.

Mr. Browne (St. John's West): Mr. Speaker, I was present and heard the hon. member; and that is certainly the effect of what he said, that the government should take off the duty on goods coming in from the United States.

Mr. Stuart (Charlotte): Correct.

Mr. Browne (St. John's West): I just want to draw to the attention of the house the fact that we import about $1,500 million worth of goods a year from the United States, upon which a large amount of customs duty is paid. I suppose the customs duties collected by the Canadian government must run into an amount of about $250 million. I do not know how much is collected from the United States, but there must be a substantial proportion of that amount. The parliamentary assistant to the Minister of Finance is present in the chamber listening to what is being said. Would he approve such a policy? What would the other countries of the commonwealth say? They would say: What? You are going to make a special friend of the United States and let their goods in free? What about the rest of the world? The United States is the greatest country in the world at the present time. You are going to help her to become greater; you are going to throw your doors open to the United States, and are not going to give us any chance. What about the people in Canada who are working in factories that were built up by this protection? Are we going to throw the doors open to allow foreign goods to come into this country? Such a suggestion is fantastic and does not deserve serious consideration for a moment. The hon. member has proved himself to be a free trader, the only one

left in his party which at one time stood for free trade. I do not think there are many free traders left in the world.

Mr. Stuart (Charlotte): Here is one.

Mr. Browne (St. John's West): The great Liberal party in England has gone down the drain, although it was built up on that policy.

Mr. Stuart (Charlotte): It has not gone down the drain in Canada.

Mr. Browne (St. John's West): I think we can dismiss that solution as one which the government is likely to adopt. In the speech from the throne we find it states in one paragraph that the ministers of the crown are just as much concerned about the high cost of living as are the people of Canada. Mr. Speaker, that is not my experience. All the people to whom I have spoken are greatly concerned about the high cost of living. To judge by the spokesmen for the government, they do not seem much concerned about it at all; and to judge by the speech from the throne there is hardly any evidence that there is any concern shown by the government, because in the next paragraph it is stated that legislation is going to be brought in dealing with resale price maintenance on the recommendation of the committee studying combines legislation. Who could seriously advance the argument that if that legislation had been brought in—and it has not been brought in—it would not have any effect at all upon the high cost of living? The question therefore still remains: What are we going to do about inflation and what are we going to do about the high cost of living? The people of this country are complaining about it, and they feel that something should be done about it. Last year the government said: We know that the people are suffering from the high cost of living, and as soon as we think it necessary we are going to bring in controls. Mr. Donald Gordon, who was chairman of the wartime prices and trade board, was quoted as having said that this policy may be necessary to stop runaway inflation.

For a few moments, Mr. Speaker, I should like to draw to the attention of the house and the people of Canada the grave crisis which may be impending for them through the rise in the cost of living index. I understand that the latest cost of living index has risen to 190·4. In other words it takes over $1.90 to buy what the dollar would buy in 1939. Let us consider the various people who are likely to be affected by this rise in the cost of living. Take people who have life insurance and others who have money in the savings bank or who own government bonds, or persons who are on pensions. First of all let us consider government bonds. Let us take a person who in 1939 was persuaded to put his money in government bonds. He bought a $1,000 bond and drew interest at the rate of 3 or 3¼ per cent for the past few years. That bond today is not worth the $1,000 that was paid for it; it is worth only $520 in terms of 1939 dollars. Take a person who put $1,000 in the bank in 1939. Say he put it in the savings bank and got 3 per cent interest. Most banks today pay only 1½ per cent interest; but suppose he got 3 per cent all during those years. After twelve years that $1,000 would be worth $1,400 on paper; but when you convert that $1,400 into 1951 prices you find that he has only about $700, including the interest gained during the past twelve years. The $1,000 that he put in the bank in 1939 is worth only $520 today at the 1939 price level.

Take a person who has put his money into life insurance. Perhaps I will put it this way. In 1939 there were 11,267,000 people in this country, and the total amount of life insurance was $6,750 million or an average of $600 per person. In 1951 there are 13,845,000 people and the total amount of life insurance is $15·75 billion, or an average of $1,140 per head; but that $1,140 per head in 1939 dollars is the exact equivalent of $600, the same as it was in 1939. In other words, the people think they are saving money; they think they are building up resources and assets in the form of life insurance, but actually they are not making any progress at all. It seems extraordinary to think that the tremendous increase in paper value of life insurance is actually no increase at all. The hon. member for Coast-Capilano (Mr. Sinclair) agreed to this phenomenon when he said that never before in the history of the country have we had such high employment, high production, and high national income; and he could have added that never before have we had such inflation. When we think of the experience the people of Europe went through after 1918 we should be warned lest inflation get going too fast in this country and get away from us.

Take the question of pensions. There are various kinds of pensioners. There is the pensioner of the federal government, the pensioner of the provincial and municipal governments; there are pensioners of private corporations; there are old age pensioners, and there are veterans. Let us say that a man received the sum of $100 in pension in 1939. What is it worth today? According to the cost of living index it is worth only

$52. Take the veterans. We have had a lot of representations made on behalf of veterans. I have been asked by the veterans of Newfoundland to support legislation that will give those on pension, on veterans allowances and so forth a proper allowance in keeping with the increase in the cost of living, and it gives me very great pleasure to support that request. Suppose that chap who was receiving $100 pension in 1939 were to buy food today. It costs him $2.50 a day to buy what $1 would have bought in 1939. It is obvious that pensioners need most of their pension money to buy food, clothing and shelter, and these are the very things that have increased the most. According to the index, food is now at 250, clothing is about 200 and rent is about 170. These are figures from the dominion bureau of statistics.

I think it was the hon. member for Coast-Capilano who said that the increase in the pension was in a measure due to the necessity of providing relief against the increase in the cost of living. I think the Prime Minister (Mr. St. Laurent) himself practically said that the $40 today was only about equivalent to the $20 the old age pensioner formerly received. Therefore the old age pensioner is not receiving any lavish amount of money that he can blow in and have a good time. It is not really sufficient to get along. It seems to me the most important thing is the question of family allowances. If I may say so, Mr. Speaker, family allowances is a subject that I studied in Newfoundland, before it was introduced in Canada, because I felt it would have been a good thing to introduce in our own country. We were considering the question down there and proposals were put to the commission of government to introduce family allowances in Newfoundland. Therefore it is a subject of which I have some little knowledge. The smallest amount of family allowance is $5. That $5 today is worth only about $2.60, or perhaps a little more, say $3, compared with 1939 prices. I have great pleasure in supporting the suggestion of the hon. member for Beauce (Mr. Poulin), who suggested that family allowances should be increased. If we really are in earnest and believe the family is the foundation of society we should certainly do everything to protect and promote family life. How better can family life be protected against the rising cost of living than by a family allowance system? The hon. member for Assiniboia (Mr. Argue) supported the same argument. I feel it is a subject which should have general endorsation throughout the country.

On motion of Mr. Browne (St. John's West) the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will proceed with the motion of the Minister of Justice to set up a committee concerning price maintenance and combines legislation. Then we will continue to study Bill No. 13 to provide for old age security; also resolutions Nos. 7, 8 and 10 on today's order paper.

At ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on November 2, 1951.

HOUSE OF COMMONS

Tuesday, November 6, 1951

The house met at 2.30 p.m.

PRIVILEGE

REFERENCE TO QUOTATION FROM "THE ENSIGN"

Mr. James Sinclair (Coast-Capilano): I rise on a question of privilege, Mr. Speaker. Last night the hon. member for Chicoutimi (Mr. Gagnon) was kind enough to put on the record a statement concerning Vatican representation which I made to both Catholic and Protestant groups last year. The hon. member did quote my statement quite accurately, but he failed to show where my statement ended and where the comments of the newspaper reporter began. In fairness to both of us, I should like to indicate that my remarks end on page 733 of *Hansard* with the words "chosen from non-Catholic faiths".

RAILWAY LEGISLATION

CHANGES IN PERSONNEL OF SPECIAL COMMITTEE

Mr. W. G. Weir (Portage-Neepawa) moved:

That the name of Mr. Browne (St. John's West) be substituted for that of Mr. Higgins; and

That the name of Mr. Gillis be substituted for that of Mr. Wright, on the special committee on railway legislation.

Motion agreed to.

AGRICULTURAL PRODUCTS BOARD

TO PRESCRIBE THE CONSTITUTION AND POWERS OF THE BOARD, AND TO PROVIDE FOR NECESSARY EXPENDITURES

Right Hon. J. G. Gardiner (Minister of Agriculture) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure for the establishment of an agricultural products board, to prescribe the constitution and powers of the board, to provide for the establishment in the consolidated revenue fund of an agricultural products board account and for payments out of the consolidated revenue fund for the buying, storing, transporting or processing of agricultural products (a payment not to be greater than the amount by which fifteen million dollars exceeds the balance of the agricultural products board account), and to provide for the salaries or other remuneration to be paid the members, officers, clerks and employees of the board.

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

Motion agreed to.

CANADIAN BROADCASTING ACT

AMENDMENT TO INCREASE NUMBER OF GOVERNORS, PROVIDE PENSIONS AND FURTHER GRANTS

Hon. Alphonse Fournier (for the Minister of National Revenue) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to amend the Canadian Broadcasting Act, 1936, to increase the number of governors from nine to eleven and to provide for their tenure of office; to provide for benefits from the pension fund for members of the corporation engaged full-time in the business of the corporation and their dependents; and to provide further that the Minister of Finance may grant to the corporation out of the consolidated revenue fund the sum of four million, seven hundred and fifty thousand dollars in the fiscal year that began on the first day of April, nineteen hundred and fifty-one, and the sum of six million two hundred and fifty thousand dollars in each of the four next following fiscal years.

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

Motion agreed to.

DEFENCE EXPENDITURES

QUESTION AS TO MOTION FOR SETTING UP OF COMMITTEE

On the orders of the day:

Mr. George A. Drew (Leader of the Opposition): I wish to direct to the Prime Minister a question of which I have given him notice. Is he prepared to indicate whether he will present a motion to set up a committee on defence expenditures, and if so when that motion will be introduced?

Right Hon. L. S. St. Laurent (Prime Minister): The government have decided, Mr. Speaker, that I shall place on the order paper a notice of a resolution for a committee on defence expenditures, and I trust that it will be in terms which the hon. gentleman will find are in conformity with the suggestions he made to me during the conference we had in my office with the leaders of the other groups. We are doing that, although we feel it will be unrealistic to expect that the committee can make very much progress during this short session, in view of the work that the other committees, already set up and in the process of being set up, have to complete during this session. It was felt that it might

be advisable to have the committee set up now with the proper terms of reference, and let it get organized and make a start on its work. This would probably save some time at the next session, when it will have to be reconstituted and can then proceed, I hope for a longer period, with the important work it will be required to do under the terms of reference. I hope to have a word with the leader of the opposition (Mr. Drew) and the leaders of the other groups about that matter perhaps in the course of the day and to be able to place my notice on the *Votes and Proceedings* so that it may come before the house in due course.

Mr. Drew: In view of the fact that the Prime Minister has referred to a discussion which took place in his office on October 17, I would point out that the terms of reference will, of course, decide the effectiveness of the motion; and I trust that, as he has indicated, the terms of reference will embrace the type of inquiry that we had in mind. I would point out, however, that I would hope the committee will be one which will continue during each session; and therefore the sooner the committee in this case starts its activities, the more effective will be the beginning during this present session. Then in the next session it can start from there to deal with the matters that are brought before it up to the actual date of the meetings or sittings of that committee.

NATIONAL DEFENCE

REFERENCE TO DEBATE ON NOVEMBER 5—TREATMENT OF SOLDIERS FROM QUEBEC

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): I wish to direct a question to the Minister of National Defence (Mr. Claxton). In view of the serious allegation made in the house last evening by the hon. member for Chicoutimi (Mr. Gagnon) that soldiers from Quebec were submitted to risks and inconvenience because, and I quote the exact words he used, they

> . . . are chosen for the most exposed positions in the line and the most unpleasant fatigues . . .

will the minister investigate the charge and place the result of such investigation before the house, so that, if necessary, steps can be taken by the house to clear up any such situation?

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, I am glad indeed that the hon. member for Rosetown-Biggar (Mr. Coldwell) has asked this question and given me the earliest possible opportunity to say emphatically that there is not a word of truth in the charges. As anyone who has served in action knows, the fortunes of battle may find one battalion in particularly difficult operations while another, in an area which was considered to have been equally hazardous, may suffer few casualties. Here in Canada all casualty lists are published in the newspapers just as soon as the next of kin have been informed. Any hon. member or anyone else for that matter, who wants to find out how many casualties are suffered by the different arms, could take the trouble, if he chose, to go through those lists and add them up.

It happens that in this case the casualties so far suffered by the three infantry battalions, the Princess Patricia's, the Royal Canadian regiment and the Royal 22nd, show that, of the three, the casualties suffered by the Royal 22nd are lighter than those suffered by the other two. Speaking as a member of this house and as the minister responsible to this house and to the people of Canada for the recruiting, training and operations of our armed forces, I cannot deprecate too strongly unsupported statements of this kind which, if they have any effect at all, can only have the effect of creating racial discord and racial disunity.

As hon. members know, it is the duty of any commanding officer to see that, as far as possible, the hazards of battle and the burdens of war fall equally on the men under his command. As far as I know, that has been the attitude taken by every Canadian commanding officer with whom I am familiar, and as long as I am here, that will be the attitude taken by every Canadian commanding officer or else he will not be a commanding officer for long.

I also submit, Mr. Speaker, that it is the solemn obligation of any hon. member of this house to make sure of any facts on which he bases charges of this character which cannot but affect the morale, service, recruitment and the operations of these gallant young men who are serving us in this difficult action abroad.

PENSIONS

VETERANS ALLOWANCE—OLD AGE SECURITY—QUESTION AS TO INCOME TAX EXEMPTION

On the orders of the day:

Mrs. Ellen L. Fairclough (Hamilton West): I wish to direct a question to the Minister of Finance (Mr. Abbott), in view of the answer given to a question yesterday and which indicated income tax exemption of $1,000 and $2,000. Will the Minister of Finance say whether it was his intention at that time to indicate that the existing additional allowance

or additional exemption of $500 now given to taxpayers over the age of 65 years is to be withdrawn?

Hon. Douglas Abbott (Minister of Finance): That is a matter of government policy that will be considered at budget time, Mr. Speaker.

Mr. Fraser: That is an evasive answer.

[*Later:*]

Mr. G. A. Cruickshank (Fraser Valley): I should like to direct a supplementary question to the Minister of Finance (Mr. Abbott). Yesterday as reported at page 698 of *Hansard* I asked the minister this question and he gave the following answer:

Mr. Cruickshank: Will the recipient of the war veterans allowance be entitled to the $1,000 exemption?

Mr. Abbott: Yes.

Mr. Cruickshank: I should like that to be recorded.

Mr. Abbott: Yes.

Is the answer still the same?

Mr. Abbott: Mr. Speaker, the recipient of war veterans allowance is entitled to the same exemption under the Income Tax Act as is any other taxpayer.

BUSINESS OF THE HOUSE

PRECEDENCE OF GOVERNMENT NOTICES OF MOTIONS

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): I should like to put this question to the Minister of Public Works (Mr. Fournier). It has to do with the business of the house—in relation to two government notices of motions appearing on pages 3 and 4 of today's order paper. Does the notice of motion on page 3, paragraph 2, referring to a measure to amend the Canadian Broadcasting Act, 1936, refer to the measure with regard to which a resolution appears at page 4 of today's order paper? That is my first question. The second question is this: Will the resolution on page 4 be proceeded with before the resolution on page 3 in the name of the Minister of National Revenue?

Hon. Alphonse Fournier (Minister of Public Works): That question concerns the setting up of the committee on radio broadcasting and the bill which is under the name of the Minister of National Revenue. I have not had occasion to see the Minister of National Revenue, who today is attending a conference with his tax collecting officers. As soon as I can discuss this matter with him I will let my good friend know what the situation is.

COMBINES LEGISLATION

MOTION TO ESTABLISH JOINT COMMITTEE TO CONSIDER INTERIM REPORT

The house resumed, from Friday, November 2, consideration of the motion of Mr. Garson:

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

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

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

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

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

Mr. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, there is a well known saying that expectation exceeds realization. I think that is the situation we have reached today in this session of parliament, a session that in the opinion of the people was going to do something about inflation and the high cost of living. The high hopes of a month ago have fallen like the leaves of autumn and now lie buried under the cold promise of a committee of investigation. That is the point we have reached. The government appears to be in retreat. The throne speech recognizes the concern of the people and of the government over the high cost of living and promises that every suitable measure effective in counteracting inflation will be taken. There was eager anticipation on the part of the public. The press reflected that anticipation. Prior to the session and in its early stages we had news items and radio speeches forecasting action with regard to resale price maintenance. The speech from the throne intimated that legislation would be brought down. A month later the whole plan collapsed.

This afternoon I propose dealing briefly with just two or three things. I propose re-emphasizing the interest of the people in this whole matter and then making some reference to the by-elections of last June, from which some useful lessons may be drawn that have a bearing on this problem, and concluding

with suggesting a course of action. My hon. friend, the Minister of Justice (Mr. Garson), who in times past has often heard advice from me, will I am sure listen with interest. The speech from the throne was quite right in mentioning the concern of the people over the high cost of living. That concern continues. I have been examining newspapers recently to see the reflection in those papers of the concern of the people over these matters. As we all know, newspapers as a rule reflect pretty carefully the matters in which the public are most keenly interested. I hold in my hand a copy of the Winnipeg *Tribune* of last Thursday, and I have examined its subsequent issues for Friday and Saturday. I find that a very large amount of space on the front page of the paper is devoted to these particular problems: the high cost of living and inflation. We know that editors of newspapers tend to put on the front page those things that are of interest to the public at that particular moment. I find that in this Thursday's issue almost half of the front page of the paper is concerned with matters which, in the editor's opinion, are of immediate interest to the people of Winnipeg. The largest heading of all says:

Ottawa to open inflation probe

I shall come back to this heading in a moment or two. Then we have a heading saying:

Tariff wall blamed for Canada prices

Then another heading:

P.M. may convene consumers parley

I am sure that the people of Winnipeg read these items with a great deal of interest. There is another heading still on the front page as follows:

Spending near floor—Abbott

Then there is an article devoted to the fact that "Winnipeg is expensive by Minneapolis gauge". For this I think the Prime Minister (Mr. St. Laurent) must accept responsibility because it must have been his Washington shopping list that encouraged the editor of the Winnipeg *Tribune* to send one of his able reporters down to Minneapolis to find out what the comparison is between living in the United States and in the city of Winnipeg. I will read just one or two items so as not to burden the house. Mr. Werier, who made the investigation, said:

You often hear talk that the cost of living is much higher in the United States than in Canada.

Canadian government officials will admit wages are higher across the line but usually qualify it with the comment: "So is the cost of living."

There's no doubt that wages are much higher in Minneapolis, a city comparable to Winnipeg in economy and geographical location.

But I found that more goods can be bought at lower prices in Minneapolis than in Winnipeg.

[Mr Churchill.]

Then the editor lists the things that Werier found:

Americans haven't felt the cost of living punch the way Canadians have. They have the edge on cheaper prices and have a higher standard of living. In fields where United States prices parallel those in Canada higher wages help Americans meet them with ease.

I think that is a clear reflection of public interest. I am sure that the large heading I mentioned, "Ottawa to open inflation probe", is the one that would perhaps receive even closer attention. I notice that the dispatch says this:

Fixed price ban to be postponed

The article reads:

The cost of living has been the hottest subject for debate in parliament since the 5th session of the 21st parliament opened October 9.

Then it goes on to mention the suggested reference to a joint committee of both houses, and has this striking sentence:

That likely will mean months of study before the committee decides whether parliamentary action against price-fixing is warranted.

Therefore I imagine the people of Winnipeg have reached the conclusion from study of recent editions of the paper that not much action will be taken at the present time.

A month ago the people were led to believe that a major onslaught would be made on the cost of living, and now it appears they may expect only delay. There is no doubt about the continuing public interest in the cost of living and in inflation. They will be disappointed in the present suggestion for a committee to investigate a committee.

How far short the government is falling from meeting the expectations of the people may be seen from a glance at the by-elections of June 25. We would have had an easier time if we had had this example of procrastination. As it was, we had plenty of material. The by-elections gave the people the opportunity of expressing their views in a proper democratic fashion by their votes, the only effective way in which the average citizen can indicate his wishes. If parliament exists for the express purpose of carrying out the will of the people then their wishes as evidenced by the by-elections should be examined and acted upon.

The discontent of the people in June will be magnified by the delay that is now proposed. Some misconceptions have arisen with regard to the by-elections, and have been voiced or written about by people who were rather far-removed from the scene of action. I have read and heard that the by-elections have been interpreted as merely a protest vote against the government because of the high cost of living. There was more than that to it. There was the basic discontent owing to

the rising cost of living and a decrease in the buying power of the population. There was an equal discontent and dissatisfaction with what appears to the people to be a lack of awareness on the part of this government of how the average family lives. They think this government is remote and out of touch, and they will be more than ever convinced of it now with this wait and see policy. Women who are the greatest campaigners were quite outspoken. I think that they will be much more impressed at the present moment when the government reduces the taxes on the electrical appliances that they use in their homes than with the proposed committee superimposed upon another committee. Women state that to classify their electric appliances as luxuries was an idea that could occur only to men living a sheltered life in the cloistered halls and ivory towers of Ottawa. They would like to see cabinet ministers, not just dressed as ladies with aprons, and doing dishes—that would be too simple—but bending over old-fashioned washboards.

Mr. Abbott: Good idea.

Mr. Churchill: If, say the women, electric stoves, washing machines and refrigerators, these basic components of the home, are to be classed as luxuries, then let the men class as luxuries their motorcars, trucks and tractors, and the machinery they use in their occupations. Let the men go back to the horse and buggy, to the ox drawing the plow. I gathered the women were not impressed by the government at Ottawa.

I feel that, out of sympathy for their fellowmen, the members of the government should be less eager to rouse the ire of the women, because we all suffer.

Mr. Gibson: Hell hath no fury—

Mr. Churchill: Another factor that loomed large during the election campaign, and which carried the greatest weight during the last few weeks, was the people's discontent with what they considered to be the arbitrary nature of the government, the tendency to a one-party state, as well as the government's wastefulness and extravagance. They would like to see the government set an example of economy.

I have heard the statement made that in the constituency I have the honour to represent the Progressive Conservatives came out to vote while the Liberals stayed at home. I regret to report that some Progressive Conservatives stayed at home and failed to vote. They were discouraged, a little bit disheartened. They thought the odds against them were too heavy.

Actually the election was decided, as many elections are, by the independent voters, of whom there are many thousands in Winnipeg. But the unkindest cut of all, so far as this government is concerned, is that an appreciable number of avowed Liberals for the first time in their lives cast their votes against a Liberal government. They did not stay at home; they marched out to the polls and recorded their votes. I am not speaking of Liberals who have voted only once or twice in general elections; from actual knowledge I am speaking of Liberals whose experience in life extends over thirty, forty and fifty years of adult life, and who have voted in many general elections.

This did not occur by accident. One cannot explain the result of that election simply by weighing the merits of the respective candidates. My experience has been that after the election some people entertain grave doubts with regard to the defeated candidate. Or, if one wishes to explain it on that basis, how would one explain the result in the constituency of my hon. friend from Brandon (Mr. Dinsdale)? There David slew Goliath.

Mr. Abbott: Would the hon. member permit a question? Would he mind telling me which item on the order paper he is now discussing?

Mr. Churchill: I am discussing item No. 10. I pointed out earlier that I was going to—

Mr. Abbott: Well, I just could not tell what my hon. friend was getting at. That was my only reason for asking.

Mr. Churchill: I have been commenting upon the lack of awareness by members of the government with respect to the problems faced by the people.

Mr. Abbott: Thank you.

Mr. Churchill: I would sum up the opinions of the Liberals who voted against the government, and I do so because one good turn deserves another.

Mr. Abbott: Hear, hear.

Mr. Churchill: I feel sure they would want me to draw to the attention of the government a number of those matters which they feel have not received the attention they deserved. Perhaps I should paraphrase their remarks in order that I may keep within parliamentary usage. They said these things: The government is too powerful; it is too arbitrary; it is too much out of touch with the people; it is wasteful and extravagant; it is over-taxing the people, and it needs a sharp and salutary lesson.

Mr. Deputy Speaker: Order. I would ask the hon. member to confine his remarks to the motion before the house.

Combines Legislation

Mr. Churchill: I am relating my remarks to the motion before the house. After the election many people said to me that they were pleased the election turned out as it did, because now perhaps the government would sit up and take notice. I am sure those people will be shocked to learn that the government is still reclining.

What will they think of the present situation? They have been encouraged to hope for some measure of relief, when they have read the promises held out in the speech from the throne. They have been encouraged to expect action, through the promise of legislation. However, they are now faced with the prospect of further delay. Instead of action they are offered a committee to investigate a committee.

Mr. Gibson: Read the *Globe and Mail* of this morning.

Mr. Churchill: This is not normal parliamentary procedure. For long years normal procedure has been a committee of investigation followed by study by the government, and then bringing before the house legislation which is debated, studied by a committee of the house, amended or changed if necessary, and finally enacted. But this is not that type of procedure at all. I do not dismiss the possibility, although it is somewhat remote, that during the next five weeks the proposed joint committee, under heavy government pressure, may make a hasty survey of the ground that occupied the attention of the MacQuarrie committee for fifteen months. But if a joint committee does complete the survey, if it does bring in a report, and if legislation is then brought down and passed, how much farther forward are we?

I think it was the hon. member for Yale (Mr. Jones) who mentioned the other night that the goods affected by resale price maintenance comprised only about 10 per cent of retail trade. This, then, is no major onslaught on the cost of living. It is merely nibbling at the edges, like a mouse nibbling at cheese.

It is not the function of an opposition to provide blueprints for the government. Under normal circumstances the function of an opposition is to examine and to criticize, to suggest amendments, and generally to act as a watchdog for the people. However, under certain circumstances it is necessary to make suggestions to the government. Public interest demands it. If we must have a committee, if there is bound to be delay, as so many people think, then let us attack the problem on a broad front—not in a narrow or restricted zone, as is suggested by the motion before us.

[Mr. Deputy Speaker.]

The government should accept the suggestion put forward so ably by the hon. member for Lake Centre (Mr. Diefenbaker) the other evening, and should consider other suggestions worthy of careful consideration, and which have come from this side of the house. It should widen the scope of the investigation. And while the investigation is being made, let us institute some measures of economy. The people would like that.

After all, what is our task? This is a House of Commons charged with the responsibility of enacting laws for the well-being of about fourteen millions of people. When we look into the composition of our national society we see that the great majority is composed of those people below the age of fifty years. Of that group the great proportion is composed of married folk with children.

We have taken a proper interest in the position of those in the older age group, and those on pensions. But sometimes we have neglected the group in our society that is carrying on under very heavy responsibilities—and I refer to the young married folk. As I happen to know, some of them are having as difficult a time to make ends meet as are any of the people on fixed incomes.

This was summed up very well in a picture that appeared on *Maclean's* magazine a few weeks ago. This was the picture showing a young woman and her husband completing their shopping in a store. They show them standing in front of the cash register ready to pay the bill. The young woman has placed down on the counter the housekeeping money but at the same time is extending her left hand to her husband who is digging down in his pocket to make up the deficit in order to provide the subsidy for that housekeeping money. That is the crux of the matter; the housekeeping money in the case of many families is insufficient and too limited to meet the increased cost of living and inflation.

A great burden is resting upon young married people who are bringing up families and who must provide food and clothing for them. Everyone knows the uncanny knack, possessed by children, of growing out of clothing and shoes before their parents have recovered from the shock of paying for them. That is a problem facing many of our people and it is pressing heavily upon those who have great responsibility.

I feel, and I am sure they feel, that the present intentions of the government as indicated by this motion will not meet their problem immediately as they would like to

have it met. It is a great task for this government and for this house; we are faced with a great responsibility, but the present approach seems to me to be weak and timorous. I think it is time to be up and doing.

Mr. Charles Cannon (Iles-de-la-Madeleine): Mr. Speaker, after having read and considered the MacQuarrie report I decided to say a few words in this debate. After having listened to the speeches of members of the opposition I have decided that so far not one of them has confined himself to the point at issue. They have all dealt with generalities. We have been told that prices have increased, but we all know that. We have heard accusations of profiteering and exploitation in a general way, but so far no one has dealt with the specific subject matter of this resolution. The remarks of the hon. member for Winnipeg South Centre (Mr. Churchill), who has just preceded me, add weight to what I had intended to say even before I heard him. He dealt in generalities, so much so that he was asked by the Chair to return to the subject matter of the resolution.

The resolution we have before us reads:

> That a joint committee of both houses of parliament be appointed to consider the interim report of the committee appointed to study combines legislation.

In deciding whether we will vote for or against that resolution we must first decide whether the interim report is adequate and complete, whether it is sufficient to provide a base for legislation which will create profound changes and disturbances in the business world and our economy in general. It will disturb the relationship between manufacturer, wholesaler and retailer and may have very profound repercussions. The point that I wish to make is that the MacQuarrie report contains good reasons for supporting the government's decision to refer this matter to a joint committee of the two houses.

As I said at the beginning, I have read the report and considered it carefully. Frankly, I have not yet been able to decide whether resale price maintenance is a good or bad thing. I believe it would be dangerous for the government to introduce legislation based on this report without having the matter investigated further. I have the report before me but before quoting from it I wish to state that I do not want my remarks to be taken as criticism of the gentlemen who made up that committee. They were busy men who undertook this task as a public service. I am convinced that we owe them a vote of thanks for the work they have done. I am sure that they came fairly to the conclusions they reached, with the material at their disposal, and that is just the point to which I wish to refer.

I submit that the material at their disposal was not sufficient to arrive at a clear and convincing conclusion and that therefore the government is justified in referring the matter to a joint parliamentary committee in order that more evidence may be obtained on the matter. The most important point that the committee had to consider when studying resale price maintenance was its effect on prices. At page 23 of the report we find the following:

> Although precise information is lacking, there is some evidence that resale price maintenance contributes to price stability but that the general level of prices thus stabilized is higher than it would be under competitive conditions and production more unstable.

I refer hon. members to the mention of precise information being lacking. I submit respectfully that that is a very weak basis on which to found conclusions which, as I said a minute ago, will create disturbances in the business world. If we examine the report further we find a section entitled "The committee's views", beginning at page 20, in which are summarized the arguments for and against price maintenance. At this point I wish to emphasize that I am not declaring myself either in favour of or against resale price maintenance, I am simply dealing with whether or not this matter should be referred to the committee. The remarks I am about to make when I present arguments in favour of or against are not to be taken as an expression of opinion on my part. First of all, the committee deals with the advantages of resale price maintenance at page 25 of the report as follows:

> Resale price maintenance prevents two possible forms of monopolistic practices which tend to produce unreasonable retail prices namely, the use of monopoly power at the retail level and the "loss-leader" device.

Everyone realizes, and I think it has been brought out quite clearly in briefs which have been sent to hon. members, that one of the great dangers of abolishing resale price maintenance is the risk of driving the small retailer out of business. The fact that the small retailer is sure of a reasonable profit on some of the things he sells is in many cases the thing that keeps him in business. If he was not sure of a reasonable profit—and I emphasize the word "reasonable"; I am not defending unreasonable profits—very often he would be driven out of business. That is a conclusion of the report. At page 26 of the

report, under the section dealing with the committee's views, there is the following:

> Resale price maintenance no doubt encourages the operation of more retail outlets and exerts an influence against the concentration of economic power in the retail field.

Again, on page 27 of the report we find another conclusion favourable to resale price maintenance. It reads:

> Resale price maintenance no doubt helps to protect the reputation of branded goods and facilitates advertising and sales promotion.

On the other side of the medal the committee gives these arguments against resale price maintenance. It says that it eliminates competition between retailers. I submit that that is only important in so far as it has already been found that resale price maintenance increases prices, but as I indicated at the beginning of my remarks the committee has not found that at all. It has simply said that there is some evidence and that precise information is lacking on that point. Therefore I make the point that if resale price maintenance does not increase prices it does not matter whether or not it eliminates competition between retailers. Second, they say that it helps combines between manufacturers. Their reason for saying that is this. They say that if manufacturers can make arrangements with retailers to sell at fixed prices it is easier for them to make arrangements between themselves. But to forbid resale price maintenance simply because some people put it to bad or unwarranted use is the same as forbidding the use of automobiles because some people drive them illegally, cause accidents or infringe the law while driving them. Just because a thing that is good in itself can be put to a bad use in certain cases does not justify one in deciding to condemn it. Even if we say that price maintenance might be used in some cases to do an illegal act, price fixing between manufacturers, that is no reason to ban it if in itself it is not a thing that is detrimental to the public, and if in itself it is not a thing which increases prices.

The committee also says that sometimes the enforcement of these agreements between manufacturers and retailers is unfair. Leaving aside for the moment the matter of whether or not the agreements are legal, once an agreement is made it should be lived up to by both sides. Suppose a manufacturer agrees with a retailer that he shall sell at a certain price which only gives him a reasonable profit and the retailer does not live up to that agreement: I do not think you can say that it is not fair for the manufacturer to impose certain sanctions. The only unfair thing would be for the manufacturer to impose sanctions needlessly. I cannot see where a manufacturer would have any interest in imposing sanctions needlessly because he would simply be doing himself a disservice by cutting out an outlet for his goods.

In short, Mr. Speaker, having considered the arguments pro and con in the report, I must say that I do not find that the weight of argument is in favour of the forbidding of resale price maintenance. Really and truly I find that the weight of argument, based on the findings of the report and the committee's views, is rather in favour of resale price maintenance. Certain benefits have been shown and the harm, if any, that may result from it has not been conclusively demonstrated. Therefore I submit that the government, in presenting a resolution to the house to the effect that the matter of resale price maintenance should be referred to a joint committee, is perfectly justified, and that it is in the public interest for the matter to be referred to a joint committee where the hearings will be in public, the press will have access, arguments pro and con will be brought out, and facts that were not submitted to the MacQuarrie committee will be given the necessary publicity so that public opinion on this subject will be able to crystallize.

I should like to point out that the representations made to the MacQuarrie committee were confidential and were not given publicity. I should like to read from the letter quoted by the Minister of Justice (Mr. Garson) in his speech as found at page 663 of *Hansard*. This is the letter that was sent out by the committee to the people who were asked to appear before it, and the passage to which I wish to refer reads:

> All representations received by the committee will be treated as confidential to the committee and will not be used for purposes other than those of the committee or quoted unless permission is requested and granted.

I think a subject of this importance should be fully aired before the public, and that the best way to do so is to create a joint parliamentary committee. I should also like to say that the accusations voiced against the government of trying to delay this matter and to gain time are wholly unwarranted and unfair. I submit that if any member of the house will take the trouble to read, consider and analyse the MacQuarrie report he cannot do otherwise than come to the conclusion that the decision of the government is a wise one under the circumstances.

Mr. W. Ross Thatcher (Moose Jaw): Mr. Speaker, as a small retailer I have been somewhat interested in this debate, and I should like to say a few words. One point which member after member has emphasized is the fact that the speech from the throne

promised concrete legislation arising out of the recommendations of the MacQuarrie committee. I think the Minister of Justice (Mr. Garson), speaking over the facilities of the C.B.C. on October 16, went even further when he stated that he hoped to introduce such legislation without delay.

The resolution now before us makes it quite clear that, for one reason or another, the government has changed its mind since October 16. The hon. member for Iles-de-la-Madeleine (Mr. Cannon) has made it clear that there is some difference of opinion even among those on the government side of the house, on this rather contentious issue. Today the minister instead of giving us the promised legislation is giving us a committee.

My first reaction must be, that I do not see how, in the very limited time remaining this session, a committee can go into the various aspects of such a comprehensive problem. As a retailer I can tell hon. members that it is a complicated problem. Therefore I think all hon. members can only conclude that the legislation forecast is like a stillborn child, dead before its birth, for this session at least.

Why has the government changed its mind? Why is there this about-face? In the past few weeks I think we have witnessed perhaps the most powerful lobby on any one issue ever seen in Canada. The government and members of parliament generally have been literally bombarded with petitions and protests against the proposed legislation, by organizations such as the chamber of commerce, the Canadian Manufacturers Association and various retail organizations. Some of the charges which these groups have made have been pretty startling. They have suggested that the small retailer is going to be ruined, and that monopolies may be fostered if this legislation becomes law. They have suggested that men will be thrown out of work. Some have even contended that ultimately the consumer is going to lose. I believe that most of these charges are exaggerated, and some of them are nonsense. I feel, nevertheless, that the government has been deeply shocked by the opposition their proposal has met from Canadian business generally. This afternoon they are beating a hasty and none too skilful retreat from that opposition.

When the minister spoke last Friday he said that we needed this committee so that the consumer, the retailer, the wholesaler and the manufacturer may place their views before the public, and have them thoroughly aired. On the surface that sounds like a reasonable proposition. Why then are so many opposition members somewhat afraid of it? I believe they are somewhat afraid of it because of past experience. Quite candidly they doubt the government's motives. Many opposition members fear, as they pointed out, that this may be a move to delay action, to sidetrack a contentious issue and to see that nothing is done about the recommendation this year. Are such fears justified? The member who just spoke denied such motives. However let us look at our experience with past committees. I have been here since 1945, and I have sat on several committees which seem to have sidetracked an issue. For instance, I recall that a flag committee was set up in 1946.

Mr. Croll: What about the old age pension committee?

Mr. Thatcher: The committee was composed of members of both houses, and set out to pick a Canadian flag. We heard dozens of witnesses and received thousands of designs. As I recall it a Canadian flag was finally selected by vote. The matter was referred back to the house, and that was the last we heard about that recommendation. The matter died there.

I recall another committee upon which I sat several years ago. I believe it has been called the Martin prices committee.

Mr. Martin: And that did a job.

Mr. Knowles: It put prices up still further.

Mr. Thatcher: The committee spent several hundred thousand dollars on legal fees and general expenses, heard a good deal of evidence, and finally made recommendations to parliament.

Mr. Martin: Am I not right in saying that the committee received no finer commendation, when its report was presented, than by the hon. gentleman who is now honouring the house with his speech?

Mr. Thatcher: The recommendations were perhaps not too bad, but they were sent to parliament a few days before adjournment, and that was the last we ever heard of those recommendations. The committee thus wasted its time. I say that, from past experience, opposition members have seen committees used to sidetrack issues too often. The government finds itself today in somewhat the same position as the boy looking after the sheep who called "wolf" once too often. They are trying to tell us that a committee is really needed. But surely the minister cannot blame opposition members if they are a little bit suspicious. Personally I am somewhat doubtful about the motives of the government in this case. Nevertheless, I am going

to support the motion to set up this committee, and I am going to do so for two specific reasons.

In the first place, despite what has been said in this debate, I do not think that the matter of resale price maintenance has been given a thorough airing by any of the past parliamentary committees or royal commissions. For a moment, I think again of the Martin prices committee. So far as I can recall, the matter of resale price maintenance received no more attention than a passing reference. Then, I recall the royal commission on prices which followed the Martin committee. It made its report in March, 1949, but it too only dealt superficially with this matter of resale price maintenance. About 99 per cent of the evidence taken by that commission concerned the more general aspects of the inflation problem. In my opinion, Mr. Speaker, even the MacQuarrie committee, which was set up not long ago, has not gone into this problem adequately.

I remind hon. members that the MacQuarrie committee was set up to study the Combines Investigation Act. Minimum resale price maintenance was only incidental to that over-all study. If I recall correctly, last Friday the Minister of Justice (Mr. Garson) told us that it was only on September 10 that he asked the MacQuarrie committee to make an interim report on minimum resale prices. This report was in his hands on October 1, so from that I can only assume that the committee had less than three weeks to rush a report to him on this complicated subject. Despite the capabilities of the members of that committee, I do not think that they could do a proper job in such a limited time.

There is one additional factor I should like to mention concerning the MacQuarrie committee. A well deserved tribute has been paid to the personnel of the committee. However, I would remind the house that this committee was set up to deal with various aspects and fields of Canadian business. Surely it would have been reasonable to expect that, in dealing with such a field, at least one member of the committee should have been a businessman. Let us look at the personnel for a moment. The first man chosen was Mr. Justice MacQuarrie, the chairman, an eminent man and a judge. The other three are university men, Principal Mackintosh of Queen's; Professor Lamontagne of Laval; and Dean Curtis of the university of British Columbia. As I said a moment ago, I do not deny that all four are outstanding men and leaders in their respective fields. Nevertheless I believe the committee would have been strengthened if the government had chosen at least one man who had seen some of these problems from the practical point of view and from his own experience.

In the second place, Mr. Speaker, I favour the setting up of this committee simply because I have received dozens of letters, as I know other members in the house have, from various retailers in my constituency. Earlier in this debate one hon. member suggested that this matter has been before parliamentary committees for about a quarter of a century. Probably he is right, but every practical member knows that, in actual fact, this matter has really only been before the Canadian public for about four weeks. I say that if individual retailers wish to have a hearing, if they feel that they are being discriminated against, then surely they, like other Canadians, are entitled to a fair hearing before this elected parliament. Quite frankly I believe that four weeks ago half the members of this house did not know what resale price maintenance was. I do not think the house can be expected to vote intelligently on this subject until there is additional light thrown on it. For these reasons, Mr. Speaker, I am going to vote for the setting up of the committee. I am going to hope that the government is sincere in the motives it has advanced.

At the same time I feel I should make my position on the MacQuarrie recommendation quite clear. I have listened to some very interesting speeches from the official opposition, including the hon. member for Lake Centre (Mr. Diefenbaker), the hon. member for Kamloops (Mr. Fulton), and this afternoon the hon. member for Winnipeg South Centre (Mr. Churchill). All of their speeches have been excellent, but they still have not told the country where they stand on the recommendation. Are they for or are they against resale price maintenance? I believe the country, and even the Conservative party, would like to know where their group in parliament stands on this issue. I believe the leader of the opposition (Mr. Drew) is to speak in a moment; and I hope that he will clear the air in this regard.

A moment ago I said I am a retailer by vocation; and I am proud to be one. I think that retailers throughout the country probably have objected to this proposed legislation more than have any other group. Many of them are afraid of it. Some of them have advanced fairly strong arguments to back up their objections. Probably the most disturbing of those arguments which have been advanced is the contention that this legislation might let the big retailer ruin the small retailer. This is not the time to go into the pros and cons of the legislation; but as a retailer myself, I

feel that these charges are exaggerated. I should be greatly surprised if 8 per cent or, at the very outside, 10 per cent of all goods sold in Canada are subject to resale price maintenance. I therefore find it exceedingly difficult to visualize many men being put out of business.

On the other hand, I think it is obvious that to a greater or lesser extent, resale price maintenance has the tendency to restrict competition; and under price fixing the consumer no longer benefits from the efforts of the efficient distributor who is compelled to charge as much as the inefficient one, even though his costs are the same. Therefore I personally feel that it is my duty as a member of parliament, if or when this legislation reaches the floor of the house, to support the abolition of resale price maintenance.

I have been surprised at some of the opposition to this legislation. I read the brief of the chamber of commerce. I read the brief of the Canadian Manufacturers Association. Those organizations are, or always have been in the past, the groups which have paid loud tribute to the virtues of a free competitive market. When they go out to buy raw materials or when they go out to buy food, they like to have the market free. I do not see how they can be consistent, and still desire to sell their products in a controlled market. As one hon. member put it a little earlier in this debate, you would almost think that they wanted competition for everyone except themselves. I do not think the two stands are consistent.

If or when this committee is set up, Mr. Speaker, I would suggest to the minister that we call before it some of the larger companies in this country who practise resale price maintenance. I would suggest that the committee call some of the automobile manufacturers, some of the tobacco companies, some of the appliance dealers, and ask those companies to justify this practice if they can. They should give us their point of view. Then we can weight it, analyse it and see whether it has merit from the nation's point of view.

I said earlier that I think this committee can serve a useful purpose; but I also say that no one in the country should be deluded into thinking that it is any answer to the rising cost of living. Such a small percentage of goods is affected by the legislation that it is not going to make much difference one way or the other to the cost of living index.

In concluding, Mr. Speaker, I will say that this may be a political move; I do not know. But certainly, as far as the government is concerned, it is an admission that they still have not found a solution to the rising cost of living.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, some of the comments that have been made in regard to the motion now under consideration make it quite clear that many of the hon. members have overlooked the reason that this motion is before us at all. The reason that we have this motion before us is that the speech from the throne brought forward the discussion of legislation which the government indicated it proposed to place before the House of Commons. It will be recalled that the statement which was made on that occasion related the introduction of this legislation to the inflation and the high cost of living. I think it would be well at this point to return to what was said in the speech from the throne and which introduced this subject for discussion in this house. I am reading now from the speech from the throne as reported at page 2 of *Hansard* of October 9 last:

> The concern of our people over the rising cost of living resulting from international and domestic inflationary pressures is fully shared by the government. Every measure will be taken which my ministers believe will be effective in counteracting inflation without impairing our free institutions. The anti-inflationary measures already in force have checked the upward trend of prices of goods and services affected by their operation.
>
> The government has received an interim report from the committee studying the combines legislation recommending that suppliers of goods should be prohibited from requiring or inducing distributors to resell such goods at fixed or minimum resale prices. You will be asked to consider legislation arising out of the committee's interim report.

I might point out that the committee's report referred to there is not the report of a committee of the house; but rather the members of this house were told that they were going to be called upon to consider legislation which has been drafted as a result of the report of the committee which on various occasions has been referred to as the MacQuarrie committee.

In this debate, speaking before the Prime Minister (Mr. St. Laurent), I expressed the hope that he would say what measures the government was prepared to introduce and what steps it was prepared to take to deal with the cost of living which was and is of such great concern to every thoughtful Canadian. The Prime Minister replied that at this time the government has no thought of going beyond the legislation referred to in the speech from the throne; that is, the legislation referred to in the quotation which I have just read. Therefore the only measure that the government was prepared to introduce or the only step that the government indicated it was prepared to take to

deal with the cost of living, which has been going up and continues to go up, is a step which they now say they are not prepared to take without still further extended inquiry by a committee of this house.

The hon. member who has just spoken has said that he hopes we will tell them what we propose to do about the legislation. What legislation? What legislation is he referring to? We have not seen it. No member of this house has seen it, unless members of the government have shown it to any of those associated with them. We know the legislation is drafted, but there is not a member in this house who, unless he has some private channels of information, knows what that legislation is. I for one do not intend in this house to discuss the details of legislation which is not yet before us. I wish, however, to refer back to one of the most astonishing of all the astonishing propositions put forward in this house by the Minister of Justice (Mr. Garson).

When the government decided that they were going to appoint another committee, another of the many committees that they have appointed, to deal with this subject, they decided that they were going to bring the legislation forward and have it adopted on second reading and then referred to the committee, as they had done only a few days before with that extremely important legislation regarding the various aspects of our railway problems. The Minister of Justice (Mr. Garson) said that they were advised it would not be proper. I would like to see the advice, if it was in written form. I would like to hear more of that advice if it was in oral form, because it certainly would throw a very serious doubt upon the course that has been adopted in this house ever since it became a parliament in 1867. The fact is that the long established practice in this house in dealing with legislation that calls for examination by hon. members is to bring it forward, have it passed on second reading with the understanding that it will be examined, refer it to a committee, let the committee decide the suitability of the legislation in relation to the facts that they have brought before them, and then discuss it later in committee where the actual detail of each section will be related to the advice that they have received in that committee. In this case that course is not to be followed. And yet this is the only step that the government is prepared to take, according to the Prime Minister, to deal with the increasing cost of living about which the government states that it shares the concern of the Canadian people.

When is this nonsense going to end? This did not start at the beginning of this session; this did not start at the beginning of the session last spring; it did not start in the session last year. This has been going on for a long time. Let us just refer back to the various steps by which we have come to this point. Reference has been made to a committee which was appointed to consider, amongst other things, the causes of the recent rise in the cost of living. That was on the tenth day of February, 1948. On that day the House of Commons passed the following resolution:

> That a select committee of this house be appointed to examine and to report from time to time as to:
> (a) the causes of the recent rise in the cost of living;
> (b) prices which have been raised above levels justified by increased costs;
> (c) rises in prices due to the acquiring accumulating or withholding from sale by persons, firms or corporations of any goods beyond amounts reasonably required for the ordinary purposes of their businesses.

The committee was appointed, and made findings which were tabled in the House of Commons on June 25. As so often happens, they were tabled so late in the session that no adequate time remained to deal with the recommendations made in that report; but the committee did make certain recommendations. Under the heading of conclusions we read the following:

> The committee therefore proposes as follows: That the government consider the immediate appointment of a commission under the Public Inquiries Act to continue the work initiated by this committee; that of investigating price structures and the factors leading to price and cost increases and increased profit margins.

And so the torch was thrown to other hands. This important committee, not underestimated by the minister who recently referred to his part in it, had passed its important task to someone else. In that case the recommendation of the committee was acted upon, and a royal commission was appointed on July 8, 1948. There was not a great lapse of time. The committee report was tabled on June 25, 1948, and on July 8, 1948, the government appointed a royal commission. That royal commission referred to the words that I have quoted. The commission was therefore set up to inquire into these very subjects. The commission heard evidence, inquired into this subject, and presented its report on March 18, 1949. It did not go very extensively into the particular subject now raised by the speech from the throne and brought before the house again by this resolution, but at page 41 of the report of the royal commission on prices we do find these words:

> Throughout our inquiry we have been impressed by the degree to which individual manufacturers fix the resale prices of their products and so narrow the area in which price competition amongst wholesalers and retailers is operative. In view of the

extension of this practice we recommend that the combines investigation commission give careful study to this problem with a view to devising measures to deal with it.

And so the torch was thrown again. Then another step was taken, and at a later date a committee was appointed. That committee was announced to this house on June 27, 1950. At that time the Minister of Justice explained that Mr. Justice MacQuarrie of the supreme court of Nova Scotia and others had been appointed as a committee:

To study, in the light of present-day conditions, the purposes and methods of the Combines Investigation Act and related Canadian statutes, the legislation and procedures of other countries, in so far as the latter appear likely to afford assistance, and to recommend what amendments, if any, should be made to our Canadian legislation in order to make it a more effective instrument for the encouraging and safeguarding of our free economy.

Mr. Knowles: What was that date?

Mr. Drew: June 27, 1950. The committee was named in that statement. I am unable to find any record of its appointment by any order in council or even by any communication which formally states the terms of its appointment and the authority which it is to exercise. There is, however, an order in council for the payment of the members of that committee. An order in council was passed on June 16, 1950, which, as hon. members will appreciate, was 11 days before the announcement made by the Minister of Justice.

This order in council referred to those who had been appointed. I would quote part of it, in so far as it refers to the payment of members of that committee. This is order in council P.C. 2991, dated June 16, 1950, and stating in part:

The committee of the privy council on the recommendation of the Minister of Justice advise that under and by virtue of the provisions of sections 8 and 9 of the Combines Investigation Act, authority be granted to pay the following persons for their services and expenses while engaged as a committee to study and report upon the Combines Investigation Act, and related legislation, at the rates set out below, effective May 1, 1950:

1. The Hon. Mr. Justice J. H. MacQuarrie, his actual and reasonable living and travelling expenses while away from his normal place of residence.

2. Dr. W. A. Mackintosh, $40 per day, and in addition his actual and reasonable living and travelling expenses while away from his normal place of residence.

3. Mr. George F. Curtis, $40 per day, and in addition his actual and reasonable living and travelling expenses while away from his normal place of residence.

The interesting thing is that sections 8 and 9 refer only to the payment of a commissioner under the Combines Investigation Act, and the sections referred to are sections which follow a section which provides for the appointment of a special commissioner under the Combines Investigation Act.

Section 7 reads as follows:

7. (1) The governor in council may appoint, from time to time, one or more persons to be special commissioners under this act.

(2) It shall be the duty of a special commissioner to conduct an investigation into and concerning any alleged combine indicated in the order in council signifying his appointment.

(3) Every special commissioner shall have, with respect to and for the duration of the investigation which he is appointed to conduct, the powers which are conferred on the commissioner in sections fourteen to twenty-four, both inclusive, of this act; and wherever the word "commissioner" occurs in sections fourteen to twenty-four, both inclusive, and thirty-three to thirty-six, both inclusive, of this act, it shall be deemed to include the word "special commissioner".

(4) The exercise of any of the powers herein conferred upon special commissioners shall not be held to limit or qualify the powers by this act conferred upon the commissioner.

I would ask the minister now if these men were appointed by the order in council as special commissioners under section 7 of the act—and I would ask him to answer now so that I may proceed to discuss the point.

Mr. Garson: As I said in my opening remarks when introducing the motion, the appointment of these gentlemen was authorized by me in my ministerial capacity, and not by order in council.

Mr. Drew: If that is so, then the order in council providing for the payment of these men is out of order, and gives absolutely no authority to anyone to pay, under the sections referred to in the order in council. Specific reference is made to section 8, which provides for the payment of the persons under that section.

If the commissioners have not been appointed as commissioners under section 7, then we should be told what authority they have. Because, unless they have been appointed under that or some other section, then obviously the members of the committee have no authority to call for the production of papers, nor have they authority to place any evidence which comes before them under any measure of sanctity, which would assure us of its accuracy, or compel those giving it to make sure that they were making accurate statements. I feel sure the Minister of Justice will not disagree with that statement.

The minister has provided no power in the hands of members of that committee to obtain the evidence which would make it possible for them to make effective findings in a matter of this kind. This does not say that the members of the committee did not obtain information. On the contrary, they did obtain a great deal of information. As the minister has already explained, they

have continued to obtain information, and they are still getting certain information which is not yet before them.

Having had a committee of this house appointed in 1948, and then having had a royal commission appointed, and then having had this committee appointed, we now have an interim report brought forward at the written request of the Minister of Justice. The motion now before us is simply a motion for another committee to deal with the same subject, and the torch is to be thrown once again. I use the word "torch" advisedly, because the government attached so much importance to this step, which was going to meet the demands of the people of Canada for something to be done to hold down the cost of living, and to stem the tide of inflation which members of the government themselves have stated, on more than one occasion, may threaten our ability to maintain our defence effort.

Committee; commission; committee—and then a committee of the house. It all reminds me very much of an old rhyme which seems to apply with some force to the kind of conduct we now have before us:

> Larger fleas have smaller fleas
> Upon their backs to bite 'em,
> And these again have other fleas
> And so *ad infinitum*.

The government is going to have another committee to take another look at this problem. Obviously that committee is not going to be able to do anything more than bring in some recommendations so that someone else may look at them and so that some other flea may do a little biting and try to get action from the government to deal with the cost of living. Because the motion before the house does not give the committee power to do anything more than bring in a report such as they can prepare before the end of this short special session. Not one single member in the house can be under any illusions that a committee set up in this way is going to be able to hear the evidence given by businesses both large and small across Canada, as well as the representations of the consumers, whom they have assured they will also hear, and then before the end of this year give a report to the house.

This reference is for the simple purpose of dodging a decision during this special session on the only thing the government was prepared to say it would do, namely, to deal with the high cost of living, which is affecting every Canadian today.

It is in the light of the very reason why this subject is before us that it seems to me this is the appropriate time to emphasize the need for immediate action by the government to take drastic steps in some way to check the mounting cost of living and inflation, about which they themselves have expressed concern.

We have found it is not possible to amplify this motion by an amendment. We have had an amendment ruled out of order which would have had the effect of extending the inquiry into the whole field of combines legislation. Since that cannot be done, then we only have before us the reference in regard to this particular subject.

I submit that it is appropriate that the members should point out to the government the reasons why they think they should take action to deal with this subject instead of sidetracking it in this way to a committee with the limitations under which that committee will be called upon to operate. Since we cannot move an amendment which would extend the authority of the committee to deal with the whole question of the Combines Investigation Act, I submit that it is appropriate that arguments should be put forward that at this stage the government should be prepared to widen this motion so that the hearings of this committee will be carried on in some atmosphere of reality and that they will deal with the one subject which introduced this proposed legislation in the speech from the throne, the cost of living and inflation.

The Prime Minister took occasion to compare prices in Ottawa with certain prices in Washington. There have been those who have disagreed with his conclusions, but quite apart from whether they disagreed as to the prices in Ottawa and in Washington I think it is appropriate to point out just how serious this situation is so that we may try to get the government to do something even if they insist upon placing this subject before another committee which cannot possibly deal with it in the life of that committee. Already this afternoon reference has been made to statements which have appeared in the Winnipeg *Tribune*, but I wish to refer to a later edition of that paper which contains a comparison of prices made by a reliable reporter in two cities of comparative size, Minneapolis and Winnipeg. The Winnipeg *Tribune* of Saturday, November 3, contains a number of price comparisons which it seems to me might well be put before the members of this house because they indicate that the cost of living index alone does not give a real comparison between the cost of living in Canada and in the United States.

We know that the cost of living index in Canada is now higher than the cost of living index in the United States. As has been pointed out, that cost of living index does not

include many of the things which are regarded as being essential requirements in most homes. Here are some of the comparative prices which appeared in the Winnipeg *Tribune* of November 3:

	Minneapolis	Winnipeg
Washing machine ..	$ 189.95	$ 299.00
Refrigerator	244.75	414.75
Electric iron	12.95	16.50
Plymouth car	1,828.00	2,522.00
Cigarettes	.20	.42
Pipe tobacco, pound	1.25	3.00
Chewing gum	3 for .10	.07 each
Chocolate bars	6 for .25	.07 each
Sirloin steak, pound	1.04	.96
Pork chops, pound	.51	.68
Coffee, pound	.93	1.10
Sugar, 5 pounds ...	.52	.75
Grade A eggs, dozen	.76	.68
Soup, can	3 for .29	2 for .25

Those are prices taken from a much longer list given in that paper.

Mr. Thatcher: Would the leader of the opposition permit a question, and I do not ask it facetiously but only for information. I wonder if he thinks that Canadian prices would be brought down if price resale maintenance were abolished and, if he does, would he favour that course in Canada?

Mr. Drew: Not only is that question facetious, it is entirely irrelevant.

Some hon. Members: Oh, oh.

Mr. Drew: The hon. member is well aware that most of the things referred to would not be affected one way or the other by the proposal which the government put forward with such boasting when this house first met.

An hon. Member: Why waste your time?

Mr. Drew: The fact that some hon. members find this such a hilarious subject is in itself an indication of how completely remote they are from this problem. It is because they are showing so little consciousness of this problem and are showing so little awareness of the disastrous impact the higher cost of living is having upon a large percentage of the Canadian population at this time that I quote these figures in the hope that the government may still be led to deal with the high cost of living during this session.

These comparative prices which appeared in the Winnipeg *Tribune* cannot be explained away by anything that might be put forward here in connection with tariffs or matters of that kind because most of these things are produced in Canada or in the United States, as the case may be, for their own consumption. We are dealing in most instances with the cost within our own country of things produced in Canada, just as they are dealing with the cost of things produced in the United States. In so far as these figures are concerned we should keep in mind that while the prices of so many of these things are higher in Canada than in the United States the average income of our people is substantially lower than the average income of people in the United States. Therefore the real cost of living, in terms of ability to buy, is still lower than would be indicated either by figures of that kind or by the cost of living index which is published each month. The resolution before us is one which will at any rate bring before a committee evidence which cannot be obtained by the MacQuarrie committee. May I point out, however, that when we made a recommendation that the scope of the activities of the house committee be extended to cover any appropriate amendment to the Combines Investigation Act we were doing so with the knowledge that the government is not now prepared to act upon the recommendations of the MacQuarrie committee. That being so, why should we wait to have another double play on other matters now referred to the MacQuarrie committee?

If the government does not intend to accept or reject the recommendations in this case, then they certainly would have no reason, and I think no right, to deal directly with the recommendations of the MacQuarrie committee in regard to other subjects before them. I hope therefore that they will not waste the time of an eminent jurist and men occupying very important positions by asking them to continue to conduct an inquiry upon the result of which they do not intend to act in any event. It would be much better if they would refer the whole subject matter to a committee of this house; and that was exactly what we proposed, not because we in any way reflected upon the members of the MacQuarrie committee but simply because the government by its present action makes it clear that it does not intend to act upon the recommendations they bring forward.

There is something more involved in the course followed by the government than merely the merits of this resolution. We met for a special session. In the short speech from the throne great emphasis was placed upon legislation that would be introduced to hold down the cost of living and check inflation. We are now told that this matter is to be referred to a committee without our having any such legislation placed before us. A month ago many Canadians relied upon the hopes that were aroused by the statement of the government. At the same time many small businessmen in this country were greatly alarmed by the course which the government proposed to follow. It will be recalled that the amendment we introduced called for an examination of the Combines

Investigation Act and possible amendments which would protect the consumers of Canada and also protect the small businesses of this country. Neither the small businessman nor the consumer should be left in the atmosphere of uncertainty which will result from the constant reference to some other body of a subject of this kind.

Surely the government now has before it sufficient evidence to reach some conclusion. If it has not, then let it open the whole subject so that the Combines Investigation Act may become an effective instrument in Canada for the protection of our people, as it was originally intended to be. Although the government indicated that they were not prepared to accept our resolution, I urge them to reconsider that course. I urge them to widen the inquiry so that the committee may in fact deal with the evidence when representatives of business and of consumers are actually before it. In so far as this proposal is concerned, as I have said before we would have preferred that the committee cover the whole field. That would have been dealing with the subject in a realistic manner. Nevertheless, limited though the inquiry may be, we will support the motion. I would point out, however, that no legislation is before us, and therefore no remark that has been made here can properly deal with this subject because we do not know yet what the government really intended to do.

It has been said before, and it can now be repeated, that the government showed very little willingness to meet the demands of the Canadian people to hold down the cost of living and to check inflation if this was all that they were prepared to do. Although they are not going to be in a position to deal with inflation and the cost of living under this heading at this time, I hope that as a result of the discussions that have taken place and will take place on this motion they will act now in the light of the evidence given us last week of a still further increase in the cost of living so that the people of Canada may have some hope that the rise in the cost of living will be checked and that the buying power of the Canadian dollar will be preserved.

Mr. F. D. Shaw (Red Deer): Mr. Speaker, when the government indicated its intention of asking the house to approve the setting up of the joint committee envisioned in the resolution many members were completely astonished, if not flabbergasted. I say many members of the house. Possibly I should say members of the opposition because personally I am convinced that the anticipated action was made known to the members of the Liberal party before any indication was given to the House of Commons. If it were true that in establishing this committee certain proposed legislation was being referred to it, then probably I could understand the course of procedure adopted; but it is certainly beyond my understanding at least why, especially in the light of the announcement that was made in the speech from the throne, this action should now be taken. As I say, it is completely beyond my understanding. As indicated previously, the only thing that could be done that might appear more strange would be to set up another committee later to study and make recommendations with respect to the submissions that this committee may make to the house.

It is a fact that in speaking in the house on November 2 the Minister of Justice (Mr. Garson) made several very significant assertions. In the first place he indicated that in June of 1950 the MacQuarrie committee was appointed. I thought the terms of reference were reasonably broad. That committee was charged with the responsibility of studying, in the light of present-day conditions, the purposes and methods of the Combines Investigation Act and related Canadian statutes, and the legislation and procedures of other countries, in so far as the latter appear likely to afford assistance, and to recommend what amendments, if any, should be made to our Canadian legislation in order to make it a more effective instrument for the encouraging and safeguarding of our economy. That committee was set up one year ago last June. The Minister of Justice (Mr. Garson) indicated the care with which the committee proceeded to provide an opportunity for all interested organizations to make representations to it. Consumers were given the opportunity of submitting their views, as were farmers, labour, industrial, mercantile and other organizations. We were told that the committee received a considerable number of formal briefs. We were told also that many informal letters and discussions were considered, and interviews relative to these written communications were held.

The Minister of Justice then proceeded to let the house know that in his firm conviction the word "interim" might be misleading inasmuch as it might indicate that the MacQuarrie committee had not completed a comprehensive study. He said that the report on resale price maintenance was "interim" only in the sense that it had been made before the committee completed all of its deliberations. On page 664 of *Hansard* the minister said:

> But so far as resale price maintenance is concerned the report expresses the considered views of the committee in a complete and final matter.

When the debate on this resolution commenced last week it was indicated by certain speakers that the government's action, because of the special paragraph in the speech from the throne asserting that legislation would be submitted to parliament, had undergone a rather complete transformation. Some of us have cause to wonder why that transformation took place. I understand the minister wrote the chairman of the committee early in September asking if the report on resale price maintenance could be made available early in October. On October 1 the report was submitted to the minister. Between October 1 and October 9, surely the minister and the cabinet, with the assistance and advice they have at their disposal, gave careful consideration to the MacQuarrie report. I shall give them credit for having gone into it quite thoroughly. Then the paragraph was inserted in the speech from the throne; and it reads:

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

Let me repeat that before this paragraph was ever inserted in the speech from the throne, the government must have given very careful consideration to the interim report. Moreover, they must have concluded that legislation was both necessary and desirable. This view must have represented the majority view of the cabinet. The government no doubt took this report, and in determining that legislation would be necessary not only agreed with the recommendations but were prepared to introduce legislation having the effect of carrying out at least part of the recommendations of that committee. There were only two recommendations. The government must have concluded that they would recommend the implementation of one or both, otherwise why the reference to legislation? Those two recommendations were, first, that it should be made an offence for a manufacturer or supplier to recommend or prescribe minimum resale prices for his products; second, to refuse to sell, to withdraw a franchise or to take any other form of action as a means of enforcing minimum resale prices.

Surely, the government must have known that the committee laid down approximately seven points to back up the position they had taken. Point No. 1, as I find it in this brief, was that the direct and immediate effect of resale price maintenance is the elimination of resale price competition amongst retailers in price-maintained goods. I would ask the Minister of Justice, does the government agree with that? I shall go on to No. 2. According to the committee, resale price maintenance facilitates and makes more effective horizontal agreements among manufacturers. I would ask the government whether, in considering that contemplated legislation, they agreed with that? In the third place, the committee asserted that resale price maintenance, to be effective, requires some method of enforcement; and if enforcement is involved the MacQuarrie committee seemed to indicate that it establishes a private system of a law from which there is no appeal to the courts. One might ask the Minister of Justice if, in contemplating that proposed legislation, the government agreed with that expression of opinion. The committee said there was some evidence that resale price maintenance establishes a price level higher than it would be under competition. I would ask the minister, as I have done before, whether in this contemplated legislation envisaged in the speech from the throne the government agreed with that? The committee did not think that withdrawing from the retailer the right to make any price reduction was a satisfactory way of preventing unfair and excessive price cutting. In other words, we get into the loss leader here. When we mention that, what was the government's attitude prior to the opening of parliament on that particular subject? Then, of course, the committee referred to the fact that if a manufacturer is concerned about prices going up unreasonably, all he needs to do is reduce the maximum price. The committee also expressed the opinion that the dealers in branded goods would not suffer greatly from normal sales variation such as we find under conditions where there is no price fixing in operation.

In my opinion the government, in contemplating legislation, must have gone a long way towards agreeing with the MacQuarrie committee so far as those expressions of opinion are concerned. I have already referred to the two recommendations, Mr. Speaker, and again I ask that question. Prior to October 9 did the government agree with one or both of those recommendations? The government must have been thoroughly familiar also, prior to October 9, with all objections raised by the manufacturers, the wholesalers and the retailers with respect to the MacQuarrie committee recommendations on resale price maintenance. Surely the government was familiar with the fact, as was the minister, that in this report were listed the arguments advanced by those groups opposing the elimination of the practice. Surely the government was familiar with the fact that the committee—a competent committee, one which the minister himself

would defend—weighed the objections to the elimination of resale price maintenance against the arguments advanced in support of it, and must have come to the conclusion that the great bulk of the evidence was in favour of those opinions and recommendations of the committee. Otherwise why even mention legislation? Surely the suggestion of legislation indicates that the government proposes to do something. In my opinion the government should at this time, even before the committee commences its deliberations, indicate the nature of the action they would have taken.

This committee is being asked to consider legislation arising out of the MacQuarrie committee interim report. That may be one purpose, but my personal conviction is this. As someone said the other day, this whole thing has become a political hot potato; and when the government is faced with political hot potatoes there is nothing they seem more desirous of doing than of throwing the responsibility on someone else. The government set up the MacQuarrie committee. The government laid down the terms of reference. The government, in appointing the members of the committee, must have felt confident they were appointing the best men. Then why not indicate to this house and to the country one of two things? Why not say: "We do not intend to do anything about the MacQuarrie report", or: "We intend to do something; we are going to display the intestinal fortitude that might be required in bringing forward legislation for this house to consider." In my opinion that would have been the proper course of procedure.

This committee is going to sit—that is, as far as this session is concerned—I would assume for no more than five or six weeks. What will happen? Those who appear before that committee will be the same organizations that appeared before the MacQuarrie committee. There will be a rehashing of all the arguments advanced previously. Those who are in favour will come and say what they said to the members of the MacQuarrie committee. Those who are opposed will appear and advance similar arguments. The committee will be asked to make a suggestion as to what should be done. Then the government will probably feel that it is in the happy position of being able to say: The opposition in this house will now have to assume some of the responsibility for whatever decision is rendered. Mr. Speaker, the opposition in this house could easily show the house and the country where we stand when we vote on government legislation. Let me repeat that this was a government committee. The terms of reference were laid down by the government. They asked for the report. They obtained the report. They contemplated submitting legislation, and as yet they have not given this house a good reason for not having carried out the suggestion or the assurance contained in the speech from the throne.

In speaking the other day the Minister of Justice (Mr. Garson) said something which rather interested me, and I am going to ask for elaboration. As reported at page 664 of *Hansard* of November 2, he said:

> In the light of this specific and concrete proposal the government has been strongly urged, by many individual merchants and manufacturers and by the executives of several representative industry or trade associations, to afford them an opportunity to present their views to the government or to a parliamentary committee.

Then he went on later and asserted that it would be preferable, in his opinion, "from many standpoints", to have this matter submitted to a joint committee of both houses of parliament. I now want to hear what those many standpoints are. The Minister of Justice certainly did not go far the other day in giving his reasons for feeling that this matter should be submitted to a joint committee. He said the press would be allowed to attend. The press have been given the MacQuarrie committee report, and I am certain that all those who gave evidence, either in support of resale price maintenance or in opposition to it, would be only too happy to give to the press all the information they have in relation to their views. The minister said that members of this house could procure additional information. I am quite confident that these same organizations would—and many of them have already done so—submit to the members of this house their views in quite some detail in relation to this whole question.

I am personally convinced that between October 1 and October 12 the government came to the conclusion that, politically, this whole thing might be dynamite. As far as I am concerned, Mr. Speaker, it is not political dynamite; but maybe certain other hon. members are in a slightly different position than I am in relation to the whole question of politics and public life. I am convinced, I repeat, that the matter has become such a hot political issue, as far as the government is concerned, that they are giving it to this joint committee, hopeful either that nothing will result or that, if anything does result, then of course the whole house will have to bear the responsibility for whatever consequences might result. But let me repeat what I said a moment ago. Had the government brought down this legislation envisioned in the speech from the throne, every hon. member in this house would be in a position to make known to the house and to the

country exactly where he stood on this question of resale price maintenance. In my opinion it is utterly fantastic for the government to expect a committee to sit for such a short period of time and do a job which the MacQuarrie committee took better than a year to do, with all the assistance and advice it had. Oh, I know someone is going to say: We are not going to be asked to do the same job. We are going to be asked to consider the interim report of the committee and then recommend certain legislation. But let us not be unmindful of the fact that we have already been told that all of these interested organizations will be given an opportunity to appear before this committee and make their submissions.

The government, through the Minister of Justice, has indicated its hope that this committee will be able to report so that legislation can be drafted and considered during this present session of parliament. To me that is a ridiculous approach to the whole question. I urge the government to change its mind and bring forward legislation so that concrete action can be taken upon it very soon.

I have not failed to observe what is being said across the country with respect to this proposed action. I am not unmindful of the fact that those newspapers which come forward quickly either to apologize for this or other Liberal governments or to support them in what they are doing have not hesitated to come forward to indicate their opposition to this proposed action. I just observed something today on the editorial page of the Toronto *Daily Star*; and I read both the *Star* and the *Globe and Mail*, especially at this time when a provincial election is on. I have a little clipping service of my own, and just for the fun of it I clip reports from each paper relative to the same thing and then go through them to see how widely apart these reports are in reference to a certain specific incident. It would require no stretch of the imagination for one to assert that the Toronto *Daily Star* is an avowed supporter of the Liberal party. In fact, when I see some of the things that have been appearing in the *Star* recently, I almost assume that it is a sheet put out by some seller of pills carrying testimonials as to the effectiveness of the product. That is the impression I have from what appeared on the front page of yesterday's issue. Anyway, this is what the *Star* has to say in part with respect to this proposed action:

> Since the government announced its intention of carrying out this recommendation, a great uproar of protest has been raised by members of the Canadian Manufacturers' Association, the Canadian Chamber of Commerce, retail druggists' groups and others. Their complaints have ranged from the plausible to the absurd, but all they boil down to is an unwillingness on the part of these business groups to face the full competition which is supposed to be the essence of the private enterprise system. Maurice Lamontagne of Laval university, one of three economists who served on the MacQuarrie committee, stated the issue correctly when he declared that competition must be "the price of the liberty of enterprise." It is regrettable that the government, instead of acting promptly on the advice of these impartial and highly qualified investigators, has taken a course which can only delay remedial action. There is ample evidence on record now to show that while resale price maintenance makes easier profits for manufacturers and some retailers, it harms the consumer.

Certainly the *Star* is critical of the government's proposed action, and certainly there is evidence that papers all across this country feel the same way about it. They feel that way not necessarily because they all want the government to outlaw resale price maintenance, not because they are opposed to the outlawing of it, but because they are opposed to the method employed by the government in dealing with this issue. That is my position. My opposition is to the method employed by the government in dealing with this matter. In my opinion it indicates a lack of courage on the part of the government; it indicates a lack of willingness to face up squarely to something which should be dealt with effectively and immediately.

Mr. J. J. Smith (Moose Mountain): Mr. Speaker, I wish to make a few remarks on the resolution now before the house. Before doing so may I say that when the hon. member for Moose Jaw (Mr. Thatcher) spoke he shortened my remarks to a considerable extent, because most of what he said was what I intended to say. I think he made a practical address, the best on this subject so far.

The resolution that is before the house, to set up a joint committee to go into price maintenance at the manufacturers' level, is very important. I think the government did well to suggest the committee. In speaking on this subject the other day the hon. member for Lake Centre (Mr. Diefenbaker) made the suggestion that the government was giving leadership in reverse. I wonder whether it is the government that is in reverse or the official opposition. Almost at all times when we have had resolutions before the house the opposition has called for committees to look into them. If I may, I should like to refer to a few remarks made by the hon. member for York West (Mr. Adamson). I am not critical of his remarks; I am complimenting him on them. I find that he said, as reported at page 155 of *Hansard* of October 18:

> It seems to me that undue weight has been given to the opinions of those who advocate legislation to

prohibit price maintenance. I suggest in all the humility of a private member that some of the evidence on which their decision was based is at least questionable, and I believe part of it to be untenable. Before I continue I am going to make the request that a committee of this house have the opportunity to hear the evidence which led to the present decision and any other evidence that may be available before legislation to implement these recommendations is introduced.

I would think that hon. member is one of the senior members of the official opposition. Therefore I suggest to the hon. member for Lake Centre that the opposition get together and see whether they are going forward or backward, and whether they agree to having a committee to deal with this subject.

As I say, this is an important committee. I should like to refer again to the remarks of the hon. member for Moose Jaw. He suggested that he did not think the members of this house could vote intelligently on this subject. I am going to have to confess that I do not think I could. The committee will give hon. members a chance to hear the pros and cons of the suggestions made by those who appear before them. I do not expect to be a member of the committee, but there are a few questions that I would like to ask the manufacturers at least. I do not want to leave the impression that I am opposed to big business or that I am in favour of it. I do not know too much about it, but I am interested. Even if I am not a member of the committee I am sure I have enough friends in all parties in the house to ask the questions for me. One of the questions I should like to ask on price maintenance is: How does the manufacturer arrive at the fixed price? We all know that many things go into the price of an article. Starting at the manufacturer's level, there are the material, labour and overhead. That constitutes the article. Naturally the manufacturer must have his profit. No one has a quarrel with profit provided that it is reasonable. From there on it goes tc the jobber or wholesaler. We all know that the jobber or wholesaler must have a profit. Under the present set-up he has nothing to do with setting the price he receives; the manufacturer sets it. I should like to know how the manufacturers decide on the profit the wholesaler or the jobber should have. That is not all. We go on down the line until we come to the retailer. We know that the retailer must have a profit. We have no quarrel with that, provided it is a reasonable profit. I should like to know how the manufacturers arrived at the price for themselves, for the wholesalers and for the retailers. Possibly some of the hon. members who have criticized the setting up of a committee can answer that question. If they can I will be glad to hear from them. Therefore I say the committee is important. Whether the amount of time that is allotted will be sufficient to enable them to deal with everything, I am not sure. I will not take up much of the time of the house; I hope the committee will be set up shortly and that it will go to work. I believe it was the hon. member for Red Deer (Mr. Shaw) who said that he reads the Toronto papers. Well, I have the *Globe and Mail* before me, today's issue, and I find that under the heading "Short-sighted Criticism" it says:

Rather than making protests that the dominion government has referred the legislation on resale price maintenance to a joint house-senate committee, opposition members should be pleased that the bill is not being offered without such scrutiny.

Had it not been for this committee, I am satisfied the government would have been accused of using bulldozing and steam roller methods to get the legislation through the house. The article goes on to say:

The opposition groups have protested on other occasions when the government has offered legislation without giving any opportunity for commit tee consideration. It is a bit shortsighted to contradict themselves in connection with the pricing legislation. It is charged that the cabinet wishes either to abandon or unduly delay the measure. If that is so, it should be part of the committee's duty to circumvent such an intention. Consideration by a committee is the surest way of producing, in public, the relevant knowledge from which a sound law can be fashioned and brought before parliament with assurance of its acceptance.

It would seem therefore that the *Globe and Mail* is in agreement with what the government is doing.

Having said that, I should like to speak briefly about something I believe is relevant to this subject, in that it deals with the Combines Investigation Act. May I say at once that I am not too familiar with the act. I do know, however, that the Minister of Justice (Mr. Garson) holds a very important position in the government. Those of us who believe in free enterprise will look forward to the minister's protecting private enterprise to which this act applies. In my opinion at least three parties in the house, and part of the other one, will support the minister if he will keep the act intact and well lubricated so that it may run to earth outfits composed of selfish businessmen or business organizations who would seek to discriminate against the public. May I add that I am certain these businessmen and concerns constitute only a small percentage of the whole.

The Combines Investigation Act should be considered our strong right arm by all businessmen and all free enterprisers; because if we are not going to protect the free enterprise which so many of us cherish, if we are not going to keep free enterprise clear of

monopolies, then we are going to have government monopoly. I hope the minister will see to it that the act is made to operate effectively.

I believe the committee will be successful, and that much will be learned from it. Indeed I have no doubt that not only the hon. member for Moose Mountain but some of these members in the opposition who have been so critical will have much to learn also.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, as a member of parliament I am interested in all facets of Canadian life. Throughout the years I have been particularly interested in two things, the growing development of monopolies and unfair trade practices, and the growing and vicious exploitation of our natural resources. I presume those subjects are dear to my heart because I am one of those persons who value their independence, and I am one who has been content to cultivate his cabbage patch in the wilderness, and in comparative poverty, rather than to live under the influence of some industrial Pharaoh. So I presume that makes this a pet subject so far as I am concerned.

After having the MacQuarrie report with respect to resale price maintenance, and after the public had been informed of the government's intention with respect to that report in the realm of legislation, as set out in the speech from the throne, and after Canadians had listened to the dulcet tones of the Minister of Justice (Mr. Garson) in his speech of October 16, I am sure the majority would be greatly disappointed to learn that action along the lines suggested in the minister's speech and in the speech from the throne is once again being deferred by the suggestion that a parliamentary committee be established. While many Canadians did not expect that this timid approach to the question of unfair trade practices was going to produce a miracle or work wonders, I am sure there were many who thought that now the government was at least commencing to singe the tentacles of unfair trade practices and monopolies.

I should like to refer, if only briefly, to the resale price maintenance report of October 1. At page 5, in the terms of reference, we find this:

> The terms of reference were: "to study, in the light of present day conditions, the purposes and methods of the Combines Investigation Act and related Canadian statutes, and the legislation and procedures of other countries, in so far as the latter appear likely to afford assistance, and to recommend what amendments, if any, should be made to our Canadian legislation in order to make it a more effective instrument for the encouraging and safeguarding of our free economy."

I would draw attention to the words "free economy" because I shall have something to say about them later. Then at page 8 we find this:

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

And at page 21, after its study of the evidence presented by both groups, those for and against, we find this:

> The committee, therefore, recommends that it should be made an offence for a manufacturer or other supplier:
>
> 1. To recommend or prescribe minimum resale prices for his products;
> 2. To refuse to sell, to withdraw a franchise or to take any other form of action as a means of enforcing minimum resale prices.

It is interesting to note in the committee's report that the manufacturers and retailers, those engaged in business, were in favour of this practice. Therefore we must assume it is a practice of advantage to those groups. On the other hand those representing labour, consumers and farmers' organizations were opposed to the practice. Therefore we must assume that these people had come to the conclusion that it is a practice that is contrary to the interests of the majority of the Canadian people. When we realize that, through its president Mr. Hannam, the Canadian Federation of Agriculture has expressed strong opinions respecting price maintenance, that the Canadian Congress of Labour has expressed its opposition to this practice in no uncertain terms, that the president of the Trades and Labour Congress of Canada has expressed the opposition of that organization to this practice, that the Canadian consumers association has done likewise, that co-operative societies have expressed their opposition, and that only recently the national council of women expressed its opposition, we must recognize that while on the one hand there are organizations representing a few thousand people, on the other hand there are organizations representing millions of people. As a small peasant farmer I do not pretend to have any knowledge of the workings of price maintenance and so on, but I do suggest that the heads of these representative organizations who have expressed this vigorous opinion, who have made some study of the question, realize that they are speaking on behalf and in the interests of the great majority of the people they are supposed to represent.

We noted that after the report was tabled, after the minister's broadcast and after the

speech from the throne indicated the intention of the government to proceed with legislation to prevent this practice, the Canadian Chamber of Commerce met in Montreal and discussed this subject. The Canadian Chamber of Commerce expressed its opposition in no uncertain terms and suggested that the government should delay action. As the hon. member for Vancouver East (Mr. MacInnis) mentioned a day or two ago, it is interesting to note that apparently the opinions of people representing millions of people in Canada are not listened to, whereas the opinions expressed by the Canadian Chamber of Commerce representing business in general apparently were given consideration by the government in its proposal to establish a joint committee of both houses.

I said that I intended to deal with the words "free economy" because I find them used by the minister and several other speakers in this debate. Before proceeding I should like to quote from the minister's interesting speech of October 16. I might say that after listening to that speech one dear old lady said to me, "You know, I think he must be a nice chap from the way he talks." This is what the minister had to say on that occasion:

> If all the dealers in an industry secretly agree or combine to sell at the same price, competition is eliminated. If competition is thus replaced by combines and monopolies, then sooner or later public opinion would demand that if we must have monopolies we must have government-controlled monopolies. In that way our free economy would be transformed gradually into a government-controlled one. Now none of us want that; and it is the purpose of the Combines Investigation Act to prevent that result. By preserving competition it obviates the need for government control and thus helps to assure the continuance of our free economy. Preventing combines, therefore, proceeds upon an entirely different principle to that of price control.

We in this group think the minister is under a complete illusion when he refers constantly to a free economy as being a thing that presently exists. I repeat the minister's words:

> —then sooner or later public opinion would demand that if we must have monopolies we must have government-controlled monopolies.

Monopolies exist at the present time and have existed for years. They are developing and growing. The difference between the position taken by this group and that taken by other parties in this house is that we recognize that the development of monopoly capitalism is inevitable. The minister says that the people would resent government controlled monopolies, but we say that the people of Canada now resent privately controlled monopolies that control such a large segment of our economy and of our lives. Even the former prime minister, Right Hon. W. L. Mackenzie King, recognized that fact years ago I have been interested in reading some of his speeches on this question throughout the years to the public and as printed in *Hansard*. During one debate when dealing with the Combines Investigation Act in general terms the former prime minister said we had monopolies, that that was recognized, and that all the Combines Investigation Act sought to do was to regulate monopolies so they would not operate against the public interest.

The minister suggests that we do not want monopolies; that we can do without them; that they do not exist; that by legislation we will destroy monopolies, or otherwise we will have government controlled monopolies. There is no question that monopolies are here today, and they are here to stay. It is just a question whether they are operated by private individuals responsible only to a board of directors or are controlled by representatives of the people through parliament. I have a large amount of what I think is reasonably conclusive evidence that leading economists agree that monopolies exist and are increasing in size, power and influence. I should like to quote from a speech by Harold W. Davey, professor of industrial economics, Iowa state college, published by the co-operative alliance, as follows:

> There are virtually no sectors left in our economy where market price is determined by the impersonal forces of supply and demand. In most cases prices are set by the seller; they are administered prices. Changes in demand are met with output changes rather than price adjustments.

A number of specialists in economics have said almost the same thing in recent years. I think that is generally recognized. I do hope that in future the minister will not suggest, either over the radio or to this house, that we do not want monopolies to exist, that we are going to legislate them out of existence because if we do not the people will have to accept government controlled monopolies. Let the minister face the fact that we have monopoly control in Canada at the present time. This group wants that monopoly control placed in the hands of the Canadian people.

An hon. Member: Oh, yes.

Mr. Herridge: I hear a buzzing across the aisle; apparently an hon. member does not agree with what I am saying. The former prime minister stated repeatedly that the cure for this was publicity, to let the light of publicity shine on these evil practices. The light of publicity has been shining on these evil practices for years without any effect. In our opinion the only thing that will be effective is legislation which controls these monopolies through parliament, and which imposes sufficient punishment to deter the crime. Not only did the former prime minister admit the existence of monopolies

and their inevitable development; leading members of the Conservative party have said the same thing. I should like to quote a few paragraphs from what was said by the late Lord Bennett on January 4, 1935, just prior to the election:

> You would agree that free competition and the open market place, as they were known in the old days, have lost their place in the system, and that the only substitute for them, in these modern times, is government regulation and control.

Any member of this group could have said that. I notice that the later descendants of the Conservative party, now known as the Progressive Conservative party, make no mention of that fact. I think it would be more correct to term them the regressive Conservative party. Lord Bennett then went on to say:

> The economic system must be reformed. Great social and economic changes have taken place in the life of all the nations and these have gravely disturbed the operation of the system.
>
> Therefore capitalism must change to meet the changed conditions of this new world, if it is longer adequately to serve you.
>
> If you hold the views I do, what would you require to be done? Would you demand reform? Would you demand that the government, as the only power able to effect the necessary measures of reform, act decisively and without delay?
>
> Would you proclaim the urgent need of government regulation of business?
>
> I think you would, if you had a proper regard for your own welfare. And of course you have, and so assuredly have I.
>
> Many years ago disequilibrium in the original interrelationship of wages, costs, prices and profits began to manifest itself. This disequilibrium has been increasing. As that machine grew mightier and more dominant, so competition became proportionately less effective to achieve its original purpose. What we are concerned with as practical men and humanitarians is to devise some corrective of the disabilities which it takes no economist to discern. Whatever caused them, there is a fair and sensible cure which can be effectively applied. It is our business to apply it.

Then I should also like to refer to the words of Mr. Bennett as quoted at page 3825 of *Hansard* for June 20, 1935, as follows:

> Men whose mounting bank rolls loom larger than your happiness, corporations without soul and without virtue.

These are the people we are talking about, Mr. Speaker.

> The real answer is that there is something wrong with the system.

In those radio speeches Mr. Bennett clearly indicated, after his experience of four years in office in this country, that there was no way to cure the evil except by government regulation of monopolies and unfair trade practices.

Mr. Wylie: They are dead and gone, so forget about them.

Mr. Herridge: The hon. member for Medicine Hat (Mr. Wylie) mentions the fact that some of these people to whom I have referred are dead and gone and that we should forget them. The party to which I belong believes in learning lessons from the past in order to plot the course of the future.

Mr. Wylie: At one time you did not even belong to it.

Mr. Herridge: I want to refer to one other prominent Conservative who also expressed in even a little stronger language his opinion of this development in our society. I refer to Hon. H. H. Stevens, former minister of trade and commerce in the Conservative government. At page 3517 of *Hansard* for June 11, 1935, he said, while speaking on the trade commission bill:

> Constitutionally, politically, and nominally, Canada is a democracy, but actually Canada is ruled by a plutocratic autocracy. I know there are those who will consider that an extreme statement, but I think it is necessary for the House of Commons to look the facts squarely in the face. It is not a thing to laugh about. It is something, sir, that we in this house, the last fortress I might say of democracy, ought to take into very careful consideration, because if parliament fails in its duty to a democratic state then I hesitate to say what may be the consequence of its failure to discharge such a duty. This house must take notice of these developments. . . . I say to this house with great earnestness that this country is waiting for the House of Commons to lay down rules which will relieve countless thousands of our citizens from the unfair and predatory practices to which they have been subjected in the past.

That is exactly what the people of this country are waiting for this parliament to do at the present time. One could repeat those exact words today and they would have precisely the same meaning and the same relation to the attitude of the people.

Mr. Gardiner: Would they have the same effect on the fellow who used them?

Mr. Herridge: I did not hear what the minister said.

Mr. Gardiner: I asked whether the statements would have the same effect on the fellow who uses them now as they had on the fellow who used them then.

Mr. Herridge: Possibly the government is looking to the past for experience as well. There is plenty of evidence today of these conditions. I am not going to take time to give any more quotations or deal with that side of the question except that I must refer to the very excellent speech made by that Liberal front bencher, the hon. member for Charlotte (Mr Stuart), on October 31. When I heard him dealing with the question of free trade and the control of monopolies in this country, pointing out very clearly and giving many illustrations of the overcharging of the

Canadian people by such monopolies, it warmed the cockles of my heart. I have often wondered whether the government listens with greater interest to the remarks and suggestions of the middle benchers behind the cabinet or the front benchers on the rump side in the Liberal party—and I will include in that the hon. member for Comox-Alberni (Mr. Gibson)—because I think so far this session there has been a more positive approach to the problem by the rump than by the middle benchers behind the cabinet ranks.

Mr. Knowles: The rump looks forward, in other words.

Mr. Herridge: I must say it did my heart good to listen to that salty and breezy speech of the hon. member for Charlotte. I liked the way the waves of his eloquence were washing clean the beachheads of liberalism.

Mr. Fraser: Washing up a little grit.

Mr. Herridge: The economic monopoly existing in Canada at the present time, which has a great deal to do with the rising costs of living and inflation, is felt by all. It is felt by the people in their pocketbooks. It has a social significance and influence, and it has a political influence. Just before closing I want to deal with a few of these aspects. I think we are all well aware of the economic effects of monopolies on the Canadian people. However, I think some of us do not give quite as much consideration to the social effects of monopoly in this country. The large newspapers of this country seem to be growing larger. The big dailies are growing fewer in number, larger in size, and more dependent on wealthy advertisers. There is no question about that. In that connection I want to refer to a clipping from the economic news service of the international co-operative alliance, London, England, on the question of prices and monopolies. It reads as follows:

> The rising cost of newsprint is making it more difficult for an increasing number of newspapers in all countries to keep afloat. The newspaper business for a long time already is a large scale enterprise and many small newspapers have drifted back to unimportance. The rising costs of newsprint, capital equipment and editorial services now result in more and more newspapers and magazines disappearing altogether from the scene. The relation of monopoly to freedom of the press is not a simple one but the increased concentration of newspapers into fewer hands—the survival of the fattest—focuses attention to its implications. Reports from the United States of America indicate that one daily per month nowadays discontinues publication and joins bigger and financially more powerful groups. In many towns there is now only one daily and several states are without newspaper competition altogether. It means, amongst others, more work for the anti-trust division of the department of justice. Newspapers now try to monopolize advertising and news by boycotting clients who patronize local radio and television stations or weekly magazines.

In addition to the effect on the great dailies there is the effect of monopolies on our weekly press. Anyone who cares to go back and read the pages of the weekly newspapers of twenty-five, thirty, forty and fifty years ago will notice the very great difference between the papers of those days and the papers of today. You will find that many have become almost colourless. You will find that in the case of a number of papers they have on the masthead, "an independent paper published in the interests of" such and such a community, but the editorials contain no pep. They may deal with minor issues, but very few small weekly newspapers will tackle a major issue if the newspaper is published within the radius of the influence of a large corporation. That is because they are dependent on these corporations for advertising and other business, and they do not want to offend them. Monopoly development is having a big influence on the independence of the small weekly newspapers of Canada. That is evident from a reading of the press of years ago and the press of today. Big business and monopoly interests even cause people in the churches to keep quiet when they would like to speak out. I have had more than one clergyman tell me that he agreed with what I had to say, or with what somebody else had to say in criticism of a corporation or a policy, but he would go on to say that it would not be wise for him to say so because the company would not like it, and so on.

Mr. Cruickshank: That is nonsense.

Mr. Coldwell: That is true.

Mr. Herridge: We are also developing another group of people who are less and less directly taking an active part in political and social affairs. I refer to the large number in the professional class, university trained, who become executives or who are chemists or engineers, people of that sort.

Mr. Cruickshank: Rhodes scholars?

Mr. Herridge: Rhodes scholars as well.

Mr. Cruickshank: They don't know anything.

Mr. Noseworthy: You would be better if you were one.

Mr. Herridge: Those people are trained at public expense—

Mr. Cruickshank: Not very well trained, though.

Mr. Herridge: —to make a great contribution to Canadian economic, social and political development. I have noticed this. If they happen to be working for large corporations and taking part in community affairs or affairs at a certain level, you will find that

on the whole they do not become active in the political parties of this country, particularly in political parties such as the one to which I belong. This is a large group of well trained persons who are performing useful functions in society, but whose services are not being obtained by the state for political and social development.

Then again, Mr. Speaker, I have noticed the effect which large corporations or monopolies have on government employees. We have many splendid government employees, but I am speaking of employees in distant parts and possibly in the lower grades. I remember listening to a radio announcement. I happened to be in the mountains last summer, because I am very fond of the mountains. I heard a shortwave radio broadcast from a forest ranger to the forest service dealing with the shutting down of the mills in a certain area. For a certain period last summer all the mills in British Columbia were shut down because of the dry season. In this particular district there are possibly a dozen small mills and one large one. I listened to this broadcast because I happened to be at a forest ranger's station. I heard the man suggesting that the main thing was to get the big mill going, and it did not matter about the little mills. This was not a serious thing because all the mills were operating in a few days, but it indicates the state of mind that a monopoly creates. Very often the management of monopolies are not responsible for it. Many of the top level officials are very fine people. I mean that monopoly control, through private interests, creates a state of mind which, in my opinion, is more and more throttling the grass roots democracy.

I noticed it also, Mr. Speaker, when it came to the question of protecting our timber rights or protecting our water rights, our natural resources—

Mr. Deputy Speaker: It seems to me the hon. member is getting far afield from the principle of the resolution.

Mr. Herridge: I believe I am in order, and I am concluding soon. When it comes to protecting our various resources and our water needs, you will find that government officials listen very attentively to the wishes of big business. I have seen some government servants, as well as the representatives of big business, disregard the rights of the small man. Recently I heard about the development of a large power line in my constituency. The engineers arrived on the farm of a pioneer whom I have known for thirty odd years. They set the men to work cutting a power line through this man's property without ever consulting him. He came to see me, and I advised him to turn them out. He did so, and the whole thing is held up until the company makes an offer. Then, if that offer is not satisfactory, the case goes to arbitration. Over and over again I have seen the representatives of the people, that is government employees, fail to protect the rights of the small people because these big corporations almost strike fear into the hearts of everyone.

I say without hesitation that if we have increasing development of monopoly control in this country we are going to have a greater sapping of the moral courage of the Canadian people. Canadians are well known for their physical courage. The big corporations not directly responsible to the representatives of the people for the development of their operations are sapping the moral courage of a good many Canadians at this time. In fact in some cases we are almost getting a lickspittle attitude.

We have been dealing with this question of combines for a good many years. I find that there was anti-combines legislation dating from the year 1889, at which time it was included in the Criminal Code. In 1910 the first Combines Investigation Act was passed. This remained on the statute books until 1919, when it was repealed. In 1919 we had the Combines and Fair Prices Act, which was declared unconstitutional by the privy council. In 1923 the present Combines Investigation Act was passed, and it has been amended since. We have had committees galore. In 1919 we had a prices committee to throw the light of publicity on prices of the day. It had no result. In 1923-24 we had a prices committee on machinery; in 1935 a price spreads committee, when some more publicity was shed on unfair trade practices, but without result. In 1938 we had a tobacco committee; in 1948 the prices committee, but prices have continued to rise ever since. In 1950 we have the MacQuarrie committee set up to deal with the question we are now discussing.

We have had fifty years of tampering with the question of unfair trade practices and monopolies. We have not been able to get very far as yet. We have had rising prices and few prosecutions throughout the years. Why, Mr. Speaker, fining a match company and a bakery a few thousand dollars is just like fining a member of this group fifteen cents. It has no effect whatever. I am quite sure that this legislation will not be effective—

Mr. Cruickshank: The whole group?

Mr. Herridge: No, fifteen cents each over here—unless, Mr. Speaker, the legislation makes some of these acts a criminal offence

and provides for imprisonment. A short term of imprisonment would be viewed in a different light by some of these people than a modest fine.

With regard to this matter of dealing with combines and unfair price practices, I have two criticisms to make. Fines mean nothing to those committing the offences. There is no compensation for the victims; and the victims on the whole have been the Canadian people. After the fine has been levied and paid there is no control of the combines, so they go on again for some years until the slow machinery of government moves and they are assessed another small fine. We in this group stand for effective control of monopoly and effective punishment in order to protect the people and their natural resources.

This question of price maintenance control has been considered in other countries. According to reports I have read recently it has been given considerable consideration in Great Britain. Apparently it has been considered as an evil there. I just want to read briefly from the Lloyd Jacobs report on resale price maintenance, made in June, 1949:

> In many cases . . . the enforcement . . . is entrusted to a trade association, which includes both manufacturers and distributors in its membership; these associations are sometimes created especially for the purpose but usually perform other functions as well. They usually have a complicated system of rules under which resale prices are enforced by warnings, fines, the denial of supplies or expulsion from the association. Here again the circumstances in which the various methods of enforcement are used may differ considerably between trades, but the basis of them all is that if one member's prescribed prices are disregarded, all the members take remedial action.
>
> . . . We are satisfied that the elimination of price competition over the greater part of the distributive trades is not consistent with the need for maximum efficiency and economy in production and distribution so necessary in the present economic circumstances.
>
> . . . Co-operative societies are prevented by the rules of some associations from handling certain products at all, even if they agree not to rank the article in question for dividend.

Apparently, Mr. Speaker, it had the same effect in Great Britain that it had in Canada. I also note that the co-operative societies over there made a protest against this practice, similar to the one they have made in Canada.

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

Mr. Herridge: Certainly.

Mr. Cruickshank: Is the hon. member in favour of control of prices of crown land or timber leases? Is he in favour of a maximum or minimum price of lumber, about which I am sure he knows more than I do?

[Mr. Herridge.]

Mr. Herridge: I think we in this group have clearly indicated that we are in favour of a policy of price control in the interests of the Canadian people as a whole; and we would cover any of those commodities that are necessary for the livelihood of the Canadian people.

Mr. Cruickshank: The hon. member is in favour of that, is he?

Mr. Herridge: Absolutely. This group supports the recommendations of the MacQuarrie committee report. As I said before, I know little about the details of this practice, but we have confidence in the learned gentlemen who were appointed to consider this question. I am sure the government chose competent people and we have confidence in their judgment. Having confidence in their judgment, and knowing the attitude of the Canadian people with regard to this question, this group supports the recommendations of the MacQuarrie report as a step in the right direction; as I said before, as possibly the first singeing of one of the tentacles of the octopus of unfair trade practices. In saying that, we are not suggesting that small business is to blame for those practices. They are all trying to make a living under an evolving economic system. At this point I want to quote from page 7 of the report of the price spreads commission, as quoted in *Hansard* of June 20, 1935, at page 3836:

> It is the fierceness of the struggle, not any unusual depravity in the men concerned, which leads to the adoption of such practices. No one businessman can afford to follow the dictates of his conscience and refuse to conform.

I have had some people tell me that in other words. Then again, still quoting from the report:

> The only way out is for all the members of a trade or industry to agree to ban certain unethical practices, or for the state to force them all to agree to such abandonment.

As I said before, we believe it is the function of the state to step in in this case. Again I repeat, as we see it, we have the choice between regulation and control by parliament, or monopoly control to the increasing disadvantage of the Canadian people.

Before concluding I want to deal with a reference made in an editorial in the *Financial Post* to the question of price maintenance. I will not quote it all but merely the last paragraphs, which read:

> Right next door to the Department of Justice, the Department of Trade and Commerce and the Department of Agriculture go right on with their uniform price fixing. In every province, provincial governments set up boards to fix the price of milk and anyone who tries to monkey with these levels, either up or down, soon finds himself in trouble.

One of the biggest price fixers is the government-created wheat board. Not only does this board set a rigid price for wheat and feed grains, both in buying and selling but it has a complete monopoly of marketing as well.

It's about time we had some consistency in this matter. If there is something wrong in adopting uniform prices, then the authorities themselves are setting the worst possible example.

I quote those paragraphs from the *Financial Post* editorial because I want to refer to them for a moment or two. The *Financial Post* mentions the wheat board. There is no comparison between the wheat board establishing prices and a group of manufacturers establishing prices. The wheat board is an organization, representing producers, that negotiates the sale of wheat with the government, representing the consumers, and under law. In this editorial reference is made to the fruit growers. In British Columbia we operate under the tree fruit board. That board is established under provincial law. That board operates according to law. All it aims to do is regulate the sale and distribution of the fruit growers' products which have to be sold in a competitive market, to make certain that the grower gets as large a return as the competitive market will permit. The price established by that board and the actions of that board are again subject to review by a provincial marketing board, in the public interest. There is, therefore, no comparison between the boards established by law, representing producers and functioning in selling these commodities, and price maintenance by wholesalers or manufacturers. I think the proof of that statement is found in the results. All you have to do is compare the profits of the monopolists and the manufacturers with the profits or returns of farmers, dairymen, fruit men, wheat growers and all the rest. I think the results indicate who has been exploiting the people.

Mr. Deputy Speaker: Order. I must inform the hon. member that he has exhausted his time.

Mr. Herridge: I am just at my concluding sentence, Mr. Speaker.

Some hon. Members: Go ahead.

Mr. Herridge: At this time we cannot say what will be the effect of the committee or what will be the result of its sitting. We shall have to wait and see. In any event, Mr. Speaker, I trust that the report of this committee will support the representations of the great majority of the Canadian people, the great majority of organized labour, organized agriculture, the co-operatives in this country, and the consumers.

Mr. Garson: Mr. Speaker—

Mr. Deputy Speaker: I must inform the house that if the minister speaks now, he will close the debate.

Mr. J. S. Sinnott (Springfield): Before the minister closes the debate, Mr. Speaker, I should like to say a few words. At the outset, may I say that I am not going to take very long. I will also say, to start with, that I am much in favour of the government's action in putting the matter of these high prices before a committee of the house rather than acting on the information we have from the MacQuarrie committee. I rose to my feet, however, to put square a couple of matters with respect to which a few hon. members who have spoken before me have sort of clouded the issue. The hon. member for Kootenay West (Mr. Herridge) seemed to be sincere in what he said; but he skated around for, I think, forty-five minutes and did not do anything to bring down the cost of living. If any man in this house can bring down the cost of housing it is the hon. member for Kootenay West. He produces millions of feet of lumber, and I do not think he sells for one cent less than any of those about whom he has talked.

Mr. Herridge: On a point of privilege, Mr. Speaker, may I say that the hon. member for Kootenay West does not sell a foot of lumber.

Mr. Sinnott: Then I will say that the hon. member for Kootenay West produces millions of feet of lumber. Possibly he sells it through some other agency. It is the same thing. He cannot get away from the question in that way.

Mr. Herridge: On a point of privilege, Mr. Speaker, may I say that the hon. member for Kootenay West does not produce or sell a foot of lumber.

Mr. Sinnott: There is also great credit coming to the hon. member for Winnipeg South Centre (Mr. Churchill) for getting up today and skating around the issue as he did. But I should like to correct a statement he made, to the effect that there were many Liberals in Winnipeg who had voted for him. The hon. member had the opportunity of running in an election in 1949. The figures show that he then obtained 6,953 votes and that in 1951 he received 6,009. This goes to show that all the Conservatives did not turn out in 1951. There was also some confusion with regard to the leader of the opposition (Mr. Drew). He skated around for an hour and when asked by the hon. member for Moose Jaw (Mr. Thatcher) whether he was in favour of this legislation he did not answer, but when he finally concluded he said he was going to be for it.

Combines Legislation

I have quite a large group of agricultural people in my riding. It is on their behalf that I have risen to speak today. There is an article or two that I should like to quote from the same paper that was brought into the house by the leader of the opposition. I must give the Winnipeg *Tribune* credit for getting this information for members of parliament who are too lazy to obtain it for ourselves. The issue of Saturday, November 3, has this to say:

> Forty per cent auto differential.
>
> Automobiles are close to 40 per cent cheaper in Minneapolis. A Plymouth four-door "Cambridge" model is $1,828 in Minneapolis; $2,522 here.
>
> Many farm implements are considerably cheaper across the line. A Massey-Harris No. 27 self-propelled combine retails for $4,125 and $5,280 in the two cities.

I hope the committee which is set up to investigate these prices does a thorough job, because we in Canada are accepting less today for our wheat than they are in the United States and eastern Canada, and there is no justice in that. I hope the government will put on this committee men who are really up to date, and will get to the bottom of these prices.

Mr. J. W. Noseworthy (York South): Mr. Speaker, it seems to me the Minister of Justice (Mr. Garson) is fated to get into trouble with these combines investigation reports. If I remember correctly this is the second report that has got him into hot water. I think the position of the government is quite clear on this. Somehow or other the government became conscious of the fact that the people of Canada wanted something done about the high cost of living. Somebody in the cabinet got wise to the fact that the people in Canada were very resentful of the lack of action in that regard on the part of the government. It may have been that the by-elections helped to impress that fact upon the cabinet, but in any case it is quite apparent that on October 1 they had decided that something must be done to allay the public demand for price controls.

The government were not willing to introduce price controls. They felt that the public were demanding some action, and apparently somebody in the cabinet began to look around for some measure which could be thrown to the public as a sop to keep them quiet. It appears that somebody in the cabinet got the idea that price maintenance would serve that purpose, because certainly the MacQuarrie committee were asked for their report before they were ready to give it. They were asked to speed up the report; they were asked to let the minister have an interim report early in October, before this special session was called. Notwithstanding the fact that the minister made the statement that their report was final, there are several references in the report itself which indicate that they have not completed their investigation. They came forward with this because the public were demanding some measure that would check the rising cost of living. Apparently this measure seemed to fill the bill. No sooner had this been announced in the speech from the throne than an avalanche of protests descended upon the government. I know I received those protests, and I suppose most hon. members began to receive protests against that legislation.

On the Saturday following the announcement of this legislation in the speech from the throne I spent five or six hours calling on retail merchants in my riding and discussing with them the effect of this legislation upon their business. Before protests had been sent to Ottawa, before the government had said a word about setting up a committee, the retailers with whom I spoke, to a man, were opposed to this. Here is legislation that is designed to check monopolies. It is pointed out in the report that price maintenance does lend itself to certain types of monopolies, and this legislation was designed to check that. But it opens up another question. The question is: will this legislation check monopolies or will it increase them? Every retail druggist in this country, every tobacconist, many hardware people and grocery merchants tell us that if this legislation becomes effective they will be left completely at the mercy of department stores, chain stores and big business generally. I think this is borne out by everyone who knows a small businessman in his municipality or riding. It is not the small businessman in the small town or riding who has been making the fortune out of monopolies; it is not the small businessman who has been benefiting by these rises in prices. Small merchant after merchant has told me that his margin of profit today is not as much as it was in 1949. You have to go back beyond the small retailer in order to deal with this matter.

There is the big question whether legislation such as this would leave the retailer at the mercy of big business which could use its capital to help squeeze the small man out of business. The report recognizes that. It calls attention to the danger that may arise in the matter of loss leaders. The commissioners admit that they had not had time to investigate that fully.

It is quite evident that the government wanted some answer to the rising cost of

living. The government wanted some kind of a report; they wanted it in a hurry, and they got a half-completed report in order that they might hand the public something to make them believe they were trying to do something about prices. That is the situation. Apparently the government is not so sure now that this legislation will do what it thought it would do, that it will serve the purpose they intended it to serve, and we are having a committee set up.

I am not so sure that it is not a good thing in a democracy that the pressure of public opinion can cause the government to change its mind. I think we have two instances where the government has changed its mind since the speech from the throne was delivered. There was no mention in the speech from the throne of the government's intention to bring up the matter of veterans pensions at this session. A great protest was raised across the country against that omission from the speech from the throne. It was only after nearly two weeks of protest in the house that we finally got an announcement from the minister that legislation would be brought in at this session. It would seem to me that this legislation, which the government had not intended to bring in when the speech from the throne was delivered, was introduced as the direct result of public pressure upon the government.

Here we have a case where the government announced its intention of bringing in legislation. There was a protest from a large section of the public. The government is now changing its mind. As I say, I am not sure that it is not a good thing in a democracy when a large section of the public can make its wishes known, and bring them to bear upon the government.

My criticism of the government's position is that they have brought in this measure as a sop to the public, because they have not been willing to introduce price controls and effectively tackle the cost of living problem. I do not know how effective a committee such as that envisaged in the motion will be. I do not know what a committee of the house would be able to find out that the MacQuarrie committee failed to find out. I do not know that we are any better qualified to judge the evidence that would come before us than were members of the MacQuarrie committee. One thing the committee will do; it will give the government an out. The government is not prepared to come out in the open and say that it has changed its mind with regard to the introduction of this legislation, or that it has discovered that it was wrong. Nor is it willing to bring down a bill so the public and members of the house may see the kind of legislation it has in mind. That legislation might not be very popular in certain parts of the country. So the government passes the buck to a committee of the house, thus providing itself with a very good out.

The matter of price maintenance is not an easy one with which to deal. The United States has had considerable experience with legislation in an effort to prevent price maintenance by manufacturers. A report from a Washington paper dated November 3 has this to say:

> Profiteering businessmen thumb their noses at even a supreme court decision. Here is an example . . . Last May the supreme court ruled that no retailer can be compelled to sell at prices fixed by a manufacturer, unless the retailer has signed an agreement to do so. . .
>
> Now the department has launched its first prosecution against "such a conspiracy." It has indicted four big drug wholesalers, three chain stores and a retail druggists' association on charges they are flouting the supreme court decision by fixing prices in the Pittsburgh area.

The matter is a difficult one. There is the big question of what its effect will be upon small retailers, whether or not it will leave them at the mercy of chain stores and departmental stores, and whether in the long run we may end up with greater monopolies than we had when we started. That is the position. It opens up the entire question of just what measures can be taken to enable small business to survive in our so-called free economy. From year to year small businessmen across the country are finding it more difficult to survive in the face of competition from chain stores, departmental stores and the like. They are finding, for instance, that large business can buy at a discount, by which it is enabled to sell at prices lower than those at which the small merchant can buy from wholesalers. The practice of increasing the discount in proportion to the quantity of goods purchased gives the larger stores an advantage.

Small businessmen are wondering what is to be the outcome. On other occasions I have asked in the house that the government set up a committee for the purpose of studying the position of the small businessman, to see what measures can be taken. If we wish to preserve the small businessman in our so-called free economy, then some measures must be taken to protect him and at the same time enable him to render the peculiar type of service he can render to the community. I have asked that a committee of the house should be set up to study the whole matter of small business. I would suggest that if such a committee is set up, it be given the right to study the whole field of small business, in competition with big business, to

see what measures can be taken to prevent their being gobbled up, leaving the public at the mercy of the combines.

Mr. Macdonnell (Greenwood): Perhaps it would be well to call it 6.15.

At 6.15 p.m. the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I propose to vote for this resolution, but I thought I would like to detain the house for not more than a few minutes just to make some comments on it. I do not vote for it because I anticipate any great results, but merely because it seems to me more sensible to vote for it than to vote against it. I do not find it in my heart to vote against it though I feel that would result in delay and precious little actual accomplishment. Of course, as has been pointed out—I do not propose to dwell on this—it is perfectly clear that the government has backed away from its original intention. The government encouraged the people to hope that they would be able to bring in measures which would be effective, and now the confident tone of October 9 has degenerated into the rather feeble quaver of November 6. I do not propose to detain the house by saying more about that.

What I really wish to stress is the condition of the great problem that afflicts us all, in connection with which there has been no constructive treatment and no sign of constructive treatment since we have met here. Most grievances tend to wear out. People talk about them for a week or a month or perhaps six months, but gradually they wear out and people begin to talk about something else. The difference about this cost of living business is that it does not wear out. The people become more and more acutely conscious of it. It is for that reason that I wish to say a few words.

As I said, the people hoped from the speech from the throne that something might be done. They hoped for at least a crumb of comfort from the table. Not only has that crumb disappeared, they are alarmed that things may get worse. There have been a number of prophecies from the government benches that things would be better. Back through the years the confident hope has been expressed that prices were going down. There have been many confident hopes, the last being expressed in the past few months, that prices would not go any higher. Of course we all know the result; that they have continued stubbornly to go up.

It has been suggested that the government is callous about this. I do not for one moment suggest that the government is callous in the ordinary sense of that word. Members of the government are people just like the rest of us. But I do suggest that they have become perplexed and are utterly unable to deal with this problem. To the best of my recollection there have been only two attempts made by the government in the debate on the speech from the throne to deal with this in a serious way at all. One was by the Prime Minister (Mr. St. Laurent) and the other was by the hon. member for Coast-Capilano (Mr. Sinclair).

The Prime Minister referred at some length to the United Kingdom, and compared our situation with theirs. Frankly it seemed to me that as the conditions are so different the comparison was not helpful. Then we had a comparison between Canadian and United States prices based to a considerable extent on inquiries or observations which the Prime Minister had made in Washington. I think that comparison proved to be of little avail, not because one questioned the accuracy of the figures but because they were not typical or comparative in the strict sense. I felt that this afternoon the hon. member for Winnipeg South Centre (Mr. Churchill), with his carefully prepared comparative figures as between Minneapolis and Winnipeg, knocked the figures of the Prime Minister into a cocked hat.

Then we come to the hon. member for Coast-Capilano. I always like hearing him speak. I thought his footwork on that particular day was very good. But I venture to draw to his attention what I think is a rather serious mistake. He stated that the spending money had increased two and a half times since 1939 whereas the amount of goods had increased only twice. I have stated several times in this house, and I have never heard it questioned, that the actual increase in spending power was not two and a half but four times. We have four times as much spending power as we had. I suggest that is a serious mistake which he would do well to correct.

I think the hon. member's speech was quite a good diagnosis of the situation, but what the public want is not a diagnosis; they want a cure. There was no cure indicated. We were told to grin and bear it, to hope that the economic laws would help us out of our difficulties in the long run. I am not going to deal at length on this except to say that I think the public is disturbed and alarmed to a degree. I think it is fair to say that they have had nothing from the government in the last month except negation.

I need not repeat in this house what I have said before, that I am not suggesting any over-all retail price control, but on the other hand I do not accept the view that absolutely nothing can be done in the way of direct controls. Neither did the Minister of Trade and Commerce (Mr. Howe) hold that view when he spoke in this house in September, 1950. I have referred several times to the indications he then gave that if war spending resulted in sending prices up through the ceiling he would take steps to control allocations and prices. He was asking for powers to do that. During this session I have asked if we might have a statement as to what had been done in that direction, but in so far as I am aware no statement has been made.

It is customary to speak sneeringly and contemptuously about what has been done through direct controls in the United States. I am not one to say there is anything like a record of success there; I think it has been disappointing, but on the other hand it is interesting to note that the situation in the United States is better than it is here. Most of the competent people to whom I have access do not believe that direct controls have been useless. They think the indirect controls were much more useful, but they do not discard direct controls entirely. I was surprised the other day to read a memorandum produced by some serious United States businessmen in which they stated that they did not wash out direct controls. They feared the impact of new defence buying and that there might be a forward surge of prices. They did not accept the idea that if new pressures arose nothing could be done. I might interject to say that view is also held by competent economists. Their idea is that if controls are to be used they should be used on key commodities and at the source. They do not accept the view that nothing can be done.

The point I wish to make is that if nothing is done, and if there is a new surge of pressure and prices begin rising steeply, we might have such an excitement of public opinion, the public might become so desperate that action of some kind, perhaps precipitate action, might have to be taken. For this reason I feel deep regret that at this session the government seems to have been able to find nothing better than this resolution with its delays and uncertainties.

Mr. Rene N. Jutras (Provencher): Mr. Speaker, I wish to say a word in this debate which is now in its second day. I listened carefully to all the speeches made last Friday and today, and in all my experience in this house I have never witnessed the official opposition put on such an exhibition of shadow-boxing as they have in this debate. When their official spokesman spoke last Friday he left the impression in his opening remarks that he and his party were most anxious to proceed with the legislation on price maintenance; and so that I will not place a false or inaccurate interpretation on his words I will quote them. At page 665 of *Hansard* for November 2 he said, in opening his remarks:

> Surely there is no justification . . . to fail to give leadership and to carry into effect the optimistic promise in the speech from the throne.

He left the impression that the earnest desire of the opposition was that the government should proceed with the legislation respecting price maintenance without delay. This was echoed to a certain degree by the leader of the opposition (Mr. Drew) this afternoon when he repeatedly said: Why should we wait for a double play? However, I remembered the speech made by the hon. member for Lake Centre (Mr. Diefenbaker) earlier in the session in the debate on the address in reply to the speech from the throne. At that time his interpretation was slightly different and did not convey the same impression. If hon. members will go back to page 121 of *Hansard* they will find that the hon. member in question, rather than being anxious to get legislation on the matter, was rather dubious as to the merits of the proposed legislation, and as a matter of fact almost categorically opposed it when he was speaking for himself. At that time he said:

> I suggest that such legislation—and I speak only for myself—if introduced, and price maintenance represents less than 4 per cent of retail sales in this dominion, can have an effect exceedingly detrimental to the independent, small businessmen in this country.

He continued along that line, which would indicate that he had grave doubts as to the merits of the legislation. Of course when he spoke last Friday on the same subject he was not as specific as he was in the first place, no doubt because this time he was speaking for the whole of the official opposition. On that occasion he automatically took the position—and I think this is a fair interpretation of his remarks—that there was no need to introduce any new legislation whatsoever because all the authority necessary was already contained in the Combines Investigation Act. I should like to refer to page 666 of *Hansard* for November 2, 1951, where he said:

> If what one reads be true, and resale maintenance is taking place by agreement, there is available in the statute now the power to enforce the law.

All the way through his argument he followed along with the idea that there is no

need for any legislation because the matter is already covered, and he went at great length into the merits of examining the Combines Investigation Act as such. On that day there were other speakers from the official opposition. The next one was the hon. member for Kamloops (Mr. Fulton) who merely followed the same line and expressed very grave doubts as to the merits of such legislation. At page 684 of *Hansard* he said:

I believe the government put out this publicity—

He was referring to the fact that legislation was announced in the speech from the throne.

—concerning the possibility of legislation against price maintenance agreements in the hope of starting a price war and therefore being able to say, "Look, we have now given relief against the high cost of living." They had no regard for the dangers and evil consequences which attend such price wars.

Again he went on to say:

The government is in the uncomfortable position of having committed itself to a course which it finds now is not only unpopular, but which it seems is highly unlikely to produce beneficial results.

It is hard to understand that anybody would like to see the immediate implementation of legislation which in their opinion is highly unlikely to produce beneficial results. If one examines the remarks of all other speakers from the official opposition in the same debate, one finds that the same trend of thought has been followed all the way through. In other words they have expressed their opposition to any legislation being brought down, but at the same time have pressed that this legislation should be enacted without further delay. Then to crown their illogical attitude they turn around and say that instead of referring just the one question of price maintenance to a committee we should alter the framework of the order of reference of the committee to embody the whole of the Combines Investigation Act. They go on to say that the proposal of the government is a repudiation of the MacQuarrie report.

If to refer the interim report to a committee is repudiating it, by the same token how can you explain asking the committee to consider the whole of the combines question, a matter which is still under study by the MacQuarrie committee? In other words they are asking us to consider what the committee has not reported on yet, and not consider what it has reported on. Therefore it is quite obvious that in this case the opposition is trying to pretend that they are not either for or against a committee, and refuse to take a position. I thought the situation would be clarified this afternoon when the hon. member for Moose Jaw (Mr. Thatcher) asked the leader of the opposition a question. In passing I should like to say that the hon. member for Moose Jaw made an excellent speech this afternoon, and when I refer to the opposition generally I want to exclude him from my remarks because he did not pussyfoot around. He stated his position quite clearly and asked a most pertinent question of the leader of the opposition. I thought we would surely have some light on the matter. However, the leader of the opposition simply dismissed the question as being quite irrelevant to the subject.

Therefore we must go by the record that is already on *Hansard* and according to that it does not really seem that the opposition is very keen to have the legislation brought forward. Not only that; but apparently they are not even ready to have the matter brought before a committee. As one who would like to see the question put before a committee, and who sincerely believes that such a committee on this subject can do a job and get very valuable information across to the public, I think it is high time that the opposition stated where they stand. They should say if they want to oppose it. If they do not wish to take any position that is also their privilege, but at least they should say so and allow us to go on with the job.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the hon. member who has just taken his seat accused the Progressive Conservative party of shadow-boxing in the house on this issue. That is a charge with which I agree, and I shall say something in a few minutes to support that view. But may I suggest that we are really witnessing an excellent example of the pot and the kettle calling each other black. It is true that the official opposition has stated that it wants the whole matter of combines legislation gone into but refuses to say where it stands on the issue of resale price maintenance. On the other hand, however, the way the government is handling this matter surely makes it necessary for them to face up to the charge that they are stalling. The plain fact of the matter is that with a great blare of trumpets the government announced to the house and the country that legislation based upon the report of the MacQuarrie committee was to be presented this session. This was stated categorically in the speech from the throne. In a radio broadcast during the first week parliament was in session the Minister of Justice (Mr. Garson) referred to that legislation, and the Prime Minister (Mr. St. Laurent) referred to it as the one and only item thus far which the government proposed for dealing with the high cost of living.

There was no suggestion in any of these initial announcements that this matter was to be put through a delaying process by referring

the subject to a joint committee of both houses of parliament. Despite the categorical statement that the house would proceed with this legislation, we have had this change of strategy on the part of the government. As my colleague the hon. member for Kootenay West (Mr. Herridge) pointed out this afternoon, organizations speaking for millions of Canadians have expressed the view that this legislation should be proceeded with without delay. He pointed out that those organizations include farm groups, trade union groups, the Canadian association of consumers, the national council of women and other similar organizations. On the other hand the Canadian Chamber of Commerce has asked that there be a delay in connection with this matter, and it seems as though their voice has been listened to rather than the voices that represent millions of Canadians.

There are those on the government side who no doubt believe that the purpose of referring this matter to a committee is to bring all the facts into the open. But we had a Liberal speaker this afternoon, in the person of the hon. member for Iles-de-la-Madeleine (Mr. Cannon), who supported the idea of the committee, not just so that more facts could be ascertained, but because he felt there was some question as to whether or not this legislation should be proceeded with. In other words, he appears to be against it. I suggest that there is disunity in the Liberal ranks concerning this legislation; and for the government, which has so much to say about what it must do under our responsible government set-up, to adopt this course is to make it possible for this legislation to be delayed indefinitely.

Whereas we have on the one hand the government changing its strategy and adopting a course that is clearly one of delay, on the other we have the official opposition, the Progressive Conservatives, complaining very loudly about that delay. But they do so in a manner that makes it appear to me as though they really welcomed it. The other day the hon. member for Lake Centre (Mr. Diefenbaker), who complained about this delay, proposed an amendment which, if it had been in order and had carried, would have resulted in the work of that committee lasting three or four or ten times as long. In other words any dealing with this immediate issue would have been put out of court completely so far as this session is concerned. It certainly looked to me as though the official opposition really welcomed this delay, in fact as though they hoped the impending delay might make it unnecessary for them to come to a decision at this session as to where they stand on the question of legislation concerning resale price maintenance.

The hon. member for Provencher (Mr. Jutras) has already referred to the way the leader of the opposition (Mr. Drew) evaded the direct question put to him this afternoon by the hon. member for Moose Jaw (Mr. Thatcher). May I take just a moment to spell out the terms of that evasion? The hon. member for Moose Jaw asked the leader of the opposition quite clearly whether or not he supported the proposed legislation concerning resale price maintenance. The leader of the opposition was quite clever in the way he handled the question. He said "What legislation? We have no legislation; we have not seen it. I am not going to be put in the position of making a comment on legislation we have not seen." That is a very plausible answer, but a reference to *Hansard* will show that shortly before the leader of the opposition made that answer he had read, as part of his argument with the Prime Minister, the two paragraphs dealing with this matter that appear in the speech from the throne. He read them from page 2 of *Hansard* for October 9, and I shall re-read the second of those two paragraphs:

> The government has received an interim report from the committee studying the combines legislation recommending—

And note this; it is very clear:

> —that suppliers of goods should be prohibited from requiring or inducing distributors to resell such goods at fixed or minimum resale prices. You will be asked to consider legislation arising out of the committee's interim report.

True, Mr. Speaker, we do not have a bill before us, but we know very clearly from those words in the speech from the throne which the leader of the opposition read this afternoon what the principle of that legislation is to be, if it ever sees the light of day. I may point out that those sentences from the speech from the throne are a faithful representation of what the MacQuarrie committee recommended. On page 21 of the report on resale price maintenance I find this:

> The committee, therefore, recommends that it should be made an offence for a manufacturer or other supplier:
>
> 1. To recommend or prescribe minimum resale prices for his products;
>
> 2. To refuse to sell, to withdraw a franchise or to take any other form of action as a means of enforcing minimum resale prices.

In a nutshell, Mr. Speaker, that is the recommendation of the MacQuarrie committee, and in a still smaller nutshell the government has put it into the speech from the throne. I believe I should take just a moment to read the next sentence from the MacQuarrie report. It follows right after the

recommendation. By stating, in negative terms, what the committee was not recommending it helps to pinpoint what the committee does recommend. The sentence reads:

> It is to be noted that the committee does not recommend that it be made an offence to prescribe and enforce resale prices which are not minimum. It follows that suppliers would be free to suggest and enforce maximum resale prices.

In other words what the committee recommended is quite clear. They are not against the suppliers of goods saying to the retailers that there is a maximum above which you must not sell these goods. They are not against a suggested price, but they are against the suppliers of goods fixing a minimum resale price below which those goods cannot be sold. It seems to me that for the leader of the opposition to hide behind the fact that we do not have the legislation, or in other words a bill, as an excuse for not answering the direct question of the member for Moose Jaw, is not good enough. We know what the issue is that is being presented to us by the government. It is quite clear in the speech from the throne; and if there is any doubt as to what those words mean there they are spelled out in the report. It seems to me that, as members of this house, we ought to know whether or not we support that principle recommended to us by the MacQuarrie committee. I, for one, do support that principle and feel that legislation of that kind should be brought in.

Incidentally, I have been interested in reading back through some of the earlier literature on this subject. I find that across the years opinions have been expressed on resale price maintenance. In particular I have in my hand a copy of the report made by Mr. McGregor on an investigation into an alleged combine in the distribution of tobacco products in the province of Alberta and elsewhere in Canada. This report was made on August 31, 1938, and contains a lengthy section dealing with resale price maintenance, with particular reference to tobacco products but touching also on all its ramifications. In that report Mr. McGregor said quite clearly, though I cannot turn up the page at the moment, that there is no doubt but that resale price maintenance is anti-social in its effects. In that report he also discussed the whole legal position which was discussed the other day by the hon. member for Lake Centre (Mr. Diefenbaker) and to which the Prime Minister (Mr. St. Laurent) referred. He wondered whether it was not possible to do something about resale price maintenance under the Combines Investigation Act as it stood. But at any rate he took the position then quite clearly that resale price maintenance was anti-social in its effect on our economy.

He also went on to say that the quantitative result of resale price maintenance varied according to conditions in different parts of the country and with respect to different products. In other words he admitted that this was an evil thing, that it was anti-social, and he so stated in his report; but whether or not it was a matter of great concern, the first evil to attack, was another question. That leads me to say this. I feel that the Prime Minister was perfectly correct in his remarks on October 15 when he said that he doubted whether this resale price maintenance legislation would have any substantial effect on the cost of living index. Similarly I agree with the position taken this afternoon by the hon. member for Moose Jaw (Mr. Thatcher), when he said that it did not seem to him as though it would have a great effect on the cost of living index and neither would it have a great effect on the position of small retailers in this country. In other words we are having quite a tempest in a teapot. We are having quite a fuss over something that is not going to make a great deal of difference. In that respect I share the spirit of disappointment expressed by the hon. member for Greenwood (Mr. Macdonnell) when he spoke earlier this evening, in that this is a small offering for the government of Canada to make to the Canadian people who are so beset by and so greatly concerned with rising prices at this time.

To get back to the shadow-boxing that is going on between the two old parties in this house, I noted this afternoon that not only did the leader of the opposition (Mr. Drew) skate around the question as to where he stood on the issue of resale price maintenance but also, as he so often does, he took plenty of time to berate the government for not doing something about the rising cost of living. I listened very closely but I did not hear this afternoon a single suggestion on his part as to what the government should do to cope with the rising cost of living.

Mr. Fraser: Have you any suggestions?

Mr. Coldwell: We have.

Mr. Knowles: Our position has been clear across the years. We feel that the government should come at this problem directly with a program of price controls and subsidies. I want to say that I was pleased to hear the hon. member for Greenwood (Mr. Macdonnell) tonight say something which surprised me a bit. As a matter of fact, when he was speaking I was making notes,

and was getting ready to answer him. I was almost sure of what he was going to say from there on. I turned around to my colleague the hon. member for Cape Breton South (Mr. Gillis), and said: "There is our friend from Greenwood doing just what the leader of the opposition did this afternoon. He is complaining that the government has no cure, but he will not suggest one himself". But to his credit I will say that he did not stay quite in that same no man's land which the leader of the opposition stayed in. He said that so far as he was concerned, while he was not asking for an over-all program of direct controls, he did not wash out completely the idea of some direct controls as a means of attacking this problem. Coming from a party which is inherently and traditionally against controls, I think that statement by the hon. member for Greenwood must be given weight. It was not made lightly.

Mr. Macdonnell (Greenwood): I have said it before.

Mr. Knowles: I know that the hon. member has said it before. I am saying it was not made lightly and should not be treated lightly. When an hon. member like the hon. member for Greenwood, a member of the Progressive Conservative party, makes that statement and makes it in this session when the rest of his party members are not saying what should be done, and are opposing controls, I say the government ought to give consideration to it.

As he pointed out, direct controls are being used to a certain extent in the United States, and to some advantage. Reference already has been made to that matter. I have here the same front page of the Winnipeg *Tribune* of last Saturday to which other hon. members have referred, with its comparison of prices as between Minneapolis and Winnipeg. As I say, reference has been made to that matter; and it is fairly clear that even the Americans have credit coming to them for taking the view that the high cost of living is not a problem about which nothing can be done. They do not take that hopeless view. They feel that something must be done, even if it is something with which the financial wizards in that country do not in spirit or in principle agree. I suggest that when that proposal comes, as it has come tonight, from the hon. member for Greenwood, on top of the silence this afternoon of the leader of the opposition with respect to any cure, it is time for the government to reconsider its whole position with respect to this problem of the still rising cost of living, with the index now away up to 190·4, which puts the value of the Canadian dollar, in terms of purchasing power on the 1935-39 basis, right down to 52 cents.

In the light of the magnitude of the problem and in the light of all the evidence that is piling up to show that a direct solution is necessary, for the government to come in with this one proposal which even the Prime Minister said would not have a substantial effect on the cost of living index—and that is an understatement—and then to follow that proposal with this strategy that will result in delay is something that I say is reprehensible. With the official opposition taking the position they do, making it clear that they do not want to say whether they are for or against legislation with respect to resale price maintenance, I wonder if the government realizes that to refer this matter to a committee with members on it who feel that way, with members on it from the other place, and with the delegations that will appear before the committee, will simply mean that this one little dent the government thought it would make in the high cost of living is not likely to be made at this session of parliament; and there is no telling what will happen to it as the result of that committee's report. There is also no telling what will happen if this session comes to an end before that committee completes its work.

There is another aspect of this matter about which I should like to say a few words. When I look at this approach of the government, this attack upon resale price maintenance—which, as I say, Mr. McGregor pointed out was anti-social and which I think should be corrected—it looks to me like the old case of putting in jail the man who steals a loaf of bread but giving a title to the man who steals a coal mine. Our social and economic history is full of that sort of thing. For example, I hold in my hand a copy of one of the many McGregor reports. This is the one that was entitled "Canada and International Cartels" made in 1945 by Mr. McGregor, who was then commissioner under the Combines Investigation Act, with the assistance of a number of leading men in this country. If the government really wants to put the axe at the foot of a tree that needs to be cut down, let them act on the recommendations in that report. There is a report which sets out anti-social practices that put completely in the shade any of the evils that arise from resale price maintenance.

Hon. members will recall some of the sections of this report. Mr. McGregor and his associates went into the nature of international trade combinations and gave us many examples of the effect of international

cartels on Canada's trade position. He took specific commodities: fertilizer, nitrogen, phosphorus, tanning materials, flat glass, sulphur, dyestuffs, tools, magnesium, titanium products, and so on. In that section there is a paragraph in which he pointed out that these are examples which show what international cartels do to Canada's trade position. The point he was making was that, despite the laws or policies the government itself may lay down regarding trade, this was all offset and interfered with by a group of people not responsible to the laws of this or any other country.

Then Mr. McGregor went on to give us examples of cartel arrangements restricting Canadian manufacturers to home markets on an exclusive basis. He gave us a number of examples. Hon. members may recall in particular the example of electric lamps. I quote a sentence or two from pages 22 and 23:

> In such an important factor as the length of life, the specifications for lamp construction appear to have been drawn up in the interests of manufacturers. Long life bulbs which have been produced in other countries, in Holland for example, are not permitted to be marketed in Canada.

A little later, on page 23, Mr. McGregor quotes from something a General Electric engineer wrote to executives of the company in which he pointed out that they had deliberately made decisions as to how long their flashlight batteries would be made to last. Similarly, on that page there is an interesting paragraph on the way in which these monopolistic controls delayed the development of fluorescent lighting in Canada. Then we come down to radio tubes and sets, and Mr. McGregor states:

> Arrangements of a like character exist with respect to the allocation of world markets for radio sets and radio tubes.

Over on page 24 he says again:

> Until 1939 Canadian consumers were deprived of low-priced radio sets of a type which had been available in the United States for a considerable period. The immediate bar to production had been certain limitations under the electrical code but, as the specifications had been drawn up after consultation with the industry and were subsequently modified after the tariff board made its findings, it would appear that the restrictions were not unrelated to the limitation of competition in the Canadian market.

I say again resale price maintenance is little stuff compared with what these international monopolies, these international cartels, have been doing to keep up the cost of living and to keep alive the old game of profiteering. Mr. McGregor went on to deal with matches, copper, lead, zinc, nickel, and I shall quote a sentence or two there:

> International Nickel has since maintained a policy of a fixed price for nickel in United States funds and its sales and distribution polices appear to have been accepted by the few other minor nickel producers.

Then he dealt with steel, and there is an interesting paragraph on the reservation of the Canadian market for certain classes of pipes and tubing. The next chapter is on aluminum and it includes this comment:

> In view of the monopolistic character of the aluminum industry in most producing countries and the national interests involved, some positive form of intergovernmental action may be required in this field in the post-war period to avoid undue restriction of production by more efficient plants through understandings between dominant firms or efforts by individual states to protect high-cost manufacturers.

Mr. McGregor then went on to deal with acetic acid, radium, and newsprint. Incidentally, he points out in the section on newsprint that that section is a little out of keeping with the rest of the chapter because with respect to the other items they are clearly international cartels, but with respect to newsprint it is a cartel all right but pretty well run from the Canadian scene because of the large control of newsprint exercised by Canadians in that industry.

The next chapter deals with international affiliations of Canadian companies. And so the report goes on. It is just loaded with things the government could do if they were really anxious to do something about profiteering, about high prices, about monopolistic practices. I agree that resale price maintenance is a practice about which something should be done. I have answered that quite clearly. I did not try to escape it the way the leader of the opposition did, but it is a picayune matter compared with what has been on the desk of the Minister of Justice, since long before he came there, in this report made by Mr. McGregor and those who worked with him in its preparation.

At the conclusion of chapter 3 on page 53 Mr. McGregor suggested:

> In considering present and possible remedies against cartel practices associated with patents which affect Canadian trade or the Canadian consumer, it is important to remember that Canada cannot apply any remedy provided by its patent law to any patent except a Canadian patent and cannot apply any remedy provided by its criminal law against undue restraints of trade to any concern except one which is doing business in Canada and is thereby within the reach of Canadian criminal process.

On the basis of that he goes on to point out that this government will have to take this matter up with other governments, and in the last sentence of that chapter he says:

> The prevention of abuses arising out of the restrictive features of international patent agreement must be achieved through measures of intergovernmental collaboration in regard to international

cartels generally, as such use of patent rights is merely one of the restrictive controls resulting from cartelization.

The next chapter is headed: "The need for an effective policy". Mr. McGregor admits that this is a difficult field in which to do something, but he took the responsibility of making some very positive suggestions. For example, over on page 59 we find the following:

This effort—

That is the effort to curtail monopolies by investigating them.

This effort represents, however, only one aspect of public policy and in certain circumstances it cannot be expected to succeed unless accompanied by effective action in other ways to remove private restrictions on production and distribution. Other means of public control should be developed which could be invoked in those special cases where the Combines Investigation Act would not prove the appropriate remedy. Prosecution is not the only remedy for abuses of monopoly, as past and present legislation indicates. Parliament possesses powers in such matters as tariffs, patents, trade-marks, taxation, public regulation and public ownership, which may be invoked to safeguard the public interest.

Just think of all the suggestions that are before this government, all the things it could do to cope with the problem of the high cost of living to get at prevalent profiteering. Instead, they pick out this one little thing, resale price maintenance; anti-social, yes, but just a little aspect, and they refer even that to a committee, rather than bringing in the bill. I continue:

Too often in the past each field of legislation or control has been regarded as separate from the others. The experience of the war has shown that in many instances desired policy can be put into effect only by related and co-ordinated activity in a number of major fields of government administration. This lesson should not be lost sight of when direct controls are dropped.

This of course was before the program of wartime controls was over. However, down on the same page I quote again:

Consideration should be given to the use of taxation as a means of providing more effective control over the operations of monopolies.

I remind hon. members that this whole book is dealing with international cartels, international monopolies. Mr. McGregor has admitted the difficulty of dealing with them because they are a group of people who regard themselves as above the law of any land; yet he has this concrete suggestion to make:

If special taxation within federal powers could be devised which would serve as an incentive to the full use of available productive capacity and render it less profitable for corporations to leave capacity unused in order to maintain prices, such taxation would tend to check undue restriction of output by monopolistic groups.

The next chapter is entitled: "Current proposals for the control of cartels." Then we come to the last one, "Conclusions and recommendations." Here are a number of conclusions and recommendations. They have never been referred to a committee, much less embodied in legislation.

At page 66, speaking of monopolistic arrangements, Mr. McGregor says:

In part, such arrangements have been attempts to cope with the situations created by demoralized commodity markets,—

And note this:

—but they also appear to represent attempts by heavily capitalized industries to protect themselves against the risks to investment created by rapid technological changes.

There is a world of study in that sentence. It runs through the whole of Mr. McGregor's report. The idea is this, that when these large corporations with their great investments see technological improvements coming along, they would prefer to keep things as they are so as to retain their profits rather than accept changes and have the benefits of those changes passed on to the people through lower prices and a higher standard of living.

Then there is the suggestion as to finding ways and means to prevent private business organized as cartels from supplanting government in the establishment of the government-proposed commercial policies. There are three or four further suggestions. It is recommended that official government records be set up which would show from time to time any significant change in the degree of financial control which corporations outside Canada exercise over individual domestic companies. Then later on, having urged that the powers of the combines investigation commission be widened and that it would be given a chance to do a job, Mr. McGregor said this:

To do this it will be necessary to recruit and train an adequate staff and to provide appropriations sufficient to enable the oganization to function effectively.

Then he calls for an integrated program with particular regard to all these different facets of government policy that could bring to bear some influence upon questions of prices and profits, and the extent to which goods produced in our economy get through to our people at reasonable and proper prices.

I stress the point that in this whole problem it is not good enough to deal with something just superficial, something that is just on the fringe. We have to get to the heart of the matter and ask why it is that in a modern economy, with the huge productive capacity we have and with the effectiveness of labour power, our people should have so much difficulty getting back the things they produce

at prices they can afford to pay. It is pretty clear from Mr. McGregor's report that international monopolistic practices have a great deal to do with that. As I say, he suggested ways and means by which something could be done to counteract this condition. The last of the suggestions which I would draw to the attention of the house is his proposal that the government of Canada should give its support to the establishment of an international office to deal with cartels, in connection with the economic and social council of the United Nations.

I will agree with Mr. McGregor that it is not only a Canadian problem. As he has pointed out, there are many things the Canadian government could do on its own, through the use of various statements of government policy. But in addition to that the government could take a real lead, in cooperation with other nations throughout the world, to try to reach a stage where the affairs of democratic nations would be run by the governments of those nations, and not by private organizations.

A good deal has been said today about the way in which this whole business of combines investigation has been handled, particularly in the last few years. We have had quite a number of reports; I have half a dozen on my desk. They are good reports. A few of them have resulted in prosecutions, with nominal fines. Those of us who were in the house at the time cannot quite forget what happened when one of these reports was made, namely the report on the flour milling industry. We recall that it was held for several months, and was finally tabled in the house only after some members over in this corner happened to learn about it. We recall that debate, and recall the way the Minister of Justice (Mr. Garson) to our way of thinking let parliament down through not having fulfilled his obligation under the law to table the report months before.

Now we have a similar story, with the suggestion made that parliament do something about resale price maintenance, only to have the whole idea referred to a committee instead. If the government has made up its mind that this committee has to be set up, there is no option but to let the government go ahead with it. But I hope the members of the committee will do a real job and that they will call as witnesses the people who should be called, including some of the big manufacturers. They should be asked pointed and direct questions, and be required to answer them.

Then I say the committee should expedite its work and get its report back to the house as soon as possible. It should not give in to any delaying or slowing down tactics, but we should have at least this little bit of legislation at the present session. I say again it is only a drop in the bucket. What we need immediately to attack the problems of the high cost of living is a direct attack through price controls and subsidies. What we need, on the long-range basis, is an analysis of the whole situation and a solution along the lines suggested by Mr. McGregor in the report from which I have quoted this evening.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, there does not seem to be much competition, so far as speaking in this debate is concerned.

Mr. Macdonnell (Greenwood): We have had our turn.

Mr. Gillis: But an awful lot have not. I would not complain if this debate continued for the remainder of the session, provided something were done to remedy this problem by that time.

The government surprises me when it suggests setting up another committee. The question of prices is not a new one. We need to think back only to the late thirties, when the price spreads commission was set up under the leadership of Hon. Harry Stevens. We remember the evidence he brought out, evidence of monopolies, social conditions and all that sort of thing. We know what happened to him, too: he went to the archives to gather dust because he tramped on the toes of the then prime minister. So that was what happened to the price spreads commission. If any evidence was necessary to convince any honest-thinking Canadian that some regulation of prices or some supervision over those who sell was necessary, certainly they must have been convinced by the report of the price spreads commission.

But we were not satisfied with that. The war came along and it proved to us that some regulation over the economy was necessary. We instituted price controls, and they worked most effectively. The war closed, and back came the slogan of free enterprise, private enterprise. The government realized the condition in 1940, when after suggesting on a basis of patriotism and because of the world situation that there should be a limitation on the profits written into war contracts, it became the duty of the then minister of munitions and supply to inform the house that the government had to remove the profit limitation in order to get anyone to take a war contract.

Surely that should have proven to the people of Canada, and to members in the

house who are conscious of this development, that some regulation is necessary in this day and age. I am not surprised by the attitude of the official opposition nor by that of the government when I remember the conditions since 1945, when the agitation began in the house to remove the controls. When you attempt to regulate prices you are hitting at the citadel of free enterprise, you are affecting the status quo of free enterprise, that inflexible system that refuses to change despite world conditions. When you start to examine prices, even under the type of legislation recommended by this committee, you are merely starting at the fringe of the forest. If you follow it through you are bound to wind up in the midst of world cartels and monopolies.

I am certain that when the government began to examine the recommendations of the MacQuarrie committee someone convinced them that they were rather dangerous, that if they took the first step they would be pushed into the next one and ultimately this inflexible piece of machinery, this house of cards that is being brought down around their ears through their own actions, would be exposed. In my opinion the government are ill advised not to follow through on the recommendations made by the MacQuarrie committee.

We had the Stevens report. A lot of people remember that report. Then we had the experience of controls during the war. A lot of people remember them. Then we had the official opposition hammering at the government to take off the controls. The government said they could not remove them too fast, but they would be removed as fast as possible. There has never been any conflict between the two parties on that particular point. Then the MacQuarrie committee was set up. What were they supposed to do? They were supposed to examine the evidence submitted to the committee on prices set up in 1948. That committee heard a lot of evidence. These four learned gentlemen who were divorced from any business connections, headed by an eminent judge, were appointed to examine the evidence of the committee on prices. Mr. Justice MacQuarrie, the chairman, was formerly attorney general of Nova Scotia. His honesty and integrity have never been questioned. After examining all that evidence this committee made two recommendations, suggested two simple things that should be done. These have been placed on the record before. The hon. member for Winnipeg North Centre (Mr. Knowles) has just referred to them. The hon. member for Vancouver East (Mr. MacInnis) elaborated on them.

This committee made two anaemic recommendations which the government considered and decided to accept. In the throne speech they said that legislation on resale price maintenance would be brought in based on the interim report of this committee. Then the invisible government came along and said that they could not do that because then they would get through the little trees to the middle of the forest. They were told that this would affect the manufacturers, the big fellows at the top. So the government decided to appoint another committee to examine the evidence of the committee which had been appointed to examine the evidence of another committee. Before long there will be so many committees that we will not be able to keep track of them, let alone their recommendations.

I do not think that this is good enough. The increase in prices is hitting at the very roots of our democracy. It is ruining our productive machine. We must not forget for one moment that it was inflation and unemployment and the refusal of those at the top to be flexible, to change with the times, that gave us Hitler and Mussolini. We do not want to forget for a moment that Europe went down to ashes because of the inability of those in control to change with the times.

That kind of situation is not peculiar to any part of the world or to any particular people; it is the product of the system. Unfortunately we have not learned anything from the lessons of the last fifteen years. Inflation and the lowering of living standards cause the people to lose confidence in their administrators and create the most dangerous weapon we have to face. It hits every sector of our society. If it was only the lack of purchasing power for food, fuel and shelter it would not be so bad, but it affects health conditions and all that sort of thing which shakes the base of our whole economy.

I have in my hand a recent newspaper clipping stating that nine thousand workers have been laid off at Oshawa. Why were they laid off? I shall not read all the clipping, but the pertinent part is as follows:

> The official said the one-day interruption in production was due to a materials shortage "beyond the control of the company." He said the Steel Company of Canada was not able to deliver immediately the allotment of steel at the rate which had been contracted some time ago.

Prices again. The automobile industry is idle because the steel industry which supplies them with material wants a price increase. They are told that they cannot or will not supply the steel at the rate decided on when they went into production on that particular

type of vehicle. So there is a lay-off in the automobile industry. That is not peculiar to Oshawa; it is worse in Windsor.

Mr. Hellyer: Was that the rate for material or the price rate?

Mr. Gillis: It was the price of the material.

An hon. Member: No.

Mr. Gillis: I am making this speech; you have all the rest of this evening and tomorrow to answer it. I am reading this article and interpreting it. You can take a look at it some other time and make a speech then. The steel industry wanted a price increase. It was the increase in the price of steel that started the whole spiral of inflation in 1946, when they demanded an increase of $5 per ton on basic steel which meant about $12 per ton on fabricated steel. Up went the prices of farm machinery and everything else. As I said in the throne speech debate the trouble in the automobile industry is not wholly the result of restrictions imposed by the government on the purchase of automobiles. It goes back to steel. The results were felt all through our economy by the people who produce the things we wear, the things we eat and so on. This condition is not peculiar to the automobile industry; I just referred to that as an example.

Let us take a look at the health of the nation. I have a recent clipping from the Ottawa *Journal* containing a statement by Dr. H. B. Church of Aylmer, Quebec, who was commenting on the lack of general practitioners across the country. Do not forget that the general practitioner is the type of doctor who looks after about 90 per cent of our population. Dr. Church sums up the picture by saying that the young men all want to become specialists. The article continues:

> "The student forgets the specialist was once a general practitioner," Dr. Church said. "The young medic is after the 'long green' and he goes where he can find the best living for the least effort."

That adds up to prices again. The young doctor coming out of university—and the chances are that he borrowed his last two years' tuition fee—in years gone by could reasonably be expected to go to the rural districts and outlying sections of the country and work up a practice, thereby gaining a lot of experience. The costs were low and the medical fees were low. A doctor was available in most communities, but in the last ten years particularly that is not the case. The young doctor graduating today has to make quite an investment in order to set up an office with the necessary equipment. He finds he is not able to do that. None of these doctors are able to go out as general medical practitioners and make their services available where they get the best education. They graduate from the universities with some theoretical knowledge, but the best education is obtained in actual practice among people who need their services. Doctors are not in a position to do that today, and I think the statement by Dr. Church is absolutely correct. In order to live, doctors are driven into centres where they can obtain some specialized training or to hospitals where fees are higher and people have money to pay for their services. As a result the general health of the nation has suffered. It is all because of unregulated prices with no effort made to do anything about them.

I still think that the Minister of Justice (Mr. Garson) would be well advised to consider this matter. What is he proposing to do? First of all a committee of the House of Commons studied the whole question of prices, and as a result of that evidence specialists were secured. A learned judge was appointed to preside and there were also three professors who no doubt are good men in their fields. They examined all the evidence and their recommendations were—it will do no harm to put this on the record again—as follows:

> The committee, therefore, recommends that it should be made an offence for a manufacturer or other supplier:
>
> 1. To recommend or prescribe minimum resale prices for his products;
>
> 2. To refuse to sell, to withdraw a franchise or to take any other form of action as a means of enforcing minimum resale prices.

These very learned people decided that is what should be done. What does the Minister of Justice say? He says their opinion is not good enough. He says we are going to have to appoint a committee of twenty-six members from the House of Commons and the other place. The members of that committee have their correspondence to look after. They have to do the work of their constituencies and sit in the house until eleven or twelve at night. They are going to examine the findings of these learned gentlemen. How many members of that committee of twenty-six—and I say this with all respect—are qualified to sit in judgment on recommendations made by Mr. Justice MacQuarrie and the other members of that committee?

Mr. Blackmore: How many will be there every time?

Mr. Gillis: How many are capable of deciding whether he is right or wrong? I think it is an offence to the committee. I think the minister would be well advised to accept their recommendations. They are very mediocre but at least they are a start. There is some evidence that the government is

courageous enough to make a start. Do not forget that it is not going to hurt. I am not afraid of it hurting the retailer at all, because he is hurt now. I have talked to retail merchants and they tell me that the best time they ever had in the history of this country was when there were price controls. They are in the position today where they are controlled in that their mark-up is set for them. They have to go along with that or no more goods are delivered to them. They are run out of business. You are not going to hurt the retailer. I do not think you will do any damage at all because I believe some regulation is necessary.

I had an experience that I brought to the attention of the health department. I am not going to mention the locality because I do not want to put people on the spot. Two prescriptions were sent to me. One was for a dozen capsules necessary for the health of a young boy. The druggist wanted $17.50 for the prescription, and he could not afford to pay it. In the other case the druggist wanted $11.25 for the prescription. These prescriptions were sent to me with the request that I check to see if these really were the correct prices. I checked with the health department and the answer I received was that they were out of line with general retail prices for this type of drug but that there was no authority in this country to fix prices. There is no one to say they cannot make that charge. However the department, who handle this drug themselves—I suppose they compounded these capsules—could supply the $17.50 prescription for around $3.25, and the $11.25 prescription could be supplied for $1.75.

Do you not think there is good reason for someone to take a look at that situation? The admission was that they had no power to do anything about it. That is profiteering; that is really taking people by the throat. I am not going to say in what part of the country this was, but I think you will find it is pretty prevalent throughout the land. If the government implemented these two recommendations I am sure the staff they have to handle this type of legislation is qualified, and I do not think anyone would be hurt except those who should be hurt. We provide laws for almost everything else in the public interest. There are laws covering our highways. Some people do not like them but the only people who do not are those who break them. There are customs laws and immigration laws, not to say anything about the income tax laws. We protect the public in these instances. We hire policemen. In certain municipalities we hire the mounted police to protect the general public against acts that are injurious to the country and the general public. But I can think of no act of lawlessness that hurts as many people in as many ways as the offences that result from a lack of some supervision over the means of life and their distribution to the people of Canada. The health and general standards of living of the people are affected, and general demoralization sets in.

In my opinion the dangerous thing about it in this day and age is that the institution of parliament and the intention of the government to protect the people are brought into disrepute. The people get the idea that there is no use and, as the hon. member for Greenwood (Mr. Macdonnell) mentioned a while ago, agitations last for a certain length of time and then are forgotten. But this one cannot be forgotten. Every time you get up in the morning and come to your breakfast table you are reminded of it. If you happen to forget it, your wife will tell you about it. Every time you want shoes for your children you have another reminder. Every time your landlord tells you the rent is going up, when you are already paying twice as much as you can afford, you have another reminder. This is a continued story so far as the general public is concerned. Anyone who is thinking about maintaining the system of free enterprise, maintaining the status quo, is not being realistic. We are not living in that kind of a world now. The quicker we get around to that line of thinking, the better.

Apparently the government is going to set up this committee. This group has said what it believes should be done. We have moved an amendment to the address in reply to the speech from the throne stating that we want price controls on essentials. I would say that included food, fuel and shelter. We want subsidies to make that system work, and we believe we should have an excess profits tax to assist in paying those subsidies. Churchill is applying it 100 per cent, and I am wondering where some of our friends in this house are going to find a party to the right. That is what we think should be done.

In the throne speech the government said, "We are going to bring down legislation based on the MacQuarrie committee's interim report". Now they have gone back on that. They say, "We are going to set up a committee", and the official opposition says it regrets that the government has not taken adequate steps. What are adequate steps? I should like to see that spelled out. The only adequate steps we could take at this time would be those based on our experience with all the committees we have had, which accomplished nothing except a further increase in prices. During the war our prices were away below those in the United States. Today our prices are above theirs.

To say that the United States experiment has not been a success is not the whole truth. Where would their price structure be today if they had not had these controls?

Without taking any more time, Mr. Speaker, I suggest that the Minister of Justice (Mr. Garson) should very respectfully and gracefully ask for permission to withdraw this proposal, take it back to the cabinet and tell his advisers that, after listening to the debate in the house and upon more sober reflection, he is convinced that they should be ashamed to put this forward as a solution to the inflation in this country; that he believes they should take the MacQuarrie committee's report and implement those two recommendations, then follow them through to their logical conclusion.

Mr. G. A. Cruickshank (Fraser Valley): I am particularly pleased, Mr. Speaker, to follow the hon. member who has just spoken, because not only do I agree with some of the things he has said but I also had the privilege of serving with him in the army. As I see it, Mr. Speaker, and I may be wrong, anyone born in the province of Ontario in 1892 might have had the privilege of serving his country, and not sitting at home making a profit out of the situation which this legislation is trying to correct. Many of us from the province of British Columbia could have stayed home, as apparently some did in the province of Ontario and profiteered in the tobacco line. I am sorry that my learned colleague to whom I refer is not present, but I shall be glad to repeat it to him when he is.

Mr. Brooks: Brave fellow.

Mr. Cruickshank: The hon. member for Royal (Mr. Brooks) says "brave fellow". This man who did not have the courage to serve his country attacks a member who had the courage to do so, and if the hon. member wants to take me on I shall take him on any time.

Mr. Fulton: Go and buy another new suit, then perhaps you will make a better speech.

Mr. Cruickshank: Having the desire to serve my party, I came back to Ottawa and did not stay at Kamloops in an endeavour to get on the platform.

Mr. Fulton: You are just jealous, of course.

Mr. Cruickshank: If the hon. member wants any more, I shall take him on, too. It is a great business. These people who object to this legislation say it is going to restrict the manufacturer. They clamour for price controls now, but they want the manufacturer to put on the price control and not the people of Canada. Mr. Speaker, I resent personal attacks on me, but I am capable of giving them out when anyone who has not had the courage to serve his country but prefers to profiteer makes one on me.

I say that the cigarette and tobacco manufacturer is doing just about enough, and if some of my friends would like to say they are representing the tobacco cartel I should be glad to hear them. I defy any member on the opposite side to tell me that a retailer is not told at what price he must sell his cigarettes and cigars. But when we try to introduce some legislation in this connection, we are criticized. We are asked by a few friends from Ontario who know they will never be in power, and knowing there is a provincial election, to put on controls. They know they will never have the authority to do so, and they know they will never work in peacetime. At the same time they bow to this little cartel of manufacturers from their province. Those people from 1914 to 1918 took good care that they profiteered when others were defending their right to live. I resent any such attack as that from any individual who has not—and I am not permitted to use the language which I should like to use—the intestinal fortitude to fight for his country but who prefers to profiteer at the age of twenty-two.

While this legislation may not be perfect, Mr. Speaker, I believe that it demonstrates the desire of the government to bring about an effective control. It certainly demonstrates that we as a parliament cannot in peacetime put into effect controls in the best interests, as we see it, of the people of Canada. Certainly I believe this legislation shows that the manufacturers should not be allowed to put into effect at any time any control that we as a parliament cannot put into effect. If my hon. friend who profiteers behind the hidden wall would like to debate with me in his own riding—and I have never been in the province of Ontario in any provincial election and do not intend to go in—I should be delighted to be invited to meet him in his own riding at any time.

Mr. Brooks: He would be wasting his time.

Mr. Hees: I wonder if the hon. member for Fraser Valley would permit a question. Tonight we have heard a dissertation on courage. First of all, did he tell the hon. member for Lambton West (Mr. Murphy) that he was going to attack him in the house just now, so that he would have the opportunity of being here and defending himself?

Some hon. Members: No.

Mr. Deputy Speaker: Order.

Mr. Cruickshank: To my junior friend may I say that I sent over a note to a senior and

gallant member of his party—who was a member long before the hon. member ever heard of his party—to tell him what I was going to say. I have repeated it, and I shall be glad to say anything that I have said at any time, in his presence, any place.

Mr. Hees: I should like to remark that I think the courageous thing is to make sure the hon. member concerned himself hears personally that he is going to be attacked, and to make sure he knows, so he can be present in the house at the time the attack is made. That is my idea of parliamentary courage.

Mr. Cruickshank: My friend never gave any indication that he was going to attack me personally; but I gave him a note.

An hon. Member: He did not attack you.

Mr. Hees: The hon. member did not know you were going to attack him.

Mr. Deputy Speaker: Order. This whole discussion is out of order.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, in the multiplicity of words to which we have listened in the last day or two I think the simple issue of what we are discussing has been lost to sight. As a matter of fact, the government in the speech from the throne announced that in view of the recommendations in the MacQuarrie report it was going to bring in certain legislation; and the Prime Minister referred to that legislation in no uncertain terms when he spoke in the house on October 15. As reported at page 41 of *Hansard* he said:

> . . . and again I can say that as regards immediate additional measures to curb inflation, while others may develop, the only one we are prepared to submit at this time is the one that will arise out of this report of the combines committee with respect to resale prices.

Then he added:

> I do not think that is going to have a very substantial effect on the index of the cost of living.

There was thus a distinct statement in the speech from the throne, and later a deliberate statement on the part of the Prime Minister, that this legislation was to be introduced in order that we might see what the government proposed to do with regard to inflation. Then something happened, and we find that this matter is to be referred to another committee. May I say that in my sixteen years in this House of Commons I have seen many questions raised as to the high prices of various commodities. This evening I sent up to my office to get the *Journals* of the house for April, 1937, just to refresh my memory with respect to the report of the committee on the high prices of farm implements and the recommendations that were made at that time. They were in part as follows:

> That the profits to the farm implement companies on the sale of replacement parts is excessive and the price of these to the consumer should be materially reduced.
>
> That the increases announced by the companies in January, 1936, were not justified by an increase in manufacturing or distribution costs or by the financial results of the companies in so far as these were affected by the price level of farm implements.
>
> That over the period 1891 to 1936 retail prices of farm implements have been maintained at too high a level as shown by the financial returns to the companies engaged in the industry, during that period.

This quotation may be found at page 500 of the *Journals* of 1937. I remember the committee reported that implement prices were maintained over a long period of time. I have a vivid recollection—as I am sure some of those have who were in the house at that time and who served on that committee with me—of the president of the largest manufacturer of farm implements coming before that committee; and when he was asked if he would supply associations of farmers organized in co-operatives to distribute his implements he said no, because he said they would not permit any form of price cutting, as he called it; and he argued that the patronage dividend was a price cut on the sale of farm implements.

Immediately this report was introduced into the house, in 1937, or within a week or ten days, these same manufacturers again increased the already high price of farm implements. I just single out that one example because this is the kind of thing that has been going on in our country ever since I can remember. What has been said about monopolistic practices is indeed perfectly true. I know that the legislation which was promised in the speech from the throne, if it had been put into effect, as the Prime Minister (Mr. St. Laurent) has admitted, would have little influence on the cost of living. The real point is this. As soon as this legislation was foreshadowed, the manufacturing interests in this country and the chambers of commerce began to demand their right to maintain a price control system of their own. They are the same people that have opposed across the country, ever since 1945 at least, any form of price control by this parliament of Canada. When price controls were introduced and maintained in this country by parliament, they were introduced and maintained in a proper democratic manner, with due process of law, with the right to appeal to a court of law, if aggrieved; it was price control under the control of parliament and under the law. The MacQuarrie

report points out, as to resale price maintenance:

> It represents a real and undesirable restriction on competition by private agreement or "law" and its general tendency is to discourage economic efficiency.

There we have the statement made by this very able committee—which was headed by a judge and upon which were able economists assisting him—that an examination of this problem shows that there was in this country a private code of law prohibiting certain people from doing what they might otherwise do, without any appeal to any court, and that they were subject to discipline according to this private code of law.

I want to say in the words of the report—perhaps I had better quote it:

> Resale price maintenance, to be effective, requires some method of enforcement. If a manufacturer merely indicates a resale price but makes no provision and takes no step to enforce it, then he has no real control over his distributors. However, when measures of enforcement are involved, resale price maintenance establishes a private system of law allowing no appeal to the courts of justice . . .

It seems to me that is the whole issue in connection with the proposal foreshadowed in the speech from the throne, that this parliament was going to legislate to prevent the maintenance of a private system of law in this country; but the moment the government proposes this step to the House of Commons the same people who have been opposing the re-establishment of a public system of law in relation to certain prices demanded that they be allowed to continue a private system of law in relation to some prices. That is the issue. It is a very simple one. During the last twenty years committee after committee has sat. The commissioner under the Combines Investigation Act has made inquiry after inquiry, and the evidence is clearly before us. Yet once again it is proposed to refer this matter to a committee for further investigation.

When we do legislate against resale price maintenance I believe the law should be strengthened in another particular, too. For I am equally afraid of the monopolies in the distributive field that are growing up in our country which may take advantage of what is called the "loss leader." That is also an unfair trade practice that should be dealt with according to the law equally with an unfair trade practice in relation to retail price maintenance mainly for the benefit, perhaps, of the manufacturer. Indeed, the MacQuarrie report is not silent on that point, though it does not make any definite recommendation. In that regard it says this:

> Resale price maintenance, by prohibiting any normal price reduction, affords an effective protection against "loss-leaders" in the field of price-maintained goods. However, the committee does not think that to withdraw from the retailer the right to make any price reduction is a satisfactory way of preventing unfair and excessive price-cutting. We are of the opinion that more direct and desirable weapons can be found to curb "loss-leaders."

I thoroughly agree with that. If we are to have legislation I think it should cut both ways. I think we should prevent the powerful organization that advertises loss leaders from unfair trade practices in that field as well as in the other. I know perfectly well that in regard to some staple products that happens. I remember some years ago being shown a product advertised in a certain catalogue in this country for 89 cents, and the merchant who was selling the same article showed me quite conclusively that he was losing money when he was selling it for $1. But the 89 cent loss leader drew to that mail order house a very large amount of business in other respects. I think that is as much an offence on the one hand as resale price maintenance is on the other. If this goes to a committee and the legislation is enlarged in any respect, consideration should be given to that particular phase of retail merchandising, because I think none of us wants to play into the hands of powerful distributive monopolies in this country.

I hold the view that quite frequently the chain organization across this country is no gain in reality to the community, because the small retail merchant who has maintained our churches, community halls and schools is eliminated and often replaced by a low-paid local manager. I do not think we want to encourage that kind of exploiting monopoly either. I do think that the government has lacked courage completely in regard to this particular matter. They made up their minds. It was stated in the speech from the throne that they were going to introduce legislation in connection with resale price maintenance. Then all of a sudden they tell us they are going to appoint another committee to go into the only proposal that the Prime Minister (Mr. St. Laurent) had to offer this country at the present time to do anything with regard to monopolies, although even he did not believe it was going to have any material effect on inflation.

The country is just about fed up with high prices. The cost of living index is at 190·4. Bear in mind that up to the present time the new increases in rent which began on October 1 in Ontario and in some other provinces have not yet figured in the price index, and will not figure in it until January 1. When the rent increases on October 1 are estimated in the price index on January 1, I should be very surprised indeed if my prediction, made

four or five months ago, does not materialize, and the index reach 200 when the new rentals are included.

I say to the government they lack courage to tackle this problem; they lack a policy to tackle this problem, and for some reason or other they have gone into full retreat in the face of certainly not the masses of the Canadian people, but it seems to me in the face of the Canadian Chamber of Commerce and the Canadian Manufacturers Association. We have always said that the old parties, relying as they do so largely for certain very necessary support from some of these great organizations, legislate from time to time not so much in the interests of the people as in the interests of these organizations. No doubt the minister will deny that statement and say it is not correct; but at least what has happened lends colour to that charge. It lends colour to the correctness of that statement, and I say that, to put it as mildly as I can and not emphasizing what I have just said, the government shows an entire lack of courage in failing to go on with the legislation which it intended to go on with, and in referring once again matters that have been investigated by parliamentary and other committees, over a period of more than twenty years to my knowledge, to still another committee. I want to make the strongest possible protest against this way of handling the country's business.

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker—

Mr. Speaker: If the minister speaks now he will close the debate.

Mr. Garson: This has really been an excellent debate; and if I have any complaints at all it is that the preceding speakers have left me not much room for oratory. Perhaps that is for the best, because the position the government has taken in this matter is now being supported by the leader of the opposition (Mr. Drew), the hon. member for Moose Jaw (Mr. Thatcher), the hon. member for York South (Mr. Noseworthy) and I have no doubt by many other hon. members of the opposition. Perhaps I had better be careful in what I say or I may talk ourselves out of a lot of support which we now have as I rise to my feet. However, I think I should come right to the point at issue here, which is the setting up of this committee for the purpose of considering the resolution which is now before the house. That has been represented by the hon. gentleman who has just taken his seat as a lack of courage, a retreat and so on. But, Mr. Speaker, what are the plain facts of this matter? Well, more than a year ago this government created the MacQuarrie committee as an advisory body to advise us over the whole field of combines investigation legislation. I think I am right in saying that in the step we took at that time we had the support—if not the outright support at least not the opposition—of virtually all hon. members of all the parties in this house.

For reasons which have been explained in some detail, the main report of the committee was delayed, but we had reason to know that it had done a lot of work and pretty largely had completed its work upon resale price maintenance. We requested them to let us have an interim report upon that subject. The report came to hand. The government considered it. We made it perfectly clear in the speech from the throne, and in the speech by the Prime Minister (Mr. St. Laurent) on the address in reply, and in a radio broadcast of my own over a coast-to-coast hook-up, that we accepted this report and were prepared to act upon it.

So up to that time no one could accuse us of a lack of consistency or a lack of courage. At that time we received representations—not from the chamber of commerce, because our decision was made before the chamber of commerce reached its decision in this matter—but, speaking for myself, from the executive of the pharmaceutical association of Ontario, the executive of the pharmaceutical association of Canada and from the executive of the Canadian Manufacturers Association. Then I received large numbers of letters—which I am sure most other members of the house also received—from a host of mostly small independent retailers all across Canada. What did these gentlemen say? I do not suppose I really need to relate what they said, because most of the members are familiar with their representations.

It has been suggested that this was the result of an organized effort on the part of certain trade associations. There may be some truth in this; but I know from my own personal knowledge that quite a substantial number of letters which I received came from people who by no stretch of the imagination could be regarded as wealthy merchants or wealthy manufacturers, but just small and independent retailers whom I knew personally and had known for many years. One of them was a former member of the Manitoba legislature, Mr. Grant, from Souris, Manitoba. These men whom I knew stated to me in their letters that they felt that a changeover of this practice, under which they had operated for some decades, was going to very seriously affect their own business, and the business around them; and they felt—this was quite apparent in the

language they used—this was a new proposition so far as they were concerned. They felt that it was most unfair to them and that it should not be proceeded with until they had an opportunity through their representatives to be heard before the bar of public opinion.

These letters coming in from those sources, from people who had no axe to grind other than to secure a fair deal for themselves, I must say impressed me very much indeed, as I am sure they impressed other members in the house. I entirely agreed with the hon. member for Moose Jaw (Mr. Thatcher) when he said, in a speech which I am sure any Liberal member in the house could have made—indeed, when I heard it I thought the voice was the voice of Jacob but the hand was the hand of Esau—that what was involved here was whether or not we as a parliament were going to give a fair hearing to these people whose businesses were going to be affected by our making a change from what had prevailed in their business for many years.

I make no apology for any part I have played in this. I think that when parliament is contemplating a change of this nature, it will work much better and be much more enforceable if all the people concerned in it, particularly those people who will be most deeply affected, have the feeling that they have been treated fairly in the matter all the way through.

For that reason we decided to accede to this request and to suggest something with which I think everyone in the house will agree; that if there is any lobbying to be done in the matter it is much better that it should be done out in the open before a parliamentary committee, with members of the public and the press of Canada present, than that it should be done in alcoves with cabinet ministers or members supporting the government.

My hon. friend has said that we were lacking in courage. Well I say to them it took a certain amount of courage to take that position. And when we took it we stated it in this house, in a way which is most unvarnished, clear and frank. I will not repeat it, because all members will recall it. Then, lest there should be any doubt that the step we took represented any backing away from what we had said was our policy as set out in the speech from the throne—and I do not think there could be any doubt about that point—but lest there should be any doubt, I said this:

> It is the hope and the expectation of the government that this joint parliamentary committee will get its work under way at the earliest possible moment, and will proceed with sufficient dispatch to enable the appropriate legislation it is set up to consider to be dealt with by parliament before the end of this session, as forecast in the speech from the throne.

I ask any reasonable man how those members who have attacked our position could read into language as plain, as unvarnished and as clear as that any suggestion that we are backing away from the position we took. I say we are not backing away; and my hon. friend the leader of the opposition (Mr. Drew), and his party, as they have already announced, will have the privilege of supporting us in this action we have taken, to show that they agree with what we have done. For my part I think the thing for us to do now—and perhaps it is just as well that I have not been allowed to speak too long—is to bring this to a vote, and get on with the job before the committee.

Mr. Drew: Mr. Speaker, I just wish to correct one statement that was made. The opposition has made it perfectly clear that it does not agree with the procedure. But it has made it clear also that this last minute decision of the government will at least give a superficial inquiry into the matter, and that since we cannot get a wider inquiry we will of course accept this.

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

Some hon. Members: Carried.

Mr. MacInnis: On division.

Some hon. Members: On division.

Motion agreed to on division.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will resume the debate on the address. This time I hope we will really get a vote on the amendment to the amendment.

At ten o'clock p.m. the house adjourned, without question put, pursuant to the order of the house passed on November 2, 1951.

HOUSE OF COMMONS

Wednesday, November 7, 1951

The house met at 2.30 p.m.

LABOUR CONDITIONS

PRIVILEGE, MR. ADAMSON—REFERENCE TO ARTICLE IN "GLOBE AND MAIL"

Mr. Rodney Adamson (York West): Mr. Speaker, I rise on a question of personal privilege arising out of an article on the front page of today's *Globe and Mail* entitled "Denies Red Link Fired Avro Worker Asks Inquiry" by Wilfred List.

First, let me say that the facts as given are absolutely correct. Jackson did come to see me on October 4 and I immediately wrote to the Minister of Justice (Mr. Garson) asking that an investigation be made as to the cause of this man's dismissal and that, further, he be given an opportunity to hear and refute the charges of subversive activity made against him. To this letter I received a reply on October 30 which took the form of a confidential letter to me. The import of this letter was a statement of policy on the matter which was not encouraging but did intimate that a recheck would be made. As this letter was confidential, I shall, of course, not quote it, but I think it is fair to say that there was no intimation that Jackson would be allowed to hear the case against him and have an opportunity of answering.

My first point of privilege, Mr. Speaker, is that, with the exception of the few remarks I have just made, I have informed no one of the contents of the confidential letter. I have been long enough in the security business myself to appreciate the importance of maintaining confidential information, despite the fact that there was nothing in the letter which I consider should have been so classified.

My second point of privilege, and this is not only privilege but a protest, is that this man suffered dismissal from his job and a stigma on his reputation without the opportunity of answering the charges. This, Mr. Speaker, seems to me to be such a destruction of the basic principles of freedom that I am bringing it to the attention of the house so that it may be stopped.

QUESTIONS

ALTERATIONS TO EAST BLOCK—COST TO DATE

Mr. Fulton:

1. What has been the total cost to date of the post-war alterations to the east block?
2. Of this total how much was for (a) re-roofing; (b) other structural alterations; (c) new fixtures, furniture and furnishings?
3. Were any contracts for the work or materials covered in part 2 let on tender?
4. If so, which ones, who were the successful tenderers and what were the amounts of all tenders received for the particular contract?

Mr. Fournier (Hull):

1. $912,849.51.

2. (a) $89,787.05; (b) $823,062.46; (c) $23,215.31 (not included in total).

3. No. A contract was awarded to Doran Construction Company on a cost plus fixed fee basis.

4. Answered by No. 3.

DEPARTMENT OF NATIONAL DEFENCE—PURCHASES OF B.C. CANNED SALMON

Mr. Gibson:

1. What quantity of British Columbia canned salmon was purchased by the Department of National Defence in 1949-50, 1950-51?
2. What varieties were purchased, in what quantities and at what prices?
3. What firms supplied this salmon and what was the value to each firm?

Mr. McIlraith:

1. 1949-50, 2,548 cases; 1950-51, 4,425 cases.

2. 1949-50, 524 cases (48/1 lb.) cohoe at $23.50 per case; 21 cases (48/1 lb.) cohoe at $24.65 per case; 2003 cases (48/1 lb.) cohoe at $23.50 per case.

1950-51, 69 cases (48/1 lb.) cohoe at $28.40 per case; 1200 cases (96/½ lb.) cohoe at $28.00 per case; 250 cases (48/1 lb.) cohoe at $27.50 per case; 100 cases (48/1 lb.) fancy pink at $19.96 per case; 2806 cases (48/1 lb.) sockeye at $36.50 per case.

3. 1949-50, Canadian Fishing Co. Ltd., Vancouver, B.C., $7,828.50; B.C. Packers Ltd., Vancouver, B.C., $49,198.15; North Shore Packing Co., Vancouver, B.C., $2,550.00; Cassair Packing Co., Vancouver, B.C., $433.50; Nelson Bros. Fisheries Ltd., Vancouver, B.C., $940.00.

1950-51, Thomson Grocers Ltd., Toronto, Ont., $3,955.00; J. H. Todd and Sons Ltd.,

Victoria, B.C., $23,091.60; Francis Millerd and Co. Ltd., Vancouver, B.C., $6,875.00; B.C. Packers Ltd., Vancouver, B.C., $71,175.00; Nelson Brothers Fisheries Ltd., Vancouver, B.C., $7,300.00; Anderson and Miskin Ltd., Vancouver, B.C., $3,650.00; Anglo-B.C. Packing Co., Vancouver, B.C., $2,044.00.

CIVIL SERVICE PROMOTIONS

Mr. Knowles:

1. Since January 1, 1950, how many promotions from one grade to a higher grade have been made within the civil service, by departments?
2. Were promotional competitions held in all cases? If not, what were the exceptions, and why were there any such exceptions?
3. With reference to question No. 1, were any of those promoted persons who did not get the highest marks in the relevant promotional competition?
4. If so, how many, by departments, and by what authority were such persons promoted over those receiving higher marks?

Mr. Fournier (Hull):

1. Number of promotions, by department, from January 1, 1950 to September 30, 1951

Agriculture	618
Air transport board	12
Archives	13
Auditor General	26
Board of transport commissioners	37
Canadian maritime commission	4
Citizenship and Immigration	122
Civil service commission	153
Defence Production	19
External Affairs	146
Finance	599
Fisheries	130
House of Commons	10
Insurance	24
Justice	57
Labour	86
Library of parliament	5
Mines and Technical Surveys	439
National Defence	258
National film board	3
National Health and Welfare	113
National Revenue	872
National Revenue (taxation)	90
Prime Minister's office	7
Privy council	11
Public printing and stationery	18
Post Office	1,503
Public Works	180
Resources and Development	276
Royal Canadian Mounted Police	40
Secretary of State	85
Senate	4
Trade and Commerce	482
Transport	474
Unemployment insurance commission	702
Veterans Affairs	737
Total	8,355

2. No; in cases of reclassification where only one employee was entitled to consideration, promotion was effected without competition; and in cases where the department certified that there was only one qualified employee or that an advertised competition was not necessary in the public interest, the civil service commission authorized the promotion, subject to the right of appeal on the part of other interested members of the staff.

3. No.

4. Answered by No. 3.

WHEAT—QUESTION AS TO HANDLING CHARGE

Mr. Argue:

1. Is the six cent per bushel handling charge for wheat sold under the international wheat agreement still in effect?
2. Has the international wheat council dealt with the appeal opposing this handling charge? If so, what was the decision?

Mr. McIlraith:

1. Yes.

2. Yes. The international wheat council has noted that the exporting countries will not seek carrying charges in excess of six cents per bushel during the period of operation of the present agreement, and will review the matter upon negotiation of a new agreement or extension of the present agreement.

NATIONAL FILM BOARD—"CANADA CARRIES ON" SERIES

Mr. Fraser:

1. Did the national film board, during 1950 and the first nine months of 1951, sell or lease, Canada Carries On films, produced by the national film board?
2. If so, to what firms or individuals were they sold or leased?
3. What was the price paid for sale, lease or rights for the Canada Carries On series, during 1950, and for the first nine months of 1951?
4. What was the total cost of Canada Carries On series to the national film board or any other department of the government during 1950, and for the first nine months of 1951?

Mr. Winters:

1. Yes.

2. Columbia Pictures of Canada, Toronto, Ont., Art Films S. A., Brazil, South America, Brandon Films, U.S.A., Educational Sound Films, New Zealand, News and Specialized Theatres, United Kingdom, Sterling Films, U.S.A., Schmalfilm Zentrale, Switzerland, R.K.O. Pathe, U.S.A., Times Television, U.S.A., United Artist Corp., United Kingdom, Animex Haaslem, The Netherlands, British Acoustic Films, United Kingdom, British and Overseas Film Sales, United Kingdom, International Film Distributors, United Kingdom, Cite Films, France, Comptoir Cenemat Graphique, Switzerland, Films, Sweden, Victor Films,

Switzerland, Filmelve, French North Africa, miscellaneous rentals through the New York, Chicago and London offices of the national film board, miscellaneous outright sale of prints.

3. The price paid for sale of Canada Carries On series during 1950 and for the first nine months of 1951 was $15,255.45. The price paid for lease of the Canada Carries On series during 1950 and for the first nine months of 1951 was $41,560.45.

4. $283,502.02.

Questions

INCOME TAX—REMISSION TO COMPANIES SINCE JANUARY 1, 1950

Mr. Diefenbaker:

1. What are the names and head offices of all companies for whom remission of any part of income tax has been made, since the first day of January, 1950?

2. What was the total amount of the remission in each case?

Mr. McCann:

1 and 2.

Name of Company	Location of Head Office	Amount of Remission
Montreal Tramways Company	Montreal, P.Q.	$ 352,232.48
Montreal London and General Investors Limited	Montreal, P.Q.	3,855.31
British Columbia Yukon Railway Company Ltd.		3,263.20
British Yukon Railway Co. Ltd.	Vancouver, B.C.	11,007.48
British Yukon Navigation Company Ltd.		21,978.43
Dominion Anglo Investment Corporation Ltd.	Toronto, Ont.	9,302.81
Consumers Cordage Co. Ltd.	Montreal, P.Q.	161,219.44
Plymouth Cordage Company	Welland, Ont.	372,230.47
Modern Press Limited	Regina, Sask.	4,809.55
Economic Investment Trust Ltd.	Toronto, Ont.	11,173.86
Bowater's Newfoundland Pulp and Paper Mills Limited	Corner Brook, Newfoundland	941,084.83
Newfoundland Export and Shipping Company Ltd.	Corner Brook, Newfoundland	5,421.56

FOREIGN EXCHANGE CONTROL BOARD—EMPLOYEES —MOVEMENT OF CAPITAL

Mr. Macdonnell (Greenwood):

1. How many employees had the foreign exchange control board immediately prior to September, 1949?

2. How many employees has the foreign exchange control board now?

3. What is the total cost, direct and indirect, of the foreign exchange control board?

4. Is there any restriction on the movement of capital into Canada?

5. If so, on what basis?

6. Are there restrictions on the movement out of Canada of capital?

7. If so, on what basis?

Mr. Sinclair:

1 and 2. In accordance with the Foreign Exchange Control Act, the staff required by the foreign exchange control board is furnished by the Bank of Canada. The number of Bank of Canada staff engaged on duties for the board was 461 on August 3, 1949, and 354 on October 31, 1951.

3. The cost of administration of the Foreign Exchange Control Act in 1950 was $1,412,336 of which $1,183,987 consisted of expenditures by the Bank of Canada for staff, premises, office supplies and equipment, and travelling expenses and $228,349 consisting of other expenditures made out of moneys appropriated by parliament. The operations of the exchange fund account in 1950 (which do not reflect the administrative costs referred to above) resulted in an excess of revenue over expenditure of $7,400,588 which was transferred to the consolidated revenue fund. The expenditures of the account included interest payments amounting to $7,377,884 on advances from the consolidated revenue fund.

4. No.

5. See answer to No. 4.

6. Yes.

7. Movements of capital out of Canada fall into two classes: (1) withdrawals of capital invested in Canada by non-residents, and (2) exports of capital by residents.

The principal restrictions on withdrawals of capital by non-residents at the present time are:

(a) Except in the case of securities bought outright in Canada since the commencement

of exchange control and registered with the foreign exchange control board, residents of United States dollar area countries are not ordinarily permitted to sell Canadian securities in Canada and withdraw the proceeds by buying exchange in Canada or transferring Canadian dollars. They may sell such securities only for the purpose of immediately exchanging them for other Canadian securities. Any Canadian securities owned by non-residents may, however, be exported from Canada and sold outside Canada to other non-residents.

(b) The withdrawal of capital employed at the commencement of exchange control in a Canadian subsidiary or branch of a parent company or head office resident in a United States dollar area country is not ordinarily permitted by a transfer of funds. Such capital may, however, be invested in Canadian securities which may be exported from and sold outside Canada.

The use of Canada's U.S. dollar resources for the purpose of enabling residents to export capital from Canada is not ordinarily permitted, except in the following cases:

(a) Applications are ordinarily approved for new direct investments where they are likely to produce exports from Canada or secure sources of imports and also applications to exploit patent rights abroad, acquire distribution franchises similar to those operated in Canada and, generally, to establish businesses abroad similar to those carried on in Canada by the applicants.

(b) Distributions from Canadian estates to non-resident beneficiaries are permitted.

(c) Charitable donations and gifts and loans to near relatives are permitted in reasonable amounts.

(d) Residents are permitted to discharge at maturity debts to non-residents incurred prior to the commencement of exchange control or incurred after that date with the approval of the board.

(e) Emigrants from Canada are authorized to transfer up to $25,000 in cash and, upon investing any additional cash assets in Canadian securities, may export the latter for sale outside Canada if they wish to do so.

OIL—PRODUCTION, INVESTMENT OF CAPITAL, ETC.

Mr. Gingues:

1. What amount of capital has been invested to date by oil companies in the province of Alberta?
2. What were the quantities of oil produced during the years 1948, 1949 and 1950?
3. What royalties are paid, per gallon, barrel or ton, by such companies, to the government of the province of Alberta?
4. What was the aggregate amount of such royalties during the years 1948, 1949 and 1950?

Mr. McIlraith:

1. Investment of Oil Companies in Province of Alberta, 1949-51
(Thousands of Dollars)

	Capital		Repair		Total
	Buildings	Machinery	Buildings	Machinery	
1949					
Oil petroleum, crude	26,975	9,573	215	1,933	38,696
Petroleum refining and products	1,537	1,502	69	1,167	4,275
Pipe lines	1,868	386	17	72	2,343
Total	30,380	11,461	301	3,172	45,314
1950					
Oil petroleum, crude	33,886	9,189	294	1,682	45,051
Petroleum refining and products	284	5,151	39	1,250	6,724
Pipe lines	1,339	316	35	135	1,825
Total	35,509	14,656	368	3,067	53,600
1951					
Oil petroleum, crude	40,639	9,681	242	1,984	52,546
Petroleum refining and products	5,635	322	1,299	344	7,600
Pipe lines	1,124	572	30	120	1,846
Total	47,398	10,575	1,571	2,448	61,992

Note: 1949 Actual, 1950 Estimate, 1951 Anticipated. For earlier years, information not available.

[Mr. Sinclair.]

2. Production of Crude Petroleum in Alberta.

Calendar Year	Barrels of 35 Imperial Gallons
1948	10,888,592
1949	20,087,418
1950	27,548,169

3. Information not available in this department.

4. Information not available in this department.

UNGAVA MINING AREAS—INVESTMENT OF CAPITAL, ROYALTIES, ETC.

Mr. Gingues:

1. What amount of capital has been invested by the company or companies for the development of the Ungava mining areas?

2. What royalties are paid, per ton, by such companies to the government of the province of Quebec?

3. What amount has been received by the province of Quebec during the years 1948, 1949 and 1950, from such royalties?

Mr. McIlraith:

1. One company only is involved, hence details of its operations cannot be divulged (Statistics Act, S. 15).

2. Information not available in this department.

3. Information not available in this department.

PRICES—PERCENTAGE INCREASES SINCE 1939 IN VARIOUS GOODS AND PRODUCTS

Mr. Smith (Queens-Shelburne):

What is the percentage increase since 1939 in (a) farm prices of agricultural products; (b) wholesale prices of agricultural products; (c) wholesale prices of manufactured goods; (d) wholesale prices of meat products; (e) wholesale prices of fishery products?

Mr. McIlraith:

(a) Farm prices of agricultural products, 210·2[1]; (b) Wholesale prices of farm products, 174·2[2]; (c) Wholesale prices of fully and chiefly manufactured goods, 139·2[2]; (d) Wholesale prices of meats (fresh, cured and fowl), 219·5[2]; (e) Wholesale prices of fishery products, 175·8[2].

[1] As of August 15, 1951.

[2] As of September 15, 1951.

PENSIONS—CLAIMS AGAINST ESTATES OF DECEASED RECIPIENTS

Mr. McCulloch:

1. Under the new pension plan providing pensions without a means test for persons 70 years of age and over, paid under the authority of the Old Age Security Act, will any claims be lodged against the property of pensioners after their death?

2. Under the Old Age Assistance Act, passed at the last session of parliament, enabling the federal government to join with the provincial governments in providing assistance on a means test basis to persons 65 years of age to 69, will any claims be lodged against the estates of deceased recipients of assistance after their death?

3. Under the new Blind Persons Act, passed at the last session of parliament and providing for the payment of allowances to blind persons between the ages of 21 and 69, will any claims be lodged against the estates of deceased recipients of the blindness allowance after death?

4. What will be the position of pensioners presently in receipt of pension under the Old Age Pensions Act after it ceases to operate on December 31, 1951, with respect to liens which may now be placed against their property and claims for repayment which may now be lodged against their estates?

Mr. McCusker:

1. Under the Old Age Security Act no claims will be lodged against the property of pensioners after their death.

2 and 3. There is no provision, either under the Old Age Assistance Act or the Blind Persons Act for the lodging of claims against the estates of deceased recipients. Some of the provinces may decide in their own enabling provincial legislation to make provision for recovery under circumstances which they themselves will determine: but no such obligation is placed upon provincial governments by the federal laws.

4. The present Old Age Pensions Act has never required the provincial authorities to place liens against the property of old age pensioners. Where liens have been filed against the property of pensioners, this has been done solely under the authority of provincial law: and it will, therefore be for the provincial authorities to determine, as of December 31, 1951, the manner in which liens still in existence on that date are to be disposed of.

TEMPORARY POSTAL EMPLOYEES—WAGE RATES IN WINNIPEG AND OTHER CITIES

Mr. Knowles:

1. At what rate per hour were temporary postal employees paid for work performed during the Christmas rush of 1948, 1949 and 1950, at Winnipeg?

2. Was the rate at Winnipeg the same as rates paid in other cities? If not, what rates were paid in other cities?

3. Will temporary postal employees be engaged for the Christmas rush this year? If so, at what rate per hour will such employees be paid, at Winnipeg?

4. Will the rate at Winnipeg be the same as that paid in other cities? If not, what rates will be paid in other cities?

Mr. Rinfret:

1. 70 cents per hour.

2. Yes.

3. Yes—85 cents per hour.

4. Yes.

QUESTION PASSED AS ORDER FOR RETURN

MARSHLANDS—EXPENDITURES UNDER RECLAMATION PROGRAM

Mr. Black (Cumberland):

1. What was the total expenditure under marshland reclamation program, by projects (a) for 1951; (b) to date?
2. What have been the total expenditures, by projects, to date?
3. What is the acreage in each project, stating location and cost per acre?
4. What machinery and equipment was purchased in each year, stating the cost?
5. What was the overhead cost each year?
6. What has been the total expenditure to date?

DAIRY INDUSTRY

INQUIRY AS TO PROPOSED MEASURES FOR PROTECTION AND REHABILITATION

On the orders of the day:

Mr. J. H. Blackmore (Lethbridge): I desire to direct a question to the Minister of Agriculture, notice of which I have already sent him. Will the minister today, or at an early date, tell the house what measures he proposes to take for the protection and rehabilitation of the Canadian dairy industry?

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, as the hon. member has indicated, he did give me notice of his question. The only reply I would care to make at the present time is that there is on the order paper now a resolution which is the forerunner of legislation under which it will be possible to discuss that question fully.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed, from Monday, November 5, consideration of the motion of Mr. Robert Cauchon for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto of Mr. Drew, and the amendment to the amendment of Mr. Coldwell.

Mr. W. J. Browne (St. John's West): On Monday I was drawing the attention of the house to a suggestion which had been made by the hon. member for Beauce (Mr. Poulin), and I believe supported by the hon. member for Assiniboia (Mr. Argue), that on account of the decrease in the value of the dollar the value of family allowances had also decreased and that something should be done to bring them up to their former value because of the importance of assisting family life.

In connection with assisting family life, it should be pointed out, as my leader did, that housing is still not receiving from the government the attention which it deserves. Cities like Montreal and Toronto have had their populations greatly increased. Much yet remains to be done to see to it that proper housing is provided for the people living in those places. Thousands of students come to cities like Montreal and Toronto every year. These students have great difficulty procuring accommodation and the price which they have to pay is far higher than it has ever been before. All over the country there is need of improved housing.

Now, sir, dealing directly with the question of the cost of living for a moment or two, I am going to resist the temptation of drawing attention to the efforts made by the government to deal with this quesion. The speech from the throne said that the government was just as anxious about the high cost of living as the people of Canada. And we know that, because the Prime Minister (Mr. St. Laurent) himself, when he was in Washington on a very important mission about the St. Lawrence seaway, went to the trouble of getting a newspaper and looking at the prices of food in Washington as published in that paper. I could draw to his attention that he did not need to go to Washington to get a paper, because there is a paper in the reading room and anybody can go in there and see the prices of goods advertised any day of the week.

Take the Washington *Post* and look at the prices. If you do that you can compare the prices in Washington with the prices that are paid here in Ottawa. Yesterday I believe all hon. members received a copy of the Winnipeg *Tribune*. The management of the paper sent a man down to Minneapolis to check the prices of food and other articles, and to compare them with the prices which people were paying in Winnipeg. In the issue of November 3, Mr. Val Werier said:

> It is difficult to compare prices on commodities unless you choose the same brands and this I tried to do when I looked into living costs of Minneapolis to see how they stood up against those in Winnipeg. In practically all the name brands I compared I found the prices higher in Winnipeg. This was true whether applied to ladies' nylon stockings or men's shirts, corn flakes or soap flakes, refrigerators or tractors.

I think that is the experience of anyone who has recently visited the United States. They will agree that, in almost 99 per cent of the goods that they saw there, their observation of prices showed that the prices are lower in the United States than they are in Canada. This article sets out a list comparing the prices, and only in two or three cases are they higher in Minneapolis. This morning I took the Washington *Post* and I compared the prices in that paper with those in the *Citizen*. In connection with beef, I did not

see any tenderloin advertised in the paper, nor porterhouse steak nor sirloin; but with respect to the ordinary cuts used by the ordinary family the prices of meat in the United States were lower than the prices advertised here in Ottawa.

I am not going to deal further with that. I should like to make a passing reference to the statement made by the hon. member for Coast-Capilano (Mr. Sinclair), who was in the happy position of being able to visit Europe during the past two years. I notice that he is leaving the chamber. He did the same thing when I was speaking the other night. That hon. gentleman had the good fortune of going over to Europe to visit various countries to see if they could pay the debts that they owed Canada. There can be very little doubt that they all put on a poor mouth and told him how conditions were over there and how badly they compared with Canada. He said that Canada was the envy of the world because it had not introduced price controls. By accident I turned up a volume of *Hansard* for 1946 and I read a speech of the late Mr. Mackenzie King in which he said that Canada was the envy of the world because price controls had worked so well during the previous five years. The hon. gentleman cannot have it both ways.

Mr. Gibson: You have some price controls in Newfoundland.

Mr. Browne (St. John's West): We have some price controls in Newfoundland on some essential commodities.

Mr. Gibson: In St. John's.

Mr. Browne (St. John's West): I should like to make one other reference to prices. The Prime Minister was certainly very anxious about making comparisons, but he should remember one thing, and it is a very simple thing. Prices fluctuate, and sometimes the advertisers put in the paper articles that they know will be most attractive and draw customers to the stores. That is particularly true with respect to the price of eggs. It seems to be a futile business to try to compare egg prices. For five days there was a daily difference of 5 cents in the price of eggs here in Ottawa. On one day they were 82 cents, the following day 77 cents, the next day 72, the next day back to 77 and then up to 82 and down to 80. Some of these things are fluctuating from time to time; but in regard to the main items of clothing, hardware, house furnishings, and that sort of thing, all hon. members will agree with me when I say that prices are very much lower in the United States than they are in Canada. It is a great temptation for people who visit there—because the legal limit is only $100 every three months—to bring in goods clandestinely.

For the remainder of my talk I should like to make reference to conditions in Newfoundland. Last year I drew attention to the low prices which the Newfoundland fishermen were receiving for their fish. As a result of the crisis that developed over the fish situation in Newfoundland, the federal government called for an investigation by the fisheries prices support board, and the provincial government ordered a committee to inquire into the prices which had been paid to fishermen. The committee which was appointed by the provincial government was headed by Mr. Bruce Feather, who was released by the federal government. He had been employed in the Department of Trade and Commerce. He brought in an interim report which the government said justified them in stating that 55 merchants had underpaid the fishermen, and that they were considering introducing retroactive legislation which would compel the merchants to pay higher prices than they had paid for the 1950 catch. I was afraid that the turmoil that was caused over this would prevent the fishermen getting anything from the fisheries prices support board; but fortunately the fisheries prices support board kept on an even keel and went ahead with their investigation. As hon. members know, a couple of days before the house opened the Minister of Fisheries (Mr. Mayhew) made an announcement that as a result of their investigation they were going to pay to all fishermen in Newfoundland the sum of $1.30 per quintal. A quintal is the weight we use for fish. It is a Spanish word meaning 112 pounds or a hundredweight. The federal government is going to pay that, as soon as they get the necessary information to enable them to pay it. They are going to pay it direct to the fishermen, and they are paying it independently of what the fishermen received for their fish. Some fishermen received an average of $3, some $4, some $5 and some received $9, or perhaps even higher than that. I am not at all satisfied with the bare statement contained in this announcement. We should have from the minister or from his parliamentary assistant a statement as to how this figure of $1.30 was arrived at. It seems to me the government said that the full worth of the fish was $10.10, and that the average price received was $8.80, which left a balance of $1.30, and that therefore the fishermen should receive $1.30.

However, I do wish to say this, that the fishermen of Newfoundland are pleased, and are grateful to the government for having come to their rescue in the 1950 season, and for paying even this $1.30. Of course some of them will not make money by receiving

that sum, because they received such low prices for their fish. However, it is something which the majority did not believe the federal government would pay at all.

This past summer, in company with my wife, I had the privilege of touring Newfoundland, travelling around the island on a boat operated by the Canadian National Railways. We went to Corner Brook, and then visited all the various outports along the coast of Newfoundland, up to Labrador, and down the east coast. I found it most interesting, a beautiful trip. The scenery is magnificent, and I would recommend it highly to any hon. members who might want to take a trip next summer. They could take the same steamship S.S. *Northern Ranger,* and make the trip around the coast.

I was about to say however that in the various outports I visited I saw evidence of work being done by the federal Department of Public Works, in the restoration of wharves. I saw many fine wharves built by that department. Perhaps I am a little jealous of the attention districts represented by Liberal members have received. It seems to me they received the lion's share of the moneys expended by the Department of Public Works. The Minister of Public Works (Mr. Fournier) need not shake his head in a negative fashion, because I am satisfied that by far the greater portion of money has been spent in districts represented by Liberal members. That applies particularly to the constituency represented by the Secretary of State (Mr. Bradley). In fact I believe that in the last two years about $3 million have been spent in that riding alone. Mind you, I am not saying the money is not well spent. Nevertheless the fact is that that amount of money is being spent in his constituency. In Bonavista at the present time a wharf valued at $150,000 is being constructed and at Carbonear in the constituency represented by the hon. member for Trinity-Conception (Mr. Stick) another wharf valued at $150,000 is also being constructed.

Mr. Stick: May I return the compliment by saying that I recommended the construction of a wharf in the constituency of St. John's West, and it is now under construction.

Mr. Browne (St. John's West): I wonder if my hon. friend would enlighten me as to where it is?

Mr. Stick: At Arnold's Cove.

Mr. Browne (St. John's West): I am very puzzled now, because I had recommended that construction, and I am wondering whose influence was greater.

Some hon. Members: Oh, oh.

[Mr. Browne (St. John's West).]

Mr. Browne (St. John's West): I feel strongly about this. I visited the place with a Mr. Waveham, who carries on business there. I made an inspection and wrote several letters, and I have documentary proof to show that I recommended it. However, I am wondering whether I would have got it at all if I had not had the support of my Liberal friend from Trinity-Conception.

Last summer when I went around the island I noted a great deal of enthusiasm among the people. Fish had been taken in large quantities, and they were hopeful that this year was going to be a most successful one for them. Some of them complained to us that they could have taken much greater quantities of fish if they had had salt. This is a recurrent problem in Newfoundland, one to which I drew the attention of the house at the spring session, when I learned that some places were short of salt.

It seems to me it is necessary for some government, whether provincial or federal I do not know, to see to it that reserves of salt are available to be supplied to fishermen at those times when they are taking large quantities of fish, because the fisherman who takes these fish sometimes catches 200 or 300 quintals a day. It is a terrific amount —that would be $2,000 or $3,000 worth of fish in one day. Sometimes much of the catch is lost, completely, if they have not the salt. If they do not have it, the dead fish go into the ocean, and the fisherman has no return for his labour. It is something to which those in authority should give attention.

There was great enthusiasm in the country. As you know, we have down there a government led by a gentleman who has a reputation for great industry, a man who is indefatigable. He has travelled more miles in the last two years than all the cabinet ministers of the federal government put together. He has travelled by steamship, by train and by aeroplane—and if there were shooting stars available, he would be on them. He has travelled over the world, trying to introduce foreign capital into Newfoundland. But it seems the only foreign capital he could introduce was from Germany. He is assisted there by a gentleman who was once employed in the Department of Trade and Commerce at, I understand, $100 a month. The department, apparently, was unable to realize this man's great worth; but the premier of Newfoundland engaged him at the modest salary of $25,000 a year, as director of economic development, on the understanding that he was to initiate in Newfoundland one industry per month.

He has exceeded that, so that the premier has been able to announce that there are now twenty-five industries either started or conceived by this brilliant economic adviser, Mr. Alfred Valdmanis, who, in a book written in 1943 by Gregory Meiksins, was called the Quisling of Latvia and a nazi collaborator. That gentleman has come to the assistance of the premier of Newfoundland, who himself has been very keen on industrial development, the industrialization of the country. He has introduced Germans who have built a cement plant at Corner Brook to produce 600,000 bags of cement a year, at a cost of $3 million—and supplied, of course, with German machinery. Indeed, all those plants are to be operated by Germans and are to be supplied with German machinery. There is one plant the government itself built to manufacture birch flooring, etc. I understand it was not with the approval of the economic director. This plant is just outside the city of St. John's, and has been constructed at a cost of $1,500,000. I have not seen any production from it yet, but I understand the man who built it has recently advertised birch junk for sale.

Other industries which are to be established in Newfoundland include a steel mill, and a machinery plant eight miles from St. John's, occupying 300 acres, which is going to employ 5,000 men, and which is to be the largest factory of its kind in Canada. There is a cotton mill to be built by the United Cotton Mills or Union Cotton Mills. I looked them up, but I could not find any record of them in Moody's. I did see a record of United Cotton Corporation, which makes cotton bandages for the Rexall drug stores. But I could not find the name of this industry at all.

There is to be a glove factory, a tannery and various other factories too numerous to mention. How are they to be financed? They are to be financed out of funds left by the commission of government, after it had been in charge of Newfoundland for twelve years. When the present government of Newfoundland took over, they had a nest-egg of between $40 million and $50 million which is now being used to finance these enterprises. The other day in the house I asked the Minister of Finance (Mr. Abbott) how much of that money was on deposit with the federal government. I was told it was none of my business. I was told that that was a confidential matter between the provincial and federal government who looked upon themselves as bankers and would not release that information. At the same time the premier of Newfoundland was telling the people down there that there was $20 million in the federal treasury to the account of the provincial government. Who owns that money? Does the provincial government own it? Do the people of Newfoundland own it? If the people of Newfoundland own that money why is not a representative of the people of Newfoundland entitled to be told whether it is being expended? I feel that the government is not doing right when it refuses to give that information to a representative from Newfoundland. Last year they had no compunction about giving out that information. We were told in the spring that there was $20 million there, but I doubt very much if there is $20 million there today. If there is, it is certainly earmarked for some of these industries.

Mark you, these are socialized industries which the provincial government is undertaking to support to the extent of 50 per cent of the capital. I am sure our province will be a C.C.F. paradise with all these government enterprises which have either started or are about to be started. Such methods of carrying on industry do not appeal to all the people of Newfoundland. I have here the *Evening Telegram* of Friday, November 6, and I should like to read a paragraph or two from an editorial entitled "Bevan's Socialism a Model?" This newspaper supported the present premier of Newfoundland when he embarked upon his confederation campaign and has supported him ever since although it has become a reluctant follower when it found where it was being led by the nose. I would like my hon. friends to my left who are listening so attentively to pay attention to this.

Mr. Coldwell: I do not think Newfoundland provincial politics should be aired here.

Mr. Browne (St. John's West): This is a most important matter for Canada. I notice that hon. members from Saskatchewan frequently bring up conditions in that province and I feel that I am entitled to proceed. The editorial reads:

> Setting forth his political faith in a pamphlet, "Whither Socialism," Mr. Aneurin Bevan, aspirant to the leadership of the British labour party, holds that the entire economy of the country must be under the direct control of the government. In his opinion, there can be no such thing as a division between private enterprise and nationalization. What Mr. Bevan does not, of course, mention is that with the employers servants of the state, and with nowhere else to turn if they lost their jobs, they have to be subservient to their political bosses —the commissars, as they are known in the countries under communist domination. His declaration of faith reads:
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> "I regard it as an absolute prerequisite . . . that elected governments in the modern world should arm themselves with effective economic powers, because no democracy in a modern world is safe unless it becomes a socialistic democracy. There is no halfway house here at all. We must have a

society in which the democratic institutions and the elected representatives of the people have their hands on the levers of economic power and where the massive movement of economic affairs are under central direction and control."

That is what is happening in Newfoundland, I am sorry to say. With the assistance of this man who was formerly called a Quisling we are having national socialism in Canada today. The editorial continues:

With the restoration in Newfoundland of the system of democratic government, by one measure after another which was passed through the legislature, with scant time allowed to permit the involvements of the contractual agreements thoroughly to be probed and revealed, the government has committed itself to national direction and control of the operations. It has provided the risk capital. In the house on Tuesday, it was stated by Premier Smallwood that the contracts into which the government had entered would involve in the form of loans and advances to breathe the breath of life into the various schemes an outlay of $25,000,000, and he did not consider that to be a great investment to provide 15,000 to 20,000 with employment. Of the factors vital to the permanent existence of the new industries—the costs of output, the markets to absorb them and among others, transportation expenses—nothing whatever has been revealed, and the answers to the searching questions by the independent member for Ferryland throw little light on those matters.

It would almost appear that the government under Valdmanis tutelage is in process of putting into effect a system of economic nationalization not dissimilar to that expounded by the Bevan school of socialistic ideology. In view of the disconcerting results of its limited venture into the field of economic nationalization, the late British labour government shrank from further commitments in that direction . . .

Are we in this province moving out on the same slippery slope?

And again:

We do not know where the country stands because the information necessary to reach an intelligent opinion is not disclosed. The assembly is even refused to be permitted to examine the invoices of machinery for the factories, which as Mr. Cashin pointed out, was necessary to judge of its value to be set against government grants.

The premier of that province has called a sudden election for three weeks from Monday past and he says that the people will now have a chance to give him a mandate. The fact is that several of these industries have been started and commitments have been made in connection with others. Why has he stopped at this juncture like a rider on horseback in midstream? Why has he stopped to go to the people for a mandate? While the house of assembly was in session he did not want to disclose to his critics any of the facts or particulars about what had transpired up to the present time. The result is that the people have no information on which they could base their mandate. This gentleman will have to bear the responsibility for the ruin which he may be bringing upon this country by this mad venture into national socialism.

[Mr. Browne (St. John's West).]

Mr. Speaker: The hon. member's time has expired.

Mr. Browne (St. John's West): I would not be much longer.

Mr. McCulloch: We should abide by the rules of the house.

Mr. Speaker: In the absence of unanimous consent I cannot allow the hon. member to continue. Has the hon. member unanimous consent?

Some hon. Members: No.

Some hon. Members: Yes.

Mr. Drew: Has the time been changed?

Mr. Croll: The hon. member spoke last Monday.

Mr. Speaker: I have allowed the hon. member five minutes beyond his time, but perhaps he could be given another couple of minutes.

Mr. Browne (St. John's West): There is only one other thing that I want to bring to the attention of this house in connection with this wild experiment that has been taken on by this man who has won the admiration of some of the cabinet ministers, although I will not say of all. They are familiar with his methods of skulduggery by which he introduced confederation into Newfoundland. One feature of this that I should like to bring to the attention of every hon. member is that they are talking of nationalizing the fisheries. That would be the last straw. This is the place where the federal government can do something to stop this. Last year I asked the federal government to assist in organizing the fishermen in Newfoundland as they have been organized in Nova Scotia, to inaugurate co-operative methods of carrying on their business, but very little attention was paid to that suggestion. The provincial government jumped at the suggestion I made and put it into effect.

Mr. Proudfoot: Probably the hon. member for Trinity-Conception (Mr. Stick) would recommend that.

Mr. Browne (St. John's West): I do not know where the hon. member who asked that question comes from, but he certainly ought to know that this nationalization of the fisheries is a serious question as it would mean making every fisherman a servant of the government. I do not think we want to see the nationalization of any more industries of that kind. The fisheries are the most important industry of Newfoundland. They affect the lives of thousands of fishermen and their families, and they also affect the general trade.

I must thank you, Mr. Speaker, for your kindness, and the members of the house for their indulgence in listening to me beyond my time.

(Translation):

Mr. Pierre Gauthier (Portneuf): Mr. Speaker, I will try not to overtax your patience because I know many members are anxious to take part in the first vote on the address in reply. Incidentally, I thank those who allow us to say a few words.

Philosophy teaches us that a habit is acquired through repetition of the act. I have sat in the house for sixteen years and my first speech has always been in French. Not through prejudice, not through narrow-mindedness, not merely to show I could speak both tongues, but simply because I felt more at home in the French language. Since habit is acquired through repetition of the act, since I have been repeating the act for sixteen years, I have acquired the habit and that is why today I begin in French my first speech in this session.

Recently we have had the visit of Their Royal Highnesses The Princess Elizabeth and the Duke of Edinburgh.

As early as 1939, bilingualism had been honoured by a person of higher rank than Their Royal Highnesses, the Queen herself when, speaking over the radio at Halifax, she said "God bless you" and "Dieu vous bénisse". The princess and the duke have also recognized bilingualism in Canada. Members of the house can find a good example right in our midst, since the first "Commoner" (Hon. W. Ross Macdonald) deemed it advisable to take courses in French at Laval university last summer. Needless to say, the people of Quebec city and of the surrounding district were deeply touched by this gesture. The university was greatly honoured by your presence and that of your charming wife. My constituents were pleased, Mr. Speaker, when you paid them a visit and spent an evening with our friends on an island, on what is commonly known as the "lac des Sept-Iles". The estate you visited was that of a former member of parliament, Dr. Desrochers, whom we all remember as a great patriot and a great Christian.

Mr. Speaker, today people think, write and speak in the French language in Canada because persons like the queen, the princess and yourself have set an example. Throughout the ages, French Canadians have learned to fight to retain their mother tongue. However, there have been, amongst English-speaking Canadians, men who have recognized, who now recognize and who will recognize, I am sure, the value, the importance and even the necessity of both cultures on our Canadian soil. Just as long as there are such men, we need not fear, for these two cultures, whose diversity makes our people vigorous and colourful, will continue to exist, to sow the seeds of unity and to strengthen the unity of Canada as a whole.

I have had the great privilege of being sent to Geneva as Canadian representative to the world health organization. I sincerely thank the hon. Minister of National Health and Welfare (Mr. Martin). An interpreter pointed out to me that Canadians were recognized by the fact that, during the discussions in the various committees, they often spoke alternately in French or in English, according to the language used by the person who addressed them. I was really pleased because we were in a country that recognizes not two but three official languages: French, German and Italian. I believe that even if we were to write the word "bilingualism" in large letters on our buildings, and even here in this House of Commons, it would be superfluous because the tradition has become law in Canada and all recognize the two languages as official.

The example you have set, Mr. Speaker, has been followed in all provinces. In fact, when the Right Hon. Prime Minister was in Vancouver during his election campaign, the mayor of that city welcomed the Prime Minister in French, not to indicate his political affiliation but simply as an act of courtesy, and gentility. He spoke French to the Prime Minister. Following that example, the Vancouver junior board of trade requested the university to give French courses so that English-speaking Canadians could follow these courses and get to know Racine as well as Shakespeare. I could go on indefinitely. Sometimes, we are attacked by people lacking in education, culture and knowledge, and thus unable to understand the necessity and the value to Canada of our two cultures. It must not be forgotten that those are isolated cases and I am convinced that the population of Canada, in general, wants both cultures to hold a place of honour in our country. We have evidence of this every day.

I have been a member of this house for sixteen years. After the 1945 elections, under the leadership of the member for Vaudreuil-Soulanges (Mr. L. R. Beaudoin) we have instituted what we called the Wednesday luncheons, or "French" luncheons. On those

occasions members from all political parties represented in the house would gather: Liberals, Conservatives, independents and members of the C.C.F. and the Social Credit groups. Everyone had to speak French, and this rule was so rigidly enforced that a former member's name was translated from Mr. Church to Monsieur Eglise. Which goes to show that we put all of our soul and spirit in those meetings.

Since 1945 many hon. members of English descent have been learning French and are doing their best to improve their grasp of that wonderful idiom. They realize there is a need for a dual culture in Canada and that the strength of our Canadian society is derived from that variety of cultures. At a previous session, speeches were made in French by 15 English-speaking members who did not know a word of French before they entered this house.

It means, Mr. Speaker, that the good example has been followed—and we trust that this great culture will continue to grow and spread so that this brotherhood we all look forward to will flourish in Canada.

I am always reminded of words spoken by the Prime Minister when addressing the students of Loyola college in Montreal, last year, I believe, or two years ago. He said we should endeavour to foster in the world a brotherhood that would create better understanding between people.

Well, we seem to forget this brotherhood rather often. However, for some time now, we have had proof that while it is not fully developed or established, it is daily growing stronger.

Last week we had here representatives of several nations, soldiers who fought in Korea. They were greeted in the house with a tremendous ovation. All members were delighted that those heroes listened for a while to the debates of the house.

I have here a copy of the words spoken by the Prime Minister when he met those men. If more statesmen could speak and think as he does we would not have to deplore the chaotic situation in which we find ourselves today. The Prime Minister spoke as follows, as reported by *La Presse* of November 2:

> We must have man to man relations on a basis of equality with all the children of our common Father. Let us show, not only outwardly, but sincerely, in our wills, in our hearts and by our actions, that we want to treat everyone as human beings having equal rights in a world intended for all.

[Mr. Gauthier (Portneuf).]

Those words should be inscribed not only in books but in the hearts and minds of all men so that this fraternity which is so often destroyed may become an accomplished fact and that men may at last know one another and set a higher value on moral and spiritual things, for which the need is so great, than on nationalism.

Mr. Speaker, the behaviour of Sergeant Buteau in Korea must be used as an example. I recall reading in *L'Action Catholique* and *Le Soleil* the account of an interview of a representative of the Canadian Press who spoke of the deeds of valour, not in the matter of fighting, not in the matter of the number of the enemy he had killed, not in the matter of the grenades he had thrown to drive out the enemy but rather in the matter of the great charity and fraternity he had shown not only to his brothers in arms but to the unfortunate Koreans around him, the fleeing Koreans who were running from one end of Korea to the other trying to escape from the enemy.

Sergeant Buteau has performed a highly charitable, brotherly and Christian act. In order to help those poor Korean men, women and children, trudging barefoot in the mud, and practically naked, he organized what we might call a Saint-Vincent-de-Paul society, as we have them in the province of Quebec.

He took up a collection everywhere, even among the privates, to buy clothes and food to alleviate the sufferings of the Koreans, his brethren in Christ, thus showing that he was doing it all out of charity.

I am convinced that Sergeant Buteau was doing this in a spirit of Christian charity, not to get his name in the papers. He was simply motivated by a desire to practise charity, to show the people of Asia—who unfortunately do not know us well enough and who, in the past, were not given enough examples of Christian charity—that western democratic nations also have a heart, know the meaning of charity and understand that a human being is not only a man who flees before the enemy, but a man provided with a body and a soul created in the image of his Maker.

That, Mr. Speaker, is what I wanted to say by way of thanks to those who, whether they are of French or English descent, are not afraid to be broad-minded with respect to the two cultures.

As a matter of fact, I did say that sometimes things do go wrong, of course, but one cannot expect everything to be perfect

in this world, in view of the diversity of opinions and points of view and, especially, of divergent interests.

The hon. member for Nicolet-Yamaska (Mr. Boisvert) raised an interesting point the other day, concerning the uninhabited and untilled areas of the province of Quebec. This is a matter to which both federal and provincial governments should give very special consideration.

I will not repeat what the hon. member said, but I wish to deal with one aspect of the matter. Everyone knows that, for some years, the international refugee organization has brought to this country 60,000 refugees from European countries. This enabled farmers to obtain the help they needed from various countries such as Latvia, Esthonia, Poland, Italy, Germany and, in particular, central Europe.

Everyone knows also that salaries are very high in Canada, more so where there are industries such as the paper industry in my riding. It is very tempting for these young people to go and earn a salary of 97 cents an hour which is the minimum salary paid by the paper industry in my county.

As I was saying, because of a shortage of help many farmers of my district hired these refugees. However, if several of them did fulfil their contract as required, others could not so easily be made to realize that, under their contracts, they had to work more than a year for the people who had hired them. And yet, although they were very well treated —I made a personal investigation in this regard—many did quit. Of course we do not always reach our goal but such a situation is apt to cause trouble later on.

In view of the great number of refugees coming to this country, things might be less interesting if deflation, such as was experienced between 1930 and 1935, ever sweeps down on our country. It happens that these displaced persons make contacts with organizations from their country, especially in certain cities. After a year they quit the farmers they have been working for and who may have treated them well. They go after higher salaries in Toronto, Montreal or elsewhere. Urban populations are growing and the depopulation of rural areas creates a difficult problem. The outlook for city people is rather grim. If depression comes and city populations are swelled by the influx of refugees, bread lines will again be seen in the cities. If refugees had longer contracts we would not have to fear trouble of that kind. They would have more time to adapt and adjust themselves to our way of life. I am convinced that more of them would stay on the farm where they would finally take the place of those who would give up farming, as stated by the hon. member for Nicolet-Yamaska.

Mr. Speaker, I shall say only a word about the much debated question of controls, because I am no expert in the matter and because enough has been said about it by previous speakers.

To my mind the imposition of controls is not calculated to allow the consumers to purchase products at a lower price but simply to make goods scarcer. Controls are applied really to direct the productive capacity of the nation into specified channels, towards a result which is required by the pursuit of a specific goal. The government in this way directs part of the national economy so as to obtain the required results from the other part. Otherwise the government would become the owner of the economic individual. Where then would be that liberty of which we are so proud?

If we complain of heavy taxes, why demand the establishment of a system which would obviously make taxes heavier and more numerous still. Now, as far as preventing the manufacturer from fixing resale prices is concerned is it not a well known fact that the consumer's protests are often caused by the difference between the manufacturer's price and the retail price? Anyone here who has ever tried buying a suit of clothes at the manufacturer's price has been amazed at the spread between the two prices.

I am therefore pleased to learn that the government, after thorough investigation of the matter by the committee, proposes to introduce certain measures making it possible to establish a sort of price schedule, especially with respect to food prices, about which Canadian housewives complain so bitterly.

Whenever an inflationary or deflationary crisis occurs, the psychological and moral aspects seem to be forgotten. Unfortunately, priority is given to the material aspect, while the spiritual or moral aspect is completely ignored. We are living in an age of materialism, so much so that a wall of China has been raised between the material and spiritual spheres. No longer man is asked

to do what he ought; but he is allowed to do what he wills and what he can. Every conceivable problem relating to man is discussed, but the main problem, man himself, is forgotten.

Our economic system, and that of Europe in particular, had left a vacuum in the minds of men. In the first case, it had proven unable to achieve social unity. Then it made a pernicious distinction between the duties and the rights of men. All men had rights but very few had duties. Finally it had lost its emotional force because the basis of that force was utterly unrealistic. A new philosophy was developed which seemed to fill the gap, supplied an emotional basis, seemed to achieve social unity through force, increased the rights of men and then took them away by stealth and recognized only man's duty to the state and to the party. Having stopped thinking, feeding their minds on slogans, men seemed to believe everything and unwittingly drifted into materialism. Money took the place of principles. What about patriotism? Just try to find it in an emergency.

Mr. Lorenzo Paré, a Quebec newspaper correspondent, understood perfectly the psychological side of the matter when he wrote on October 17 last:

> No, patriotism, noble feelings unfortunately, are not yet sufficient to put public interest above private interest when it is possible to do otherwise.

Mr. Speaker, I believe this sentence is a synthesis of what I tried to say a moment ago. We are patriots, Christians, everything you say, as long as our personal interest is neither involved nor prejudiced. Besides, the situation is critical not only from the material point of view but from the moral and spiritual point of view as well.

Mr. Speaker, I would have liked to refer to a matter very close to my heart, that is, agreement to the protocol calling upon Turkey and Greece to be party to the North Atlantic treaty. I shall say only a very brief word on the matter since many hon. members are getting impatient. I have always been very frank, Mr. Speaker, and I must say I regret it has not been found expedient to ask Spain to join the North Atlantic Treaty Organization. I speak with all frankness; my remarks are aimed at nobody in particular; this is my own idea. I believe that if Turkey and Greece must be admitted to the North Atlantic Treaty Organization, it is just as necessary that Spain should join it as well.

I know that communist propaganda, the most evil and deceitful which any country could conceive, has succeeded in stirring up world opinion against Spain. Unfortunately, not a single country sufficiently grateful to the Spanish people for all the good they have done in the past has deemed it its duty to protest. Let us forget that Spain is administered by a dictator, if such a word need be used. Must we forget the good that has come to certain nations through the work of this dictator? If Spain is materially backward, her contribution in the moral sphere has not been equalled. I wanted to say those things and I wish I could say more, but that will be sufficient.

In conclusion, Mr. Speaker, may I speak of another matter? I will, however, be brief, since I should not confuse provincial with federal issues. A moment ago I was saying that the moral and spiritual matters were neglected and that only the material side now seemed important.

We have all read the articles by Joe Finn in the *Citizen*. There is no need to worry; it is no worse in the Hull district than in and around Quebec. I have already spoken to the house about this situation which is peculiar to the province of Quebec in general. The material side is of more importance here than the moral side, since it all boils down to making money. This moral disintegration is encouraged for no other purpose than to allow party coffers to fill to overflowing through contributions derived, on an ever-increasing scale, from the sale of alcoholic beverages.

I know, Mr. Speaker, that I will be accused of besmirching the fair name of my province. I already have been so accused. Let us not forget that he who indulges in mud-slinging is no cleaner than the one he chooses as his target. However, let me place the matter in its proper perspective and say that those in authority who allow such a crime to be perpetrated against our youth assume a responsibility I do not wish to share in the least, so heavy must it be for any man whose heart is in the right place and especially for a patriot.

Mr. Speaker, one need only read past history to realize that the leagues of the Sacred Heart have campaigned against this abuse; one need only read Blair Fraser's articles to understand why, at long last, people are disgusted, why they hope to see an end to a

laxity leading to the corruption of the better elements of our Quebec youth.

That is what I wanted to say. I have said more than I meant to. However I wish to quote the opinion of two doctors on the subject of alcohol. You may know of those two doctors who are, indeed, world-famous. Dr. Alexis Carrel, a great man, said this:

The general lowering of intelligence and common sense seems to be due to alcohol, wine and of all kinds of excesses and finally to a breakdown of morals.

This is a statement by Dr. Alexis Carrel, not by the member for Portneuf.

There certainly is a relationship between alcoholism and the weakening of intellect in a community.

Again it is Dr. Carrel who says that, Mr. Speaker, and those who make solemn statements about patriotism should try to find out the facts. They should show more responsibility and stop making such statements. They should pay close attention to our youth whose morals are being corrupted.

May I add the testimony of a person who knows the condition of a mind debased by alcohol. Let me quote Dr. Voronoff, one of the greatest biologists who ever lived. Here is what he has to say:

Certain writers have used alcohol to stimulate their intellectual faculties. Under the incipient influence of intoxication there comes to mind an abundance of ideas, sallies, eccentric remarks, sometimes novel views.

That is after the first or second glass.

Imagination is overly stimulated but thinking and judgment are correspondingly weakened. All traces of intelligence disappear with an increase in the intake. Excessive consumption of alcoholic beverages has played a nefarious part in the life of some writers. I will not name them out of respect for their genius which has lamentably debased itself. The abuse of alcohol debases man.

I am tempted to send these two statements to the interested party so that he may, some day, look into them carefully and digest them thoroughly. He may thus be apprized of his responsibilities in this matter and, possibly, may make some semblance of a move, at least, to prevent the moral disintegration of our youth and put an end to these highly nefarious doings against our good people.

(Text):

Mr. C. E. Johnston (Bow River): Mr. Speaker, I wish to take part in this debate. The house is very busy right now. Quite a few committees are sitting. One of these committees is the committee on railway legislation, of which I am a member. I have left that committee to say a few words in this debate. The reason I did so is that I think the subject that I intend to speak on is sufficiently important to justify my saying a few words on it. The people of Canada are greatly concerned about it. I refer particularly to the tremendous increase in the cost of living. The people of Canada have been so concerned about this problem that in the last several by-elections that have been held they have protested most vigorously. They protested in the manner that is probably the most effective that they know. In most of those by-elections they have refused to return a government member to this house. I do not think any better evidence could be placed before the government to cause them to realize the seriousness of the situation. The government considered it so serious—because the evidence was presented to them in the form of defeated candidates—that they mentioned it in the speech from the throne.

I want to refer to that part of the speech from the throne. I know it has been referred to on many occasions in this debate, but I am going to put it on record again because I think it is sufficiently important and also because I want to make reference to it as I go along. In the speech from the throne the government had this to say concerning the cost of living:

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

I will stop there for a moment because I particularly want to refer to the last sentence where the government emphasize that the policies which they have already put into operation are having effect. I do not think there can be anything further from the truth because the evidence is most clear that prices have been going up continually, not only since the government put those remarks in the speech from the throne but before that, and since the speech from the throne the cost of living index has risen until now it has reached the highest total in the history of Canada, namely, 190·4. Before that it was 189·8. It should not take any argument from members on this side of the house to convince the Liberal supporters—I am not

speaking of the government so much now—that something more effective has to be done than the government has already done to stop the spiral in the cost of living.

Hon. members generally should be very concerned about this. My mind goes back now to the debate that took place yesterday relating to retail price fixing. In my view that is not going to have much effect. I say that for the reason that I have been in this house since 1935. During that time I have had the privilege of sitting on committees of this house. I was a member of the prices committee. At that time we were endeavouring to prevent the rising cost of living. While we were sitting and searching into the reasons for prices rising, prices rose all around us.

When we were delving into increases in bread costs, the committee was prohibited from investigating the real basis of those costs, and that was the rise in the cost of flour. We know the flour mills had been protected by the government from the combines act. All the work the committee did proved of no avail. Thousands upon thousands of dollars were spent to bring witnesses before the committee, yet nothing was done. Prices were rising all the time. I am in hopes that the work this new committee will do, and the recommendations it will bring back to the house, may have some satisfactory results. Goodness knows the people of this country deserve some benefits from it. They deserve some relief from these tremendous increases in the cost of living.

In the paragraph from the speech from the throne to which I referred a moment ago the government states that methods employed have given relief. Let us examine this statement, and consider first the sales tax. That was one action taken by the government which, it was suggested, would relieve rising costs. That was part of the government's fiscal policy. Yet every member in the government and all the people in Canada know, to their sorrow, that the sales tax which was increased to the extent of 25 per cent had the effect only of adding to the already high costs. So we see no relief from that source.

Not only was the sales tax increased from 8 to 10 per cent, representing a 25 per cent increase, but when added at the manufacturers' level the tax amounted to a good deal more than that. Each one of those steps added to the already high costs. Then there was the excise tax introduced at the manufacturers' level and which, when pyramided, amounted to a great deal more than the original tax.

Then there was the 20 per cent surtax. On top of all the other taxes the surtax was imposed. I shall refer to that in greater detail in a moment. Then there were credit restrictions, and with them I shall deal for a short time. In this instance the government's intention, I suppose, was to prevent people from spending money and thus have the effect of reducing prices. But the only persons in the country that this measure affected were those in the middle income groups. It certainly had no effect whatever upon those with incomes of $8,000 or $10,000 a year. If a man in that group wanted to buy a house, credit restrictions did not enter into his considerations. If he wanted to buy a car, credit restrictions did not enter into his considerations. But the man who was in dire need of a house, the man who was in dire need of a moderately or low-priced car was materially affected. And, mind you, in these days neither a house nor a car can be considered a luxury in any sense. These were the people who were forced to forgo these necessities, owing to the imposition of credit restrictions.

Another factor which has entered into the cost of living, and which is a direct result of government policy, was that of increased freight rates. Those of us in western Canada and the maritime provinces felt these increases more particularly, because every time there was an increase in freight rates the greater portion of it was levied against the people in the prairie provinces and in the maritimes, leaving Ontario and Quebec least affected.

The effect of those freight rate increases was tremendous. I have here a clipping from the Ottawa *Citizen* of Monday, November 5, 1951, which has something to say on this subject. It states:

> Another drive for higher freights.
>
> If the railways can persuade the board of transport commissioners to grant their amended application (amended in an upward direction, of course), for an additional increase in freight rates, the ceiling will be raised to a level more than 78 per cent above that of the early post-war years. The latest request is related directly to the defence surcharge of 20 per cent on corporation income tax contained in the last budget.
>
> Two points may be made here. The first is that the railways' action, if endorsed, would make still livelier the rat-race of inflation. It is not the unions and their higher wage bill enforced by the

Kellock award which are cited this time as a reason for charging more for freight, but the taxation policy of the federal government.

The second point is that these repeated requests for increased rates are always geared to the financial needs of the Canadian Pacific Railway, which is accepted as the yardstick for the purpose. These needs include an allowance for meeting fixed charges and dividends, and also for a surplus, according to a formula applied by the board of transport commissioners. This formula has been the subject of attack by eight of the ten provincial governments—all but Ontario and Quebec, which have never been able to work up much steam over the subject of freight rates.

The time may come, if it is not already here, when the public at large—even in Ontario and Quebec—may wonder if the requirements of the privately-owned transportation system must automatically be taken as the basis for setting the price for such a service.

The reason I would direct attention to this article is the government's policy as set out in the last budget wherein it brought down fiscal measures which, they said, would combat inflation. I direct attention to this because, as a direct result of the government's budget, prices have risen. The 20 per cent surtax to which I referred a moment ago is one of the basic reasons why the railways have now asked for a further increase, claiming this increase as a direct result of government policy. And so it is; the suggestion cannot be contradicted.

When one realizes that if the railways are given their proposed increase there will have been an over-all increase of 78 per cent since the end of the war, one is impressed by the magnitude of this amount. Such increases are bound to lead to rising costs. That is why I said a moment ago that I have not much hope that the committee which is to inquire into the MacQuarrie report will have the good results we hope it would have. Something more must be done. There must be a change in government fiscal policy.

The second outrageous feature in connection with the application for increased freight rates which, in turn, will increase prices, is that the Canadian Pacific is used as the yardstick. In that formula they have been permitted to include fixed charges such as maintenance, salaries, dividends and this 20 per cent surcharge, along with the surplus the railways consider must be maintained in order to carry on their operations. That leads to tremendous discrimination in private industry in this country. I know of no other private industry that has the right by legislation to fix its charges so they will provide for a surplus as well as dividends to shareholders. You cannot call that a private institution, when it has such tremendous legislative force on its side. No other industries have such protection.

In order to show how these freight rate increases affect us I should like to place on *Hansard* a table which I have received from the authorities dealing with the prices of automobiles, which have been mentioned during this debate. There has been a substantial increase in the price of automobiles, one of the essentials people must have today if they are to carry on their ordinary operations. May I have the consent of the house to place this table on *Hansard* rather than taking the time to read it?

Mr. Deputy Speaker: By leave of the house.

Some hon. Members: Agreed.

Mr. Johnston: The table is as follows:

Date	Sales Tax $	Excise Tax $	Total Taxes $	Factory Retail $	Calgary Freight Allow. $	Calgary Retail $
2-11-46	73.25	91.57	164.82	1,354.26	171.00	1,525.00
4-15-47	82.03	102.54	184.57	1,516.00	157.00	1,673.00
11-18-47	86.95	271.71	358.66	1,771.00	157.00	1,928.00
1-26-48	87.75	274.22	361.97	1,790.00	157.00	1,947.00
8-10-48	96.56	120.70	217.26	1,788.00	189.00	1,977.00
1-24-49	104.55	130.69	235.24	1,933.00	189.00	2,122.00
1- 9-50	105.93	132.41	238.34	1,956.00	205.00	2,161.00
9- 8-50 ..... (1951 Model Year)	105.93	198.61	304.54	2,023.00	227.00	2,250.00
12- 6-50	110.36	206.92	317.28	2,107.00	227.00	2,334.00
4-11-51	140.03	350.07	490.10	2,307.00	227.00	2,534.00

I should like to refer briefly to this statement. On February 11, 1946, the sales tax on a Pontiac four-door sedan was $73.25; on April 11, 1951, that sales tax had increased to $140.03. During the same period the excise tax on the same car increased from $91.57 to $350.07. The total tax increase on that small, cheap car was from $164.82 to $490.10. That created a substantial increase in the price of that car because of taxes alone. During the same period the freight on that car from Oshawa to Calgary increased from $171 in 1946 to $227 in 1951, and there has been a still further increase. I am just informed by the hon. member for Wetaskiwin (Mr. Thomas) that it has been increased to

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$252, but I suppose that would be to Wetaskiwin. With that tremendous increase due to government fiscal policy how can you expect to have any material reduction in prices because of the work this committee on price fixing may do?

We may have some alleviation, and I hope that will be so. There is price fixing and I hope it will be rectified, but people should not run away with the idea that if there is some alleviation of price fixing that is going to materially lower the cost of living. The total taxes on that same car have increased from $317.28 in 1950 to $490.10 in 1951, an increase of $172.82 in a matter of four months due to government fiscal policy. The government indicated in the speech from the throne that measures would be taken which would be effective in lowering the cost of living. As the hon. member for Red Deer (Mr. Shaw) has just indicated, this same argument applies to many things besides automobiles.

Those of us who live in western Canada have borne the brunt of these freight increases so we know what we are talking about when we refer to the rising cost of living. Not long ago when the Prime Minister (Mr. St. Laurent) was speaking over the air, I think it was during the recess, he advocated that the people should save more and produce more, that this was the way to lower the cost of living. Certainly we should do that, but the people of Canada should not be the only ones requested to do so. During the time the Prime Minister and members of the government have been asking us to save in order to bring down costs what have they themselves been doing? Surely they should be the ones to set an example. Just the other day it was indicated in the newspapers and also submitted to the house by the Auditor General of Canada, Mr. Sellar, that last year the government had spent $70,000 for office space which they had never used. Just a matter of weeks ago the Prime Minister tells us to save; then we have the auditor general pointing out to the House of Commons in his report that the government has absolutely thrown away $70,000. Seventy thousand dollars may not look very large when you consider the colossal extravagance of the government, but it is a mighty lot when people have to scrape the pennies out of their piggy banks in order to pay the taxes the government is extracting from them. Mr. Sellar pointed out also where the government has spent $720,000 for new furniture. It is nice to have new furniture. I remember the Minister of Finance (Mr. Abbott) saying to us last year that it might be nice to have these new things, it might be nice to have a new car, but we could not have those things if we expected prices to come down. Can we expect prices to come down when the government is spending $720,000 on new furniture and throwing away $70,000 for office space which it never used? Mr. Sellar pointed out also where the government had bought for an amount of $948,542 200 quonset huts which had never been used and for which there was no use beyond stockpiling. None of those items by itself seems large, but the total comes to $1,738,142, a substantial sum. Almost $2 million of public money has been wasted by the government on these three items. At the same time the Prime Minister and the Minister of Finance make radio broadcasts in which they ask the people to save in order to bring down prices. What a mockery! What a farce! We set up a committee to deal with resale price maintenance in the hope that it is going to reduce the cost of living materially when we have a government who, by their very actions, are preventing costs from being lowered.

The next point the Prime Minister had reference to on that occasion was production. There is no one in the house who will not say that one of the very essential things in lowering costs should be production. It is; but when you have a government who by their fiscal policy discourage production how can you ever expect that is going to lower prices? It just cannot be done. Production is one of the essential things if we are going to have a lowering of prices. Mind you, there again the people of Canada have responded to the government's plea. They did save, they did increase production, yet prices are continuing to rise. The Ottawa *Evening Citizen* of Thursday, November 1, contains an article having a bearing on this question. The heading is, "Manufacturers' Shelves Loaded With Goods". The article reads:

> Manufacturers' shelves were loaded with a record $3,451,800,000 worth of raw materials and finished goods at the end of August, the bureau of statistics reported yesterday. Rising steadily, month by month, over the period of a year, the inventories in August reflected a $56 million increase from July and a total advance of $899 million from August last year. A trade department economist, explaining the sharp upward drive in stockpiles, attributed the peak load to two causes:
>
> 1. Natural industrial expansion resulting from the country's economic development.
> 2. Anticipation by manufacturers of greater sales than actually materialized.

Let me stop for a moment. Why was there anticipation by manufacturers of greater sales than actually materialized? That happened as a direct result of the government's fiscal policy. If you ask automobile manufacturers to produce automobiles—I am only using that as an illustration—and then put a government policy into effect which prohibits people from buying automobiles, how do you expect

the industry to continue to produce? You just cannot expect it to do so. The result will be that the industry will have to stop producing that line of goods, and that is exactly what they have done. The article continues:

All four major industrial groups—manufacturers of consumer, capital, construction and producer goods—shared in the increase over July, though industries producing construction and producer goods accounted for the greatest proportion of the month's climb. The stockpile of producer items jumped to $633,200,000 from $608,000,000 in July; construction materials, $276,800,000 from $263,900,000; capital goods, $420,000,000 from $409,700,000; and consumer goods, $2,121,900,000 from $2,114,000,000.

Consumer goods comprise the items where prices have probably climbed the most, or at least are more noticeable to the common people than anywhere else; yet there is a tremendous surplus of production. If what the Prime Minister tells us is true, namely, that if we increase production prices will come down, why has that not happened? We have increased production but prices have continually risen. The article goes on to say:

At the end of July, the bureau estimated the volume of goods held in inventory had increased 14 per cent over the 1950 average level. "Volume rose slowly during the last quarter of 1950 and the first quarter of 1951, and much more rapidly during the next four months," the bureau said. "At the end of July this year total volume appears to have been 16 per cent above the low point reached last November."

Well, Mr. Speaker, one cannot complain about industry too much when one finds that they have continually increased production despite all obstacles that have been put in their way by the government's fiscal policy. The government has had an opportunity to do something effective. In the speech from the throne government legislation was forecast in these words:

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

The government had a report. They studied it and found that certain industries were causing, as they considered, an undue rise in prices. A committee had studied the matter at a cost of thousands of dollars. They dug up the information. The government asked them for an interim report. The government received it, and on the basis thereof the government then proposed to introduce legislation. It is unfortunate that they did not do so, but because of pressure that has been brought upon the government they decided it was too hot a potato, and that they would turn the matter over to another committee.

As I said at the beginning of my remarks, I have had some experience as a member of committees of the house, and I am afraid this committee will not be much more effective than other committees have been in the past. The other day the Minister of Justice (Mr. Garson) said that one of the reasons the government had decided not to place this legislation before the house immediately but rather to send the matter to a committee was because he had received personal letters from small businessmen claiming that such action would ruin them. He pointed out in particular that one druggist in his constituency—I think his name was Grant; I am only speaking from memory but it can be found in *Hansard*—had written telling him that if this legislation was introduced he would be ruined.

I do not put much faith in that because some members of the house have received letters particularly from druggists but also from others throughout the country, and in the envelopes of some such letters have been found circular letters from the drug supplying concerns asking the little fellows to write to their member of parliament and complain about the proposed legislation. Yes; some members of this house have received in letters from small druggists a circular letter from the suppliers and manufacturers of drugs asking them—

Mr. Thomas: Putting pressure on them.

Mr. Johnston: As the hon. member for Wetaskiwin (Mr. Thomas) says, putting pressure on them to contact their local member and complain about the proposed action of the government. Therefore when we hear the Minister of Justice pleading that the action now proposed is going to be in the interests of the small fellow we just do not put much faith in it. We know the Minister of Justice (Mr. Garson), and have known him for a long time.

I believe the suggestion by the hon. member for Charlotte (Mr. Stuart) might have some merit. He suggested a lowering of the tariff walls which, in his judgment, would cause an immediate decline in prices. I believe that is true. I do not think there is anything the government could do that would be more effective in that regard. I am not suggesting that we do away with tariffs, but I do suggest that probably a lowering of the tariffs on many items would be effective. No, I am not suggesting that we do away with tariffs, because they are an essential thing in any country. But tariffs should be used for the protection of a market, and should never be used for the protection of a profit. It would be a good thing to say to

some of the industrialists in this country, "We will have a tariff wall so the United States cannot ship goods in here and absorb your market, but you must produce those goods at a reasonable cost, somewhere near the prices charged in the United States. It was never the purpose of a tariff wall to permit an article produced in the United States by the same concern that produces it in Canada to be sold for half the price in the United States. Under this administration, yes and under the Conservative administration as well, we find that tariff walls have been used for the protection of an unreasonable profit. This should not be allowed, and if the suggestion of the member for Charlotte were followed a lowering of the tariff walls would at least show some of our monopolistic industrialists that they cannot charge exorbitant prices to our Canadian consumers. I believe that would be very effective, much more so than setting up another dozen or so prices committees.

There are a great number of other subjects about which I should like to speak. I intended to mention old age pensions. Other members of our party have put our views in that regard on the record, and I adopt those views as my own. I would have liked to speak about veterans allowances and veterans disability pensions, but I have not the time. I want to say that those views which have been expressed already by the members of this party on that subject are my views as well. I desired to speak about the problems of agriculture, but the hon. member for Battle River (Mr. Fair) has gone into that quite thoroughly and explained our position. While I have not the time to speak about all those subjects I have mentioned, every one of those matters, agriculture, old age pensions, and veterans, is vitally linked with this question of the cost of living. So, Mr. Speaker, if I have contributed anything at all in the way of giving the government advice towards lowering the cost of living which would assist all those I have mentioned, then perhaps the time has been well spent.

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

YEAS

Messrs:

Argue
Beyerstein
Blackmore
Bryce
Fair
Herridge
Johnston
Jones
Knight
Knowles
Low
MacInnis
Noseworthy
Quelch
Shaw
Thatcher
Thomas
Wright
Wylie—19.

NAYS

Messrs:

Abbott
Adamson
Anderson
Arsenault
Ashbourne
Bater
Benidickson
Black (Chateauguay-Huntingdon-Laprairie)
Blair
Blanchette
Boisvert
Boivin
Bonnier
Boucher
Bradette
Breithaupt
Breton
Brisson
Brooks
Brown (Essex West)
Browne (St. John's West)
Bruneau
Byrne
Cameron
Cannon
Cardiff
Carter
Casselman
Catherwood
Cauchon
Cavers
Charlton
Chevrier
Churchill
Cleaver
Cloutier
Conacher
Corry
Cote (St. Jean-Iberville-Napierville)
Cote (Verdun-La Salle)
Courtemanche
Crestohl
Cruickshank
Darroch
Dechene
Decore
Dinsdale
Dion
Drew
Dumas
Eudes
Eyre
Fairclough, Mrs.
Ferrie
Follwell
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Fraser
Fulford
Fulton
Gagnon
Gardiner
Garland
Garson
Gauthier (Lake St. John)
Gauthier (Lapointe)
Gauthier (Portneuf)
Gauthier (Sudbury)
Gibson
Gingras
Goode
Gour (Russell)
Gourd (Chapleau)
Harkness
Harris (Danforth)
Harris (Grey-Bruce)
Harrison
Healy
Hellyer
Helme
Henderson
Hetland
Hodgson
Hosking
Howe
Huffman
Hunter
Jutras
Kickham
Kirk (Digby-Yarmouth)
Lafontaine
Laing
Langlois (Berthier-Maskinonge)
Langlois (Gaspe)
Lapointe
Leduc
Lefrancois
Leger
Lesage
Little
Macdonald (Edmonton East)
Macdonnell (Greenwood)
MacDougall
MacKenzie
MacLean (Cape Breton North and Victoria)
Macnaughton
McCann
McCulloch
McCusker
McDonald (Parry Sound-Muskoka)
McIlraith
McIvor
McLean (Huron-Perth)
McLure
McMillan
McWilliam
Major
Masse
Monette
Mott
Murphy
Murray (Oxford)
Mutch
Nadon
Nowlan
Parent
Pinard
Poulin
Pouliot
Prudham
Ratelle
Richard (Gloucester)
Rinfret
Robinson
Rochefort
Rooney
Ross (Hamilton East)
Rousseau
Rowe
St. Laurent
Simmons
Sinclair
Sinnott
Smith (Moose Mountain)
Smith (Queens-Shelburne)
Smith (York North)
Stick
Stuart (Charlotte)

Studer	Welbourn
Valois	White (Hastings-Peterborough)
Viau	White (Middlesex East)
Ward	Whiteside
Warren	Wood—160.
Weaver	
Weir	

Mr. Gillis: Mr. Speaker, I wish to announce that I was paired with the Minister of National Health and Welfare (Mr. Martin). Had I voted, I would have voted for the amendment.

Mr. Victor Quelch (Acadia): I wish to discuss briefly a matter that is on the minds of most hon. members at the present time. I refer to the plight of the recipients of the war veterans allowance. As most hon. members know, the war veterans allowance is paid to veterans in need, who are aged or pre-aged or who, suffering a disability, have been refused a pension by the pension commission on the ground that their disability was of pre-enlistment origin, or that it was considered not to be attributable to war service.

In addition to these, of course, there are many veterans totally disabled but unable to get a war veterans allowance owing to certain technicalities contained in the act. The program of veterans legislation that we have in this country is good. I think we will all agree that it is as good as, if not better than, that of any other country. But while I say that, I should also like to mention that the War Veterans Allowance Act has been permitted to deteriorate during the past ten years. In other words it has not kept pace with the increase in the cost of living. I would say that today the War Veterans Allowance Act constitutes a blot on the record of this government. It has been bitterly criticized by veterans organizations from one end of this country to the other, by the Canadian Legion, the national council of veterans associations; and in addition it has been bitterly criticized by people who are familiar with the situation confronting the recipients of the war veterans allowance.

Some hon. members have said to me: "Well, you must admit that we have periodically increased the amount of the war veterans allowance." That is true. It used to be $40 a month for a married recipient. Then it was increased to $60 a month. In 1948 it was increased to $70 a month. But the question one should ask is this: Are the recipients of war veterans allowance today any better off than when they were getting $60 a month or $40 a month? If we allow for the depreciation of the dollar we shall find they are no better off, or actually not as well off as when they were getting $60 a month or $40 a month. I worked out what the war veterans allowance is worth today in terms of the dollar at the time the veteran was getting $60 a month or $40 a month, and I found this. In 1939 the married recipient of the war veterans allowance was receiving $40 a month, in round figures. The cost of living at that time was 100. The cost of living today is 190·4. Therefore the dollar today is worth only 52 cents in terms of the 1939 dollar. That means that $70 today is worth only $36.40 in terms of the 1939 dollar, so that actually the veteran today is receiving $3.60 less than when he was receiving $40 in 1939. In 1946 the war veterans allowance was increased to $60 a month. At that time the cost of living stood at 123. Therefore a dollar today is worth 65 cents in terms of the 1946 dollar. In other words that $70 today is worth $45.50 in terms of the 1946 dollar, which means that actually today the veteran is getting $14.50 less than when he received $60 a month in 1946. In 1948 the war veterans allowance was increased to $70 a month. The cost of living then stood at 155. Therefore the dollar today is worth 81 cents in terms of the 1948 dollar. That means the $70 today is worth $56.70 in terms of the 1948 dollar, so the veteran today is getting $13.30 less than he received in 1948, in terms of real purchasing power.

So, while it is true that the actual amount of the war veterans allowance has been increased, nevertheless the veterans' condition has been deteriorating due to the spiralling cost of living. The Canadian Legion presented a brief to the special committee on veterans affairs on May 17, 1951. In that brief they made this recommendation, as it is set out at page 86 of the report:

> We recommend:
>
> 1. That the basic rate of our war veterans allowance be increased to $50 a month for single recipients and $100 a month for married recipients, and that the income from other sources be permitted up to $250 for a single person for a year, and $500 for a married one.
>
> 2. That where a recipient is permanently and completely unemployable and has no other income, the W.V.A. rate be $60 for a single person and $120 for a married veteran.
>
> 3. That consideration be given to the plight of children whose parents are on W.V.A.
>
> 4. That W.V.A. benefits be extended to Canadian veterans living outside Canada.

It is interesting to note that this recommendation was endorsed by the national council of veterans' organizations, which includes all the other major veteran organizations in Canada. Those recommendations deal with the need for increasing the amount of the war veterans allowance.

On the other hand there are several other changes which should be made in the act, and which have been recommended by hon. members from time to time. In the past we

have recommended that England should be declared a theatre of war in world war I, so that any veteran who served in England and who today has disability and is unable to care for himself may be eligible for war veterans allowance. We have also recommended that widows of imperials who resided in this country for twenty years, even though their husbands may have died before they had completed twenty years of residence in this country, should become eligible for war veterans allowance.

The Minister of Veterans Affairs (Mr. Lapointe) has told us it is the intention of the government to set up a special committee in 1952. The question may well be asked: Why should the veterans have to wait until that time to get the amount of money that is absolutely essential if they are to meet the high cost of living and be able to live in a state of decency or, if anyone objects to that term, a state of well-being? These men have been penalized too long. Already we have dealt with a number of groups, and I would say the recipients of war veterans allowances had a right to expect that their case would be taken up before those of many of the groups who have already been considered, or whose situation is being dealt with today. It is true the government is going to take action to increase the amount of the basic rate of pension. We are glad that is to be done; but we feel that at the same time action is taken increasing the amount of the basic rate of pension the government could very well bring down legislation to increase the amount of war veterans allowances to at least the amount recommended by the Legion in its brief to the special committee on veterans affairs.

Mind you, their recommendation is actually less than the amount the war veterans allowance has depreciated, as I showed when I gave the figures of $60 and $40 as applied to 1946 and 1939. Some will say, "The veterans committee did not recommend an increase in the amount of the war veterans allowance." That is true. But why did not the special committee recommend an increase in the war veterans allowance? It did not do so for the simple reason that it was not allowed to recommend an increase. I am satisfied that if that question had been before the committee there would have been a recommendation to the house for an increase in the amount of the war veterans allowance.

I recall that when the terms of reference setting up the special committee on veterans affairs were before the house, many members objected because those terms of reference had been narrowed to the point where it would not be possible for the committee even to discuss war veterans allowances. I recall, too, that the Legion and the national council of veterans' organizations, when they presented their brief, urged the members of the committee to appeal to the house to have the terms of reference widened. I recall also that several motions were offered to that effect, to have the terms of reference extended. However, those motions were voted down; and voted down, with only one or two exceptions, by Liberal members. As a result of the Liberal members voting down motions to have the terms of reference extended, they thereby denied to the war veterans of this country an increase in the amount of war veterans allowances.

It is my personal belief, and I so stated at that time, that had the committee asked the house to extend the terms of reference, the house would have granted that extension. Again, I am satisfied that if the committee had recommended to the house an increase in the rate of war veterans allowances, the house would have been willing to grant that increase, because it has generally been generous in the way it has treated recommendations from the veterans committee.

Some ministers have suggested that it is better to wait until the legislation regarding old age security has been implemented. Again I ask this question: Why is it necessary to wait for that? It means these veterans will not receive any increase until some time next spring, perhaps April or May. I say we could very well pass that legislation at the same time we pass legislation increasing the basic rate of pension. It could be increased by at least, we will say, $10 a month, along the lines recommended by the Legion. Then a committee could be set up next year to make a thorough overhaul of the war veterans allowance, and it could decide to what extent it might be necessary to make further increases or further changes in the War Veterans Allowance Act.

Here is another point. Old age pension legislation does not help any veteran below the age covered by that legislation. Many veterans receiving war veterans allowances today will not be of an age to make them eligible for the old pension either at the 65 or 70 year level.

I have heard a number of members of this government talk in glowing terms about what we are doing for people in other parts of the world, for people in Asia who are suffering from want and destitution, for people in the areas devastated by war, but I claim that the first obligation of this government is to look after its own people, and I believe those in the forefront in demanding that right

are the recipients of war veterans allowances. Therefore I move, seconded by the hon. member for Wetaskiwin (Mr. Thomas):

That the amendment be amended by adding thereto the following words:

"Furthermore we regret that Your Excellency's advisers have failed to compensate the recipients of war veterans allowance for the increase in the cost of living by an appropriate increase in the amount of the allowance."

Mr. Charles Cannon (Iles-de-la-Madeleine): Mr. Speaker, in taking part in this debate on the address I wish to follow the custom of congratulating the mover (Mr. Cauchon) and seconder (Mr. Simmons) upon their excellent speeches. I do that with all the more pleasure because, like all hon. members of this house, I think they made an outstanding contribution to the debate. I want to thank all hon. members who have taken part in this debate and done their bit to clarify the numerous and difficult issues that face us at this time. I should like to say a word on the government policy of not instituting price controls at this time, and also a few words on certain problems peculiar to my own constituency.

With reference to the government policy for controlling inflation, I want to say at the outset that I was inclined some time ago to view with favour the obvious solution that if price controls worked five years ago, why should they not work now and why should we not put them into effect? However, after having read all the material on the subject that came my way I changed my mind and am now of the opinion that the government is following the right policy in not establishing price controls at this time. Having been converted to that point of view I should like to convert others.

The first point I wish to make is that hon. members should undertake campaigns in their ridings to enlighten the public on these issues and to broaden its knowledge of the facts that have a bearing on this problem; in a few words, to sell the people the policies of the government. When I say that I am talking not only to hon. members on the government side but to those who support the leader of the opposition (Mr. Drew), who has said that he is of the opinion that general price controls should not be put into force at this time. I think an important educational campaign could be carried on.

I practise what I preach. I was down in the Magdalen islands last week attending a congress of co-operatives which lasted from October 27 to October 31 and had the pleasure of addressing the people there assembled. I did my best to explain to them the policies of the government and why the government feels that price controls would not work if they were put into force at this time. I think we should explain to our constituents that high prices are only the symptom of the disease of inflation. It is inflation that we have to deal with, not high prices in particular. Inflation is defined as being the lack of balance between purchasing power on the one hand, and goods and services that are available, on the other. That is the situation with which we are faced now. The classic example that is given is the glass of water and the dollar bill. You place a glass of water on a table with a dollar bill opposite it. You have goods on the one side and money on the other which are in balance. You add a dollar bill or two dollar bills and immediately you have an unbalance between purchasing power and production goods. The only way to re-establish balance is either to reduce the purchasing power by taking away two dollars or increase production by adding two glasses of water.

I think we ought to tell our electors what are the causes of inflation. Those causes have been gone into at some length during this debate, and I shall not be long in enumerating them. First of all, inflation goes back to the last war. As all economists know, wars always cause inflation. The money borrowed for war purposes is put into circulation by the government for the purchase of armaments and equipment for war, which is non-productive; and when the interest is paid on the loans or the loans themselves are reimbursed, that money is put into circulation, thereby increasing the difficulties of inflation. At the end of the war there was an increased demand for goods that had been scarce during the war, and that was a contributing factor. Inflation is a world problem; it is not limited to our country, as everybody knows. Reconstruction in Europe and Asia took workmen away from employment that would have added to the goods and services normally available in the world, and that in itself added to the problem. That was the start of inflation.

When the Korean war came along the situation was made even more difficult. There was some panic buying at that time because people thought goods would again be in short supply. Government buying and government spending as a result of rearmament were contributing factors. Unfortunately the money spent on war equipment and armaments is unproductive from an economic point of view. It does not add to the goods and services the public consume, but it adds to the amount of money in circulation and also contributes in its way to inflation.

Another factor is the great amount of investment that has been made in Canada. I was surprised to hear the other day that $4,500

million of foreign capital was invested in Canada in 1950. I do not have to insist on the point for everybody to grasp immediately that there we have another very powerful factor contributing to inflation. These great sums that are put in circulation increase the amount of money competing for goods and services. This is also a contributing factor because the new industries that are started have to find employees, and in view of the labour situation in Canada, which I understand is quite tight now, the only way to get employees away from existing establishments to work for these new industries is to offer higher wages. That again is a contributing factor to inflation.

Then there is the matter of transfer payments. Everybody is in favour of family allowances, old age pensions and pensions for the blind; but these social security payments, known as transfer payments, are also unfortunately an important factor in bringing about inflation because again you are putting money in circulation without producing goods and services to counterbalance it. I think if we put these facts before our constituents and try to explain to them the magnitude of the problem they will realize what the difficulties are with which the government has to contend, and that price controls are not the solution.

As all economists agree, the remedy is to decrease the money in circulation and increase the production of goods and services. I know it is not a popular remedy because naturally everyone likes to have a lot of money in circulation and also likes to work as little as one has to. But we must impress upon the people that these two remedies, although not popular, are the only effective measures that will control the disastrous inflation with which we are faced. The Conservative opposition, although they agree with us in that they are against over-all price controls at this time, have not made any very constructive contributions to the debate. They have talked in a nebulous manner about selective controls, but they have not told us what these selective controls are.

The C.C.F. on their part have come out frankly for controls and subsidies. They think we should go back to the system we had during the war years, clamp on controls and institute subsidies. Of course that is according to the theories of their party, and they are at least consistent in advocating such remedies. But I would point out to them that controls in wartime and controls at the present time are a very different thing. In wartime our country was more or less a closed unit economically. There was very little trade with outside countries and it was much easier to control our economy, but now because of the pressures of inflation that come from international trade that is practically impossible.

An example of the failure of the socialist policies of control of prices and payment of subsidies is what has happened in England. There they have attempted the continuation of price controls since the war; nevertheless the cost of living has gone up. They have paid enormous subsidies, with the result that the new Prime Minister of England, Mr. Churchill, as indicated in their speech from the throne, says that if the present trend continues England will be on the verge of bankruptcy. I say that is the direct result of the continuation of price controls and the payment of enormous subsidies to try to make controls work. All that Mr. Churchill has to offer the English people at this time is again blood, sweat and tears, as he did during the war. We do not want to have that here. We do not want our country to get into the position where we would have to make such an appeal to our people.

Mr. MacInnis: A lot of them have it now.

Mr. Cannon: Pardon?

Mr. MacInnis: A lot of them have it now.

Mr. Cannon: I do not understand—have what now? On the question of the seriousness of the situation I should like to point out that the communists have said, and rightly so, that the best way to undermine the government of any country where they want to take power is to debase the currency of that country. If we do not take steps to control inflation, if we allow our currency to become debased, we are exposing the country to very grave danger. The government measures that have been taken to control inflation are first of all to reduce the amount of money in circulation by taxation, both direct and indirect. At the time the budget was introduced there was some discussion as to whether it was better to increase the income tax or the sales tax. The government did both. I think they were wise, because if they had put all the increased taxation on income tax they would have been in the position of taxing savings, while if you add to the sales tax you are not taxing savings, you are putting a tax on spending which is better from an economic point of view.

The government has also put restrictions on loans from banks and on instalment buying and buying on credit. I think that is an excellent thing because we must realize that if we allow articles like automobiles, frigidaires and so on to be sold on long term credit under which one can take more than a year

to pay, we are adding money that is to be earned next year to the money that is in circulation this year to compete for goods and services, and that is a very inflationary pressure.

The second thing the government has done is to attempt to increase production. They have done that by putting controls on steel and diverting the use of steel not required for national defence to other uses that will increase production. There is also the measure of deferred depreciation which I shall not go into at length at this time. All the remedies the government has adopted, and which are beginning to produce some results, are not enough without the wholehearted co-operation of the people. When I say "co-operation of the people" I mean what the man in the street can do to help overcome the problem of inflation.

First of all I should like to make the point that people must not rely too much on the government to solve all their problems. They seem to think the government can wave a magic wand and solve any problem that arises, but that is not true. The government is only the servant of the people, and is put in power mainly to administer things, not to solve every problem that may arise. People should be more self-reliant. They should count less on help from outside, and attempt to solve their problems in their own way. This problem of inflation is one towards which everyone can contribute in arriving at a solution. They can contribute by producing more, by giving a full day's work for a full day's pay. The more production is increased, the more we will contribute to re-establishing the balance between money available on the one hand, and goods and services on the other.

Another means of making a contribution is to defer unnecessary spending. By deferring unnecessary spending we will lessen the pressure on inflation. The electors should use their influence to ensure more economy at the municipal and provincial levels. We could also discuss inflation with our people, explain what it is and what the remedies are. We could get the people interested by organizing a sort of crusade to fight inflation. We could get the people to realize that they can do something about it.

Another method of contributing, of course, is through savings. If we put money aside, that is a factor in fighting inflation. At this point I wish to read into the record some newspaper clippings which show that some newspapers which are not favourable to the Liberal party approve of the steps taken by this government to fight inflation. I have here an extract from the Montreal *Gazette* of November 5, which says:

> Inflation has been very thoroughly debated in the House of Commons and elsewhere during the last few weeks. Summing things up, it may be said that the government has made a strong case for not imposing general price controls at this time. The government's decision has not been easy. For that reason it deserves all the greater approval for refusing to yield to the theory that price controls are a sort of magic wand, with a deflationary spike on the end.

I have also, Mr. Speaker, an extract from another Conservative paper, the *Chronicle-Telegraph* of Quebec city. It says:

> Controls is the cry of the leftist, and many well intentioned people think controls are the answer. However, controls usually lead to further abuse and only postpone the trouble even when working at top efficiency.

I have an extract from the Montreal *Star* which says:

> Mr. Abbott's speeches this week were not lacking in courage. The demand for controls rises as prices rise, and the general public, in its urgent desire for stability, seldom pauses long enough to listen to reason. The Minister of Finance, however, sticks to his guns, and his case is a strong one.

Finally, I have two clippings, one from an Ontario newspaper and one from a western newspaper. This one is from the *News-Chronicle* of Port Arthur:

> Governments should not be expected to fix prices. They have no means of determining what is a right price for any commodity and every price they set exposes them to resentment from some quarter no matter how hard they try to be just and fair.

This one is from the *Recorder* of Boissevain, Manitoba:

> No one wants black markets. No one wants his pay frozen. No one wants higher taxes to help pay subsidies to make it appear that price control works. If one thinks it through, does anyone want price control?

Government policy, Mr. Speaker, which has been the subject of comment in these newspapers is already beginning to show results. At the last session when measures were taken to control inflation, we were warned that they would not show results for some months. Now I am glad to be able to underline the fact that the increase in the cost of living has considerably diminished, and seems to be levelling out. This justifies the theory of the government about the manner in which inflation is to be controlled.

I wish now to say a few words about some problems that are peculiar to my constituency. I would draw the attention of the government to the Maritime Marshland Rehabilitation Act, which is found in the statutes of 1948, chapter 61. Through this act funds are made available, in co-operation with the maritime provinces, to build dikes, breakwaters and other works for the rehabilitation

of marshlands. I suggest to the government that this act should be amended to make it applicable to the province of Quebec, a considerable part of which borders the gulf of St. Lawrence, and particularly to the Magdalen islands. This act could be of great help. I fail to understand why it only applies to the maritime provinces when exactly the same problems exist in the eastern part of my province. I suggest to the Minister of Agriculture (Mr. Gardiner), under whose jurisdiction this act is, that he should bring in an amendment at this session to make it apply to the province of Quebec.

(Translation):

Mr. Speaker, in closing my remarks I wish to thank the Minister of Transport (Mr. Chevrier) for providing the Magdalen islands with long distance telephone service. Since last spring, we are able to communicate with the mainland by radiotelephone. In congratulating the minister on this welcome action I take this opportunity to make a further request of him.

In the Magdalen islands, telephone services are the responsibility of the Department of Transport. We have all the necessary equipment and material but, unfortunately, we do not enjoy round the clock service. Operations begin around 7 a.m. and stop around 10 p.m. On Sundays, operations last only a couple of hours.

I respectfully submit to the minister that the Magdalen islands should have telephone service twenty-four hours a day. We had it during the war and there is no reason why we should not have it now.

The equipment is there and it would only be a matter of adding a few employees. This would only require the expenditure of a few thousand dollars more. We would thus be enabled to extend to the inhabitants of the Magdalen islands that telephone service which they have been insistently and legitimately demanding. After all, in the twentieth century a telephone service is an absolute necessity; no one should be without it.

I also wish to thank the Minister of Public Works (Mr. Fournier) for the work which he has carried out in my constituency during the past year. There have been erected a number of breakwaters which are of great use to our fishermen. Moreover a certain number of fishing harbours have been greatly improved.

I have a request to make of the minister. In the Magdalen islands we have no public buildings. To my mind we should have a federal public building which would house all the offices of the different services necessary for the administration of the islands.

If the offices of the Department of Public Works, of the Department of Transport, of the unemployment insurance commission, of the income tax division and all other branches were located in a single building, the administration of public affairs would be made much easier in my constituency.

Mr. Speaker, I bring my remarks to a close with these few words in French and I say that it is the duty of members in general to enlighten their constituents with respect to the problem of inflation and to the means the government or rather, should I say, the house is taking in trying to solve this problem.

(Text):

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

Mr. Cannon: Yes.

Mr. Noseworthy: How does the hon. member explain, on the basis of his theory with regard to the cause of the depression, why we did not have a depression in 1945 when our supply of money exceeded our supply of goods by $6 billion, while we have inflation this year when our supply of goods exceeds our supply of money by $2 billion?

Mr. Cannon: I did not talk about depression at all. I talked about inflation.

Mr. Noseworthy: It is inflation that I am talking about. How does the hon. member account for the fact that there was no inflation in 1945 when our supply of money exceeded our supply of goods by $6 billion?

Mr. Cannon: Because price controls were on at that time. But they worked then. You could make them work then, in 1945.

Mr. P. E. Wright (Melfort): Mr. Speaker, it is not my intention to follow the arguments of the hon. member who has just spoken, but I want to take the first opportunity to support the amendment to the amendment moved by the hon. member for Acadia (Mr. Quelch) with regard to war veterans allowances. On October 26 I moved the adjournment of the house to discuss the urgent need for consideration, at this session, of the plight of war veterans in receipt of war veterans allowance, with particular reference to the inadequacy of the amounts they were receiving in the light of today's cost of living. At that time you, Mr. Speaker, suggested that this discussion could be carried on during the debate on the speech from the throne; and I am glad the hon. member for Acadia took advantage of the first opportunity to

move this amendment and to bring this situation directly to the attention of the house. I am sure every veteran member of this house will support the hon. member for Acadia in this amendment, and I am sure the people of Canada will support that amendment.

What are we doing in suggesting that our war veterans should have a larger pension at this time? We are simply saying that we believe these men are entitled to a fair share of the national production of this country. That is all we are doing. We are producing a great deal in the way of goods and services in this country. Last year the net national income was something over $14 billion. With a population of approximately 14 million people that means there is for distribution in this country a net income of over $1,000 per capita. Yet we restrict to a pension of $40 a month one group in this country who have done perhaps more than any other group to see that this national production is now available to us. We are doing that at a time when the cost of living has soared, as it has during the last three years, to a point where if the pension were to be adequate it could quite easily be not $50 a month, as is being asked by the veterans organizations, but rather $60 a month, if these people were to get just a reasonable share of our national income in proportion to the production we have in Canada today.

I cannot see how any hon. member can disagree with a motion like that. In 1948, when the pension committee met and our Pension Act was revised, we passed a supplement to the War Veterans Allowance Act providing for $10 a month. But that $10 a month required a second means test on top of the original means test under the War Veterans Allowance Act. In order to get that additional $10 a month supplemental pension a veteran must show that there is an emergency in the family, through ill health or some other cause; and that $10 a month supplement is paid only for a limited period of time. It seems to me that here is a group which we in Canada should surely be prepared to treat more fairly than we are treating them at the present time.

The veterans organizations in this country have been moderate in their presentations to the government with regard to what they believe the pensioners in this country should receive.

Mr. Cruickshank: Will the hon. member permit a question? I am asking for information. I understood the Minister of Finance (Mr. Abbott) to say—and I want to be corrected if I am wrong—that the income of anybody who is eligible for the old age pension will be subject to income tax and that the war veterans allowance recipient was eligible for $1,000 exemption. I understood him to say that.

Mr. Wright: I do not see where that has anything to do with the argument I am making with respect to the war veterans being entitled to something more than $40 a month at the present time.

Mr. Cruickshank: He is entitled to $1,000 exemption.

Mr. Wright: Under the old age security legislation, they can qualify for old age security and be paid also what remains of their war veterans allowance, or about $10 or $15.

Mr. Cruickshank: Oh, no.

Mr. Wright: They also are exempt as far as income tax is concerned, the same as any other citizen in this country. But the point I am making now is that the veterans organizations in this country, in their requests of this and other governments with respect to pensions and war veterans allowance, have been exceedingly moderate. Their request today is for $50 a month for a single man and $100 a month for a married man. That is a reasonable request. They do not want it next year. They want it now.

I have in my hand an editorial from *The Legionary* in which I find the following statement:

> It is regrettable that the government did not see fit to have a parliamentary committee set up to deal with war veterans allowance during the current fall session so that the increase, whatever it may be, could have helped to tide the recipients over the coming winter months when expenses are heaviest. The government having announced its decision, however, the *Legionary* can only express the fervent hope, which it feels sure all ex-servicemen and women will share, that when the amount of the increase is determined, it will be sufficient to enable these gallant old defenders of Canada's freedom to spend their remaining years in reasonable comfort, free from the fear of want or outright poverty.

The veterans organizations have been reasonable. Yet this government now proposes to leave this matter in abeyance until next session, when they propose to set up the veterans affairs committee to deal with it. They say the payments can be made retroactive to January 1. Even if that committee is set up next year it cannot bring in findings and have legislation passed in this house until next June or July. In the meantime war veterans are in the position that they must live on $40 a month, or a total of $70.81 if the veteran is married and qualifies under the War Veterans Allowance Act pension. I ask hon. members how any two people

in Canada can live today on $70.81, especially when the cost of rent, the cost of food and the cost of clothing are taken into consideration? Why, it is just ridiculous to think that any two persons could possibly live on that amount of money and have a reasonable standard of living.

We are not poor in Canada. As I said before, we have a great productive capacity in this country. All that the veterans organizations are asking for, all that this resolution is suggesting, is that out of our total production we should be prepared to set aside a reasonable amount to keep the people who made sacrifices for this country in reasonable comfort in the later years of their lives.

I do not want to go into the arguments that were brought out when the war veterans allowance was first introduced in this country, but at that time it was agreed that these men who had served overseas in an active theatre of war were entitled to consideration. Remember, this war veterans allowance is paid only to men who served in an active theatre of war. It is not paid to everyone who joined the army. It is paid only to those who made the sacrifices and took the risks in an active theatre of war. Surely, after these men took the risk, and since we have agreed that because of this risk, because of their service, their earning capacity has been reduced by ten years, we should be prepared to see that they get a reasonable allowance, one we can afford to pay but which is still below the average earning capacity and the average productive capacity of the Dominion of Canada. That is all the resolution asks for. It asks that these people be given a fair share out of our total production, a fair share of our national income so that they, like other groups in this country, may have a decent standard of living.

Personally I see no reason why the $40 a month which is payable under the Old Age Security Act should not be paid to our war veterans in addition to the war veterans allowance. So far as other groups in the country are concerned, our civil servants and other pensioners, the Old Age Security Act provides that they shall have the $40 a month in addition to their pensions. The only argument that can be advanced as to why this should not be paid to the war veterans is that they did not contribute to their pension.

Mr. Knowles: Neither did the retired judges.

Mr. Wright: The hon. member for Winnipeg North Centre says "Neither did the retired judges." But the point is those men did contribute to that pension. In the opinion of parliament when the War Veterans Allowance Act was first passed, they contributed in that they shortened their lives by ten years as a result of their service to this country. If that is not a contribution then I do not know the meaning of the word when applied to a pension or any other scheme. Certainly these people contributed to their pension, and they should receive the old age pension, as other groups in the country are receiving it, in addition to the war veterans allowance. If they were to receive that it would not be necessary to set up a veterans affairs committee in this house; it would not be necessary to point out, as we find today, the inequities and inequalities that exist in relating the war veterans allowance to the Old Age Security Act and the old age pension acts which may be passed by the various provinces to take care of those between 65 and 69 years of age. Any hon. member who tries to calculate the position of veterans in relation to the various acts which may be passed by the provinces will find himself in this position. He will need to consult a lawyer. As a matter of fact we do not know what the relationship will be because a great many of the provinces have not yet passed acts relating to the groups from 65 to 69 years of age. Each province will no doubt have a different act, and the veterans in the different provinces will find themselves under entirely different conditions. In some provinces it may pay the veteran to transfer to the Old Age Security Act and get $40 a month, or it may pay him to transfer to the old age pension under the provincial acts. In that case it would relieve the government of 50 per cent of their responsibility with regard to the war veteran, and transfer that 50 per cent to the provincial governments. I do not think many of the provincial governments are in a financial position to accept that added responsibility. I am sure some of the maritime and western provinces are not in a position to accept that additional financial burden. When this amendment to the amendment comes to a vote I hope every hon. member will vote for it so that something may be done not next year but this year to relieve the plight of those receiving war veterans allowances.

I should like to say a word with regard to the Pension Act. It is indicated by the government that they intend to bring in some legislation at this session which will increase the rate of pension paid under this act. We have had no indication yet from the government as to what the increase will be. The veterans organizations have asked for an increase of 33⅓ per cent. I think that increase is moderate. As a matter of fact they are simply asking for an increase in the pension to the disabled veterans in the amount of the

increase in the cost of living since the last amendment of the act in 1948. When the Pension Act was first brought into effect in Canada the basic pension was set on the earnings of the unskilled labourer in this country. That is the lowest wage rate paid. That was the basis on which our Pension Act was established. Therefore in asking for an increase of 33⅓ per cent, and that the basic pension be brought up to equal the increase in the cost of living the veterans organizations of this country are not asking for something unreasonable. They could easily have asked that the basis of the pension be changed. It is not fair to base a pension to our returned men on the wages of an unskilled labourer. I think they would be perfectly justified in arguing that we should now sit down and discuss the whole matter of the basis on which our Pension Act has been established in this country. There are not as many unskilled labourers in Canada today as there were back in the days when the Pension Act was instituted. More of our workers are becoming skilled labourers, and the wages of skilled labourers are much greater than they were back in the 1920's when the Pension Act was enacted. They would have been perfectly justified, I say, in placing before this government a request that the basis of our Pension Act should be changed and the pension itself greatly increased. But they have asked only for 33⅓ per cent, and I hope when the government brings down its legislation in this matter it will provide for 33⅓ per cent. I can assure them that if it does not, they will hear about it, not only from veteran organizations across the country but from many other organizations. It is a reasonable request, and one which should be granted without quibbling.

Therefore I would say, in relation to the amendment, that we should give it our wholehearted support. We should endeavour to see that legislation is brought down at this session to increase the war veterans allowance, to at least meet the request of the Canadian Legion in this matter.

Mr. Cruickshank: Would the hon. member mind reading it again?

Mr. Wright: The amendment moved by the hon. member for Acadia (Mr. Quelch) was this:

> That the amendment be amended by adding thereto the following words:
>
> "Furthermore we regret that Your Excellency's advisers have failed to compensate the recipients of war veterans allowance for the increase in the cost of living by an appropriate increase in the amount of the allowance."

Mr. J. N. Corry (Perth): Mr. Speaker, upon rising to speak at this time I wish first to express, on behalf of the people of my constituency, a note of gratification and appreciation of the visit of Their Royal Highnesses, The Princess Elizabeth and the Duke of Edinburgh. I regret that my constituency was not honoured by the personal appearance of Their Royal Highnesses, but we share the delight which has been expressed by many hon. members because of the excellent reception and the splendid visit the people of Canada have enjoyed. It is particularly significant that the tour was undertaken at this time, in the light of the condition of health of His Majesty. We join in the fervent prayer and earnest hope that he will soon be restored to perfect health.

With other hon. members I wish to join in congratulating the mover of the address in reply, the hon. member for Beauharnois (Mr. Cauchon). I was indebted to the translation of his speech for my knowledge of what is contained therein. I am sure, judging from the smaller portion of his remarks delivered in the English language, that he is as eloquent in that language as in his native tongue. The hon. member for Yukon-Mackenzie River (Mr. Simmons), to whom I also extend congratulations, gave us a thrilling word picture of the great northern constituency he represents, that great section of our country which possesses untold resources not yet developed. Associated with him in emphasizing the possibilities of that vast domain was the hon. member for Cariboo (Mr. Murray). His speech was calculated to arouse the pioneer spirit which, to a great extent, has lain dormant in us in recent years. Both these speeches serve to emphasize the great need for more population in Canada. In this connection my attention was drawn a few weeks ago to a statement made by a distinguished American who is serving as a member of a royal commission in Canada. He is reported to have said that Canada must become one continuous home, that neighbours must be able to shake hands with each other all across the country.

All hon. members realize that life in the outposts of the nation is rigorous. It is no place for those who seek a life of ease and luxury. It is a challenge to those who are strong and resourceful. Our pioneer forefathers possessed that spirit, and to them we are indebted for the land in which we live. Their resourcefulness and spirit of determination overcame obstacles which those made of weaker stuff would have found it impossible to surmount.

To bring about the great expansion so necessary in our nation we are obliged to depend not only upon people in our own land, but upon those from other countries. The

Department of Citizenship and Immigration is to be commended for its efforts along that line. There are people in other lands who are anxious to make a new start in a new land, but under different conditions; and we must assist them to do so. It is important that they leave behind them the prejudices and hatreds of their native lands and start anew. I regret that there is a tendency on the part of some people who come to our shores to gravitate to those centres where they may establish communities, where they may speak their own language and follow the customs they followed in their native lands. This, I believe, is to be deplored. Most of these people are capable of becoming good Canadians, and every possible opportunity ought to be given them to learn the language and acquaint themselves with the customs of our country. Many of these people from Europe come as agriculturists; but it is regrettable that a number of them spend only a short time on the farms. They are lured by prospects of higher wages and shorter working hours in the cities. Apparently industry is able to engage them; but their departure from the farms is unfortunate. I believe the Department of Citizenship and Immigration ought to be very firm, and have them complete their contracts. I think they are obliged to stay a year. My personal view is that this term ought to be extended, and that they ought to be required to put in more than one year of service on the farm.

Like many other hon. members I have been disappointed in the number of immigrants coming from Great Britain. I believe there are thousands of people over there who would gladly come to Canada, were it possible for them to bring their financial resources, or at least a part of those resources, with them. I am hopeful that the new government in Britain will be more sympathetic and will permit those people to take more of their capital with them. I believe this government ought to give more consideration to advancing financial help to prospective citizens, against the security of their holdings in Britain. Britain has suffered tremendous loss in manpower and wealth through the ravages of two world wars. She lost a generation which would have guided the nation in these critical times. Loss of her overseas possessions and of domestic wealth is being keenly felt at the present time. In spite of all, the English, Scottish, Welsh and Irish still possess the determination and strength of character which we consider essential in our land.

The constituency I have the honour to represent lies in the great fertile section of western Ontario. It produces a large volume of dairy products, bacon, hog products, poultry products and beef. It practises a livestock economy, sound in structure and permanent in nature. I regret that there has been a decline in the production of some of these products, particularly those originating on the dairy farms. Because of the disappointing returns for cheese and cream a year ago, many farmers have altered their farming operations and abandoned their efforts along that line. They are now turning to other means of operating their farms. Some have turned to the production of beef cattle; some have gone into other cash crops. The nature of our soil is such that a livestock economy is sounder than any other, and I think every effort ought to be made to preserve it.

In the last few days I have received a great number of cards from dairy producers in my riding urging that the dairy farmer be protected against the importation of cheap vegetable oils used in the manufacture of imitation dairy products. It may be difficult for some hon. members to understand why objection should be taken to the importation of the products of tropical or semi-tropical lands which are used in the manufacture of wholesale foods. Farmers as a class are very intelligent people. They know that many of the things which enter into the cost of production on the farm come into this country under substantial tariffs. They know also that the producers of cheap vegetable oils in semi-tropical and tropical countries provide a market for only a small part of our natural or manufactured products. They know also that the prices of dairy products used in computing the cost of living are quite low. Wages and salaries of the purchasers have risen to a much greater extent than have the prices of dairy products. In this connection I was interested in reading in the Ottawa *Journal* of Saturday, October 27, an account of an address given by Mr. W. Frank Jones, president of the Borden Company, to the Ontario agricultural college alumni association on October 26. This reads in part:

"Of the 13 major dairying countries of the world, Canada is the only country which showed an overall decline in milk production between the year 1948 and 1950," stated Mr. Jones.

Mr. Jones attributed the serious decline in the dairy industry to "the relatively higher returns from other types of farming such as beef cattle, grains, hogs, poultry, and others; the relatively onerous nature of dairying making it increasingly difficult to obtain or retain the farm labour required; the competitive impact of substitutes for dairy products manufactured from imported vegetable oils, and, contrary to the general impression among hard pressed consumers, the relatively low consumer prices for dairy products."

Mr. Jones said that "the number of milk cows on Canadian farms as at June 1, 1951, reached the lowest point in 20 years—this in face of a human population increase of 2½ million in the past eight years alone."

"The production of milk has declined well over a billion pounds since the end of the war and it is expected that, despite the most favourable farming conditions this year, 1951 production will be the lowest since 1940."

"The production of milk per capita has declined from 1,500 pounds in 1942 to less than 1,200 pounds estimated for this year."

"The annual production of butter has declined more than 40 million pounds during the past three years alone. This is the lowest production on record in 20 years; the production of cheese, at one time our biggest export commodity, has dropped from 189 million pounds in 1945 to less than 100 million this year; the production of fluid milk has not been sufficient to meet the year-round requirements of a large number of city markets, necessitating the reconstitution of milk from manufactured products. This shortage of fluid milk will become progressively worse unless the over-all decline is halted."

He stated that the average price of milk in Canada had gone up only 78 per cent as compared with an increase in the over-all food index of 150 per cent.

In view of that statement by an expert in dairy matters it is not surprising that those who are engaged in dairy production are gravely concerned. For over half a century dairying has been the foundation of rural prosperity, and anything which imperils its future is of great concern not only to farmers but to the urban dwellers who are dependent to a great extent upon the well-being of agriculture.

Another reason for the decline in the production of milk products is the shortage and uncertainty of farm labour. I have already mentioned the fact that many of those who come to Canada stay on the farms only a short time, leaving farm employment for shorter working hours and higher wages in industry. Another factor which is contributing to the decline in the production on livestock farms is the fact that farmers as a class are becoming aged and there are not enough young men in position to step into their places. I have stated already some of the reasons why young men are attracted away from the farm. The prospect of high wages, shorter working hours, holidays with pay and free week ends have been attractive, but another reason is the greatly increased cost of getting a start on a farm. Mechanization has been accepted and is rapidly replacing the methods formerly used. It is efficient, but it has added substantially to the amount required by a young man to make a start. I was interested in the observations of the hon. member for Nicolet-Yamaska (Mr. Boisvert), and I am of the opinion that some consideration ought to be given to his suggestions. By that I mean there should be a reduction in the rate of interest on money advanced to give farmers a start. In spite of the great industrial development which has taken place in the last decade I am still convinced that agriculture is the basic industry in our country and as such is entitled to earnest consideration.

A week ago Saturday it was my privilege to go to Camp Borden with other hon. members at the invitation of the Minister of National Defence (Mr. Claxton). It was a most interesting tour. In the short time we were able to spend there we were shown a great deal. What impressed me more than anything else was the efficient manner in which the men are being trained. Not only are they being trained to be capable and efficient soldiers and in the use of mechanical equipment; they are also learning trades which will be of value to them when they return to civilian life. I was made keenly aware of the great change that has taken place in training methods since the days of world war I.

It was announced that this special session would be called to deal with old age security, among other things. It was my privilege to serve as a member of that committee, the first I ever had the privilege of serving on, and I want to express my pleasure at having had that privilege. I can assure other members of the house that every member of that committee devoted a great deal of time and thought to the question. I should also like to pay tribute to those individuals and organizations who, by way of brief or personal presentation, gave us their views. I believe the legislation before the house will meet the approval of most of the people of this nation. Thoughts have been expressed that the provision of old age security on the scale envisaged will contribute to a lack of thrift. I have always held the opposite opinion. I believe that as an addition to the savings of a lifetime it will be greatly appreciated, and will contribute to more thriftiness on the part of our older citizens. I am sure they will not forsake the habit of thrift which they have practised for many years.

I was delighted to hear the announcement of the Minister of Veterans Affairs (Mr. Lapointe) that the government intends to increase the basic rate of disability pension. In company with many other members of the house I feel sure that announcement will be received with approval.

I wish to draw the attention of the house to one other matter having to do with the urban sections of my constituency. We have one city and some small towns which are capable of engaging in the production of defence materials. A great deal has been said in the house about the merits of decentralization, and with those statements I agree. Whether our future be peaceful or otherwise,

I feel it is in the interests of the country that we decentralize industry to as great an extent as possible. I hope the Department of Defence Production, if it is within its power, will use its influence to allot contracts for defence materials to as many as possible of the smaller places throughout the country.

On motion of Mr. Courtemanche the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will resume the debate on Bill No. 13, an act to provide for old age security. Then we will take up the following resolutions: That in the name of the Minister of Mines and Technical Surveys concerning the Canada Lands Surveys Act; the resolution in the name of the Secretary of State for External Affairs concerning the North Atlantic Treaty Organization; the resolution in the name of the Minister of Labour concerning government annuities. If we have time, we will also take up the resolution in the name of the Minister of Agriculture with respect to an agricultural products board.

At 6.15 p.m. the house adjourned, without question put, pursuant to the order of the house passed on November 2, 1951.

HOUSE OF COMMONS

Thursday, November 8, 1951

The house met at 2.30 p.m.

DOMINION ELECTIONS ACT

CONCURRENCE IN FIRST REPORT OF SPECIAL COMMITTEE

Mr. Sarto Fournier (Maisonneuve-Rosemont) presented the first report of the special committee on the Dominion Elections Act, 1938, and amendments thereto, and moved that the report be concurred in.

Motion agreed to.

CHANGE IN PERSONNEL

Mr. W. G. Weir (Portage-Neepawa) moved:

That the name of Mr. Bryce be substituted for that of Mr. Argue on the special committee on the Dominion Elections Act, 1938, and amendments thereto.

Motion agreed to.

COMMONWEALTH CONFERENCE

QUESTION AS TO MEETING OF FINANCE MINISTERS

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): I should like to direct a question to the Minister of Finance. Is there to be a meeting of commonwealth finance ministers shortly? If so, what is the purpose of such meeting, and will the minister be attending?

Hon. Douglas Abbott (Minister of Finance): Well, I received a message yesterday from the Chancellor of the Exchequer advising me that it was proposed, as had been planned by his predecessor, to hold a meeting of commonwealth finance ministers on January 15, I think, speaking from memory. I suppose the purpose of the meeting would be to discuss matters of common concern, as has happened in past meetings of this kind, relating more particularly perhaps to the members of the commonwealth that are members of the sterling area; but in any case the chancellor invited me to attend, and, as on previous occasions, it is my intention to attend.

TRADE WITH BRITAIN

QUESTION AS TO STEPS FOR MAINTAINING CANADIAN EXPORTS—WHEAT SUPPLIES

On the orders of the day:

Mr. P. E. Wright (Melfort): I wish to direct a question to the Minister of Trade and Commerce. In view of the announced intention of the new government in Great Britain to cut imports from the dollar area by approximately $1 billion, what steps are the government taking to maintain Canadian exports, particularly exports of wheat, which are so essential to our western Canadian economy?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, the government has no particulars of the plans of the United Kingdom to reduce imports from Canada. As far as we are concerned, we have an understanding with the government of the United Kingdom that Britain will continue to buy her North American supplies of wheat from Canada. That practice is being followed. The imports of wheat by the United Kingdom are no greater than required for immediate consumption, and therefore I look for no reduction in that direction.

In general the imports from Canada are raw materials; metals, iron ore, lumber and materials of that type. Raw materials are generally in great demand throughout the world and I see nothing in the supply position of the United Kingdom that would lead me to believe that amounts taken from Canada can be reduced greatly. All materials of that type are readily saleable in world markets, and I cannot view the announcement with great alarm as far as the Canadian position is concerned.

INFLATION

REQUEST BY CANADIAN ASSOCIATION OF CONSUMERS FOR CALLING OF CONFERENCE

On the orders of the day:

Mr. H. R. Argue (Assiniboia): Can the Prime Minister give an answer to the question that I asked him last Monday with respect to the calling of a conference to consider ways and means of dealing with inflation as suggested by the Canadian Association of Consumers?

Right Hon. L. S. St. Laurent (Prime Minister): No decision has yet been reached in that regard, Mr. Speaker.

OLD AGE SECURITY

TO PROVIDE FOR PENSIONS, WITHOUT MEANS TEST, AT AGE 70

On the order:

House again in committee of the whole on Bill No. 13, an act to provide for old age security.—The Minister of National Health and Welfare.

Old Age Security

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise to a point of order. My point of order relates to the question as to whether or not the house should go into committee on the remaining sections of Bill No. 13, in view of the fact that they are sections which impose taxation, without the matter having first been considered in committee of ways and means. I wish to say a word or two on the point of order; and what I shall say relates only to the point of order itself.

I draw Your Honour's attention to the fact that standing order 57 provides for the setting up of the committees of supply and ways and means. In the citations following that group of standing orders, I would direct Your Honour's attention to citation 494 in Beauchesne's third edition, which reads:

> The committee of ways and means provides the public income raised by the imposition of taxation—

That is the important part of that citation, and it states clearly that it is the committee of ways and means which has to do with the imposition of taxation.

Then I would ask Your Honour, as well, to refer to the citation in Bourinot's fourth edition where it deals with this same question. This is found at page 430, where it states, under the heading "The imposition of taxes, and ways and means", the following:

> It is now a fixed principle of constitutional government that all propositions for the imposition of taxes should emanate from the ministry.

So far so good.

Mr. Fleming: Or bad.

Mr. Knowles: "Or bad", as the hon. member for Eglinton says. Then I go on with the quotation, as follows:

> The duty of the committee of ways and means—

And I emphasize that the reference is to the committee of ways and means.

> —is to consider how best to raise those portions of the public revenue necessary to meet the expenditure authorized by the grants of the committee of supply. The finance minister lays before the house, or the committee, his statement of the public revenue and requirements and explains his plans of meeting them, in the budget speech, and calls upon the committee of ways and means to report resolutions framed for the purpose of carrying his ideas into effect.

And similarly at page 437 of Bourinot's fourth edition I read this:

> On the same principle any increase in the imposts should be made in committee of ways and means.

And likewise, at page 438 there is a lengthy paragraph with respect to duties. I emphasize the fact that taxation and duties are considered together in all these authorities.

[Mr. St. Laurent.]

The paragraph says that every new duty must be voted in committee of ways and means.

Then I find later, on page 439, under the section headed "Tax bills, bills founded on ways and means resolutions", the following:

> When the resolutions amending the tariff, or imposing any charges upon the people, have been agreed to, they are embodied in one or more bills which should pass through the same stages as other bills.

The reference there is to the work being done by the committee of ways and means and, further down, reference is made to possible amendments which might have been made. Then appear the words:

> Amendments to the bill which are not covered by resolutions of the committee of ways and means are out of order.

Then, turning to pages 404 and 405 is a lengthy paragraph, which I shall not read. This is that important reference in Bourinot to the traditional practice, in British and Canadian parliaments, of exercising all the checks and guards which the wisdom of English parliamentarians, in the course of centuries, has imposed upon the making of public expenditures or the imposing of taxation. The whole sense of these two or three pages is that before any burden or taxation can be imposed, full discussion through all the normal parliamentary machinery, must be had.

At page 415 of Bourinot there is a reference to the structure and purpose of the committees of supply and ways and means. From that page I read the following:

> One of the principal purposes of the House of Commons is the consideration and criticism of the estimates and the taxes required to meet the public expenditures; and the committees of supply and ways and means are the parliamentary machinery through which the house chiefly exercises these political and constitutional functions.

Anyone who will look at that sentence will realize at once how those two ideas are set against each other. There is on the one hand the committee of supply to deal with expenditures, and on the other hand there is the committee of ways and means for taxation. In other words it is the committee of ways and means which has full control of taxation.

Then, lest there be any suggestion by any hon. member that all the references I have quoted thus far support my point only by inference, may I draw the attention of Your Honour to this categorical statement in Bourinot beginning at page 417, and carrying over to the top of page 418:

> The committee of ways and means regulates the mode in which the expenditures authorized by the committee of supply are to be met. In other words it provides revenue or income necessary to pay the expenses of the public service. It is also in this committee—

And the reference is clearly to the committee of ways and means.

—that all propositions—

And it is completely inclusive.

—relating to the tariff and the taxation of the country must be considered.

And similarly at page 428 of the same volume:

It is usual to make the speech on the "budget" on the motion for the house to go into committee of ways and means since it is there that taxes are increased, repealed or otherwise amended.

So far I have drawn Your Honour's attention to the remarks on this subject by Beauchesne and Bourinot. I would also refer you to May, fourteenth edition, page 745. At this point the whole matter is dealt with very clearly. There is a heading half way down the page which reads, "Matters initiated by ways and means resolutions", and then after a sentence by way of preamble we find a subheading, "Taxation", and then the following:

A ways and means resolution is a necessary preliminary to the imposition of a new tax, the continuation of an expiring tax, an increase in the rate of an existing tax or an extension of the incidence of a tax so as to include persons not already payers. According to present practice it is immaterial whether the tax is solely intended to provide revenue for the service of the year, or whether its primary purpose is to regulate imports.

And then May goes on to give several headings—"New taxation"; "Continuation of an expiring tax"; "Reimposition of a repealed tax"; "Increase in the rate of an existing tax"; "Extension of incidence of tax". Then he even goes on to deal with a subject, not before us today, namely, the repeal or reduction of taxation. He says that in every case there must be a ways and means resolution before any such tax change, particularly any imposition of taxation, is brought before parliament.

The bill we have before us is one, most of the sections of which have been dealt with in committee of the whole. There remain two sections.

Mr. Fleming: Two and a half.

Mr. Knowles: My hon. friend from Eglinton says two and a half. But the half section he would add is not a taxation section, at least not primarily so. Anyway there remain two sections which are clearly taxation sections, on which the house is now being asked to go into committee of the whole.

My point is that the house is breaking the established tradition of the centuries, and breaking with the rules I have quoted from Beauchesne, Bourinot and May, if we go ahead with the imposition of this taxation without first having the matter dealt with in committee of ways and means.

On October 25 the hon. member for Lake Centre (Mr. Diefenbaker) raised this question, not as a point of order on which he sought a ruling, but in a tentative manner. The Minister of Finance (Mr. Abbott) made an immediate reply to the question. He read standing order 60, which requires that any money bill be not dealt with immediately but that it be preceded by a resolution, to be dealt with in one of the committees of the whole house.

The Minister of Finance (Mr. Abbott) suggested that that had been done with respect to this bill and that this procedure was approved by the law officers of the crown. May I point out that standing order 60 refers to money bills, that is, to bills that vote expenditures or vote money. Apart from these taxation sections Bill No. 13 is in that category. It is a money bill for which the only prior requirement is a proper resolution and the approval of the governor general. But Bill No. 13 is more than a money bill; it is a money bill in so far as it provides pensions, but it is also a taxation bill, which is a different story and which makes it with respect to its taxation sections something not covered by standing order 60.

In view of all this I feel, as I have said, that the house should not go into committee of the whole on the remaining sections of this bill until there has first been an opportunity for the matter to be considered in committee of ways and means. Someone may say that this is merely a technicality, that after all we were in committee of the whole on the resolution previous to the bill and had an opportunity to question the minister. May I suggest that, among others, a difference between committee of the whole and committee of ways and means is that when the house has moved to go into committee of the whole on a resolution nothing can be discussed except the terms of that particular resolution. When there is a motion to go into committee of ways and means there is what is known as a budget debate which provides an opportunity to discuss the whole financial picture of the country and to present amendments, grievances and so on. The right to present amendments and grievances and the right to survey the whole financial picture of the country has been obviated by this method of dealing with this matter, that is, solely by resolution preceding the bill which was dealt with only in committee of the whole.

It may be only a coincidence, but it is rather fortunate for the purposes of considering this point that we have concluded our discussions in committee of the whole of all sections of the bill except the taxation provisions. There is no question that as far as the rest of the bill is concerned—in other words, the sections providing the pension which we have already passed—everything is perfectly in order. But I feel that these taxation sections should have been the subject either of a separate bill or at least of a separate part of this bill. In either case, they should be dealt with only after being considered in committee of ways and means.

I have done a lot of thinking about these things in the years I have been here. I have browsed around a good deal in the records and I cannot find anything comparable to this. I have found plenty of money bills which were dealt with in the way that properly met the terms of standing order 60, but in all the research I have done I cannot find a case of a bill imposing taxation which was not dealt with in the traditional way required by the authorities, namely, introduced first of all by way of a resolution in committee of ways and means. I submit for Your Honour's consideration that that is what the house should do now before it proceeds further with the taxation aspects of the bill now before us.

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, before you give your ruling perhaps I should say a word on the point of order raised by the hon. member for Winnipeg North Centre (Mr. Knowles). Let me say at once in all sincerity that I always enjoy these lectures on parliamentary procedure with which he entertains us from time to time and which obviously disclose the fact that he has spent a great deal of time and attention in studying the rules.

As he pointed out, the hon. member for Lake Centre (Mr. Diefenbaker) raised this question the other evening when the bill was being given second reading. I indicated at that time that I understood the legislation had been approved by the law officers of the crown and passed on by the law clerk of the House of Commons. Without having before me any detailed memorandum I cited standing order 60 as justification for that procedure.

Following the raising of the question by the hon. member for Lake Centre I consulted the law clerk of the House of Commons. I have received from him a quite lengthy and most interesting memorandum outlining the authorities upon which he bases his view that the procedure adopted here is quite in order. I do not know that I should take up the time of the house to read the memorandum, but it could be made available to any hon. member who might be interested.

In essence the memorandum states that while it is customary to consider in committee of ways and means the budget resolutions providing for the raising by tax or impost of the sums required to meet the grants voted by the committee of supply, it is not required that every bill containing taxing provisions be first considered by way of resolution in committee of ways and means. In support of this latter proposition there is cited the act to amend the Income War Tax Act, statutes of Canada, 1932-33, chapter 14, and the Salary Deduction Act, chapter 52 of the statutes of the same session, and numerous other acts of the parliament of Canada. The house will recall that the Income War Tax Act amendment was passed in Mr. Bennett's administration and related to special taxes that were being imposed. These precedents support the proposition that it is not necessary for a particular bill containing taxation provisions to be preceded by a resolution considered in committee of ways and means, although under standing order 60 there must be a reference to a "committee of the whole house, before any resolution or vote of the house do pass thereupon."

The present bill is primarily a bill for the expenditure of money, namely, for "the payment of pensions without a means test of forty dollars a month" to qualified persons, and to set up a "fund made up of special contributions levied for that purpose." While it does contain ancillary taxing provisions, the procedure which has been followed under which the present bill was preceded by a resolution considered in committee of the whole is consistent with the authorities set forth in the memorandum from the law clerk to which I have referred. Numerous precedents are cited in that memorandum. I am informed, therefore, that the present procedure does not constitute a new precedent which would alter in any way our constitutional procedure. If the house is interested in this memorandum I could have it made an appendix to *Votes and Proceedings* or *Hansard*, or make it available in any way that was considered appropriate. That would be my submission in answer to the interesting point of procedure raised by the hon. member for Winnipeg North Centre.

Mr. MacInnis: Does the minister consider that a precedent, even a bad one, should be followed in the house once it has been accepted?

Mr. Abbott: Not necessarily. The memorandum to which I have referred sets out a

number of precedents. As a good lawyer, I believe in the value of precedents. Where a point has been established, unless some particular reason is shown that it should not be accepted, I see no reason why it should be changed.

Mr. Knowles: I noted that the memorandum to which the minister referred stated that there were numerous precedents, but he gave just two, both of which occurred in the period 1930-35. I wonder if the memorandum indicates whether any point of order was raised about them at the time and, if so, on what basis any decision was made. As Your Honour has sometimes pointed out, a proposition that goes through the house without any question being raised as to its propriety is not necessarily a precedent which would establish the practice as being correct. It may be that a point was raised at the time and a satisfactory answer given. I notice that the Minister of Finance did not read the whole memorandum.

Mr. Abbott: I will be glad to do it, but I just thought I should not take up the time of the house.

Mr. Knowles: I realize that, and I imagine the minister will send me a copy shortly. But it seems to me that a noticeable lack is the failure to quote any authorities in support of the position. I have quoted very precise wording, particularly from Bourinot and May, which says that this cannot be done without going into committee of ways and means first. The Minister of Finance says that there are these precedents from the Bennett regime.

Mr. Abbott: Before and after that; there is a long list of them here.

Mr. Knowles: But the Minister of Finance gave only two and he still has not given any authoritative statements on the basis of which these bills were introduced. I may say that I do not see how we can get around Bourinot's statement on page 418 that it is in this committee that all propositions relating to the tariff and the taxation of the country must be considered. He took that from May and Todd. I have checked back and it certainly is there. Then there is a further development of the point by May on pages 745 and 746 of his fourteenth edition in which he spells out all the different kinds of taxation, and even the repeal of taxation. He leaves no loophole at all. He says that in every instance these taxation measures must be preceded by resolutions in committee of ways and means.

Mr. Speaker: The point of order which the hon. member for Winnipeg North Centre has raised is a very interesting and important one. He suggests that the committee of the whole should not proceed further to consider Bill No. 13 until the house has gone into committee of ways and means on certain sections which he has referred to as taxation sections. As I say, the point raised is indeed a very interesting and important one. As he has pointed out, there is a great difference between the committee of the whole and the committee of ways and means. On motion to go into committee of ways and means, as hon. members know, they have the opportunity of bringing to the attention of the house certain grievances. That is one very important difference.

The Minister of Finance has stated that there are many precedents for the procedure which has been followed in this case. I understand he is tabling an opinion to that effect which he has received from the law clerks. I would hesitate to interfere with the work of the committee of the whole at this stage. I am not saying whether I agree or disagree with the point raised by the hon. member for Winnipeg North Centre. As he stated, the matter was mentioned in the house by the hon. member for Lake Centre either on the resolution stage or on second reading, I am not sure which; but in any event the question was raised at that time by the hon. member for Lake Centre. Therefore the house was aware of that point.

The bill received second reading, and with the house aware of the question as to whether or not the committee of ways and means should be set up, the house ordered that the whole bill be referred to the committee of the whole. The sections in dispute at present might have been considered the last time the bill was in committee of the whole. Then this motion could not have been made now. My point is that it is now too late to raise this question. It is a rule of the house that points of order must be raised at the time they occur in the house. In my opinion this point of order, especially after the question of procedure had been brought to the attention of the house, should have been raised at the time the motion was made for the Speaker to leave the chair for the house to resolve itself into committee of the whole upon the bill. See Beauchesne, third edition, citation 112.

I repeat that the order passed by the house was that the house resolve itself into committee of the whole not on certain sections of the bill but on the whole bill. In view of that I would not rule at this time that the house cannot resolve itself into committee of the whole on the sections of the bill which it has not yet considered. I therefore leave the chair in accordance with the order which has been read by the Clerk: "House again in committee of the whole".

Old Age Security

The house resumed, from Thursday, November 1, consideration in committee of Bill No. 13, to provide for old age security—Mr. Martin—Mr. Dion in the chair.

The Chairman: When the committee last considered this bill sections 1 to 9 were carried. Section 10 was allowed to stand, section 12 was carried, and section 13, subsection 1, was carried. Shall I call clause 10?

On section 13, subsection 2—*Repeal.*

Mr. Fleming: When the committee rose last time we were considering subsection 2 of section 13 of the bill, and the Minister of National Health and Welfare had indicated that he was prepared to accept the amendment to this subsection which I proposed at that time. I do not know whether the minister is going to introduce the amendment now or whether he wishes me to do so.

Mr. Martin: I can readily do that. As my hon. friend has said, I agreed that the point my hon. friend took seemed in the circumstances to be valid. I would ask my colleague, the Minister of Finance, to move that section 13, subsection 2, be amended to read as follows:

The Old Age Pensions Act is repealed on a date to be fixed by proclamation of the governor in council.

Mr. Abbott: I so move.

Mr. Knowles: I am sure we all support the proposed change in the wording of this subclause. I rise to say a word with reference to the clause because it deals with the repeal of the Old Age Pensions Act. There is a question that arises in connection with the repeal of that act which is of concern to a great many of our old age pensioners, and I think that the people generally would welcome as explicit a statement about it as the Minister of National Health and Welfare can give. That it is a matter of wide interest is attested by a question that appeared on the order paper yesterday placed there by the hon. member for Pictou. As reported at page 789 of *Hansard*, he asked several questions, the fourth one of which was:

What will be the position of pensioners presently in receipt of pension under the Old Age Pensions Act after it ceases to operate on December 31, 1951, with respect to liens which may now be placed against their property and claims for repayment which may now be lodged against their estates?

I am sure there is no question in the mind of anyone about this matter so far as pension payments to those 70 and over after January 1, 1952, are concerned. I am sure the country knows there will be no attachment of estates for any of this money, either for those who come on the pension afresh or for those who are transferred from the present means test pension to the old age security pension which begins on January 1. But as to those who are now on the pension and have liens against their property, as to what is to happen to those liens and as to whether or not, when they die, anything will be collected from their estates for the pension they received prior to December 31, 1951, the position has not been cleared up. I was glad to see the question which the hon. member for Pictou placed on the order paper, and I awaited the answer with interest, hoping that it would clear up the point. But it does not clear it up at all. Here is the answer. It is to be found at page 789 of *Hansard* of yesterday. It is in the name of the parliamentary assistant to the Minister of National Health and Welfare:

4. The present Old Age Pensions Act has never required the provincial authorities to place liens against the property of old age pensioners. Where liens have been filed against the property of pensioners, this has been done solely under the authority of provincial law: and it will, therefore, be for the provincial authorities to determine, as of December 31, 1951, the manner in which liens still in existence on that date are to be disposed of.

I think we should have an end of this blaming that has gone on, back and forth, between the dominion and the provinces with regard to these liens and to the whole question of recoveries. That answer of yesterday is one that skates around the problem because of the use of the word "liens" in the question asked by the hon. member for Pictou. Of course we know that liens can be placed only by the provincial authorities. That is a matter of property and civil rights. The federal government could not do it; neither could the federal government require the provinces to place liens. But the fact of the matter is that in the Old Age Pensions Act, which this subsection is about to repeal, there is a section which requires the provinces, by federal law, to make provision for recoveries. The manner in which those recoveries will be made is, of course, left to the provinces. Most of the provinces of Canada have felt that the only way in which they could carry out their written obligation to the federal government to make recoveries was by the imposition of liens. I know that in at least one province, namely British Columbia, that is not done. But in most, if not in all, of the rest of them, they have felt that that is the only way to do it. I think I should at this point put on record the relevant subsection of the Old Age Pensions Act, the one this subclause is repealing. It is section 9, subsection 2:

An agreement made pursuant to section three of this act shall include—

The word is "shall"; it is compulsory.

—an undertaking by the province that the pension authority will be authorized to recover out of the estate of any deceased pensioner, as a debt due

[Mr. Speaker.]

by the pensioner, the sum of the pension payments made to such pensioner from time to time and such agreement shall specify the circumstances under which recovery of such debt shall be made but shall provide . . .

And so on. It is a long sentence with certain other details, but I have given the pith of it, which is that, in order for a province to have had an agreement with Ottawa with respect to old age pensions under the Old Age Pensions Act, it had to agree that provision would be made for recoveries. It is on the basis of that provision that the provinces have carried on in whatever way was most suitable to them, and that is the basis of the liens that have been applied.

Subsection 3 of that same section 9 deals with the question as to what was to happen when recoveries were made, and in legal and technical language what it says is that when a province makes recoveries out of the estate of a deceased pensioner the dominion government gets back *pro rata* its share—in other words, its 75 per cent of the money that it had put forward. So far, that is the picture. It is really quite clear, and the government does not get around it by sticking strictly to the word "liens" which was in the question of the hon. member for Pictou. The real issue is recoveries; and recoveries are required by federal statute.

However, the question now is this. What is going to happen in the matter of recoveries out of the estates of deceased pensioners with regard to the money they received prior to December 31, 1951? This section will repeal that act. It would seem to me that, when that act is repealed—at whatever date the governor in council decides—the federal government can no longer collect anything back from the provinces. Therefore further recoveries should cease.

I want to say that it is my own notion—and I give full credit to the federal government for this—that they do not want any further recoveries. But in the absence of a clear statement, the people are still wondering what is going to happen. We asked questions like this on June 21 and June 23 last session when the Old Age Assistance Act was before us, but we obtained no satisfaction. If the Minister of National Health and Welfare or the Minister of Finance, on behalf of the federal government, would now say that they do not want any recoveries after the end of this year, I think it would give a lead to the provinces, letting them know that they can cancel these liens forthwith.

I realize that the federal government cannot instruct the provinces to cancel the liens; but the federal government did not instruct the provinces to put on the liens. They just made them sign an agreement which put them in the position in which they pretty well had to do it. But they now could give a lead to the provinces. They could say: So far as Ottawa is concerned, we do not want our 75 per cent out of the estate of a deceased pensioner; we want to put the old age pensioners who are transferred from the present roll to the new roll in the same position with respect to money they have had prior to December 31, 1951, as they are with respect to money that they will receive after January 1, 1952.

As I say, I have had a great many letters about this matter. I would not hesitate to read to the house the replies that I have made, because they have had at least one kindly word to say—believe it or not—about this government. In them I have expressed the view that I have just now expressed, namely that I do not think Ottawa wants any recoveries but at the moment they are leaving it up to the provinces to make the decision. In my view it is incumbent upon this government to give a lead in the matter. In view of the letters I and other members have had, and from the question asked by the hon. member for Pictou yesterday it is clear that it is a problem that is on the doorstep of the government. I think a clear statement from the minister at the present time would put the federal government in a good light—and they do not mind, when they have a chance to do it, putting themselves in a good light—and would help to clear up this matter for the old age pensioners who are concerned, and in their name I express the hope an answer will now be given.

The Chairman: Shall the amendment carry?

Mr. Coldwell: Will the minister answer that question with regard to recoveries? It is an extremely important one.

Mr. Martin: The question is not a difficult one in the main. My hon. friend in one breath thinks we have made too much of the fact that we are not responsible for putting liens on the estates of old age pensioners. From one point of view, that observation is correct. But the fact is that this government has been blamed repeatedly throughout the country, and many times in this house, for having allegedly imposed liens. I have examined twenty-seven speeches, made in the course of the last ten years, in which it was argued that liens had been put on the estates of old age pensioners as a result of action taken by the government of Canada. In view of that contention, it seemed only fair that there should be a denial; and that denial was made in answer to the question so pertinently put by the hon. member for Pictou.

As to the question which my hon. friend finally asks in the course of his observations, that is a matter of course that depends upon the existing law. My hon. friend has made an interpretation as to what that law means. It also depends on the attitude to be taken by the provinces. We are now having some correspondence with the provinces. They have paid a portion of the pensions under the Old Age Pensions Act. Before a definitive answer can be given in that particular, it would be only fair that we should have ascertained the view of all the provinces. That view has not been ascertained; and until it has been ascertained, I would not be free to state what the position will be. But just as soon as that view is ascertained, I will unhesitatingly advise the house.

The situation as to the future is, as my hon. friend has said, that in respect of future recoveries under the Old Age Assistance Act no obligation will be imposed on any province to recover from the estates of old age pensioners in respect of overpayment of one kind or another. The only qualification is that if a province, in the exercise of its discretion, should make such recovery—

Mr. Knowles: That is under the Old Age Assistance Act?

Mr. Martin: —under the Old Age Assistance Act, it would only be fair that the jurisdiction of government contributing 50 per cent should share in it. I may say to my hon. friend that just as soon as the question has been resolved the government's attitude and policy will be made known.

Mr. Knowles: May it not be said that once the Old Age Pensions Act is repealed, as is called for by the section now before the house, it will no longer be possible for the federal government to collect any of its portion of the recoveries referred to under subsection 3 of section 9 of the act which will then be dead.

Mr. Martin: It is not the function of parliament to advise as to what the law is. The matter is in the hands of the Department of Justice now, and there is a wide variation of view as to the situation.

Amendment agreed to.

Section 13, subsection 2, as amended, agreed to.

On section 13, subsection 3—*Consumption or sales tax of 8 per centum.*

Mr. Fleming: On subsection 3, there is a point I have to put to the Minister of Finance which is different from the one raised by the member for Winnipeg North Centre on the point of order he took this afternoon before the Speaker left the chair. It seems to me that this section is quite different from the other sections in the bill. It has nothing to do with universal old age pensions. It is an amendment of another act consequent upon certain of the financial provisions in this bill. It seems wrong to me to be cluttering up this bill for all time with a section which amends another act quite apart from the Old Age Security Act. I would urge upon the minister that this type of provision should have been made the subject matter of a separate bill having for its purpose the amendment of the Excise Tax Act.

Mr. Abbott: As the hon. member indicates, that might have been done. It is a matter of opinion as to whether that would have been a tidier way of proceeding. I must say that my own view is that the procedure which is being followed here is completely unobjectionable. It is quite clear what the purpose of the section is, and it is quite clear in what way it is related to the enactment of the special 2 per cent sales tax, the proceeds of which are to be paid into this fund. It could have been the subject of a separate act, but it seems to me that would have been making one extra statute merely for the purpose of making a little tidier looking bill. I cannot attach greater importance to it than that.

Mr. Fleming: It just struck me that you were going to clutter up the act for all time by inserting a section which has nothing to do with old age security.

Mr. Abbott: I do not imagine anyone will pay any attention to that section after this year.

Section 13, subsection 3, agreed to.

Section 13, subsection 4, agreed to.

Mr. Knowles: I wish to say a few words about section 10, which provides for taxation for old age security along the lines outlined by the Minister of Finance when he first spoke on this measure on October 25. I have indicated already my displeasure with some of the provisions of this headache pill which he has given to us—this 2-2-2 which sounds like a Frosst, although maybe that is getting too close to something that is happening in this province at the present time.

Mr. Abbott: They will send you a free bottle.

Mr. Knowles: In particular, I have objected to the extent to which the burden of the cost of this measure is to be placed upon those who pay through the medium of the sales tax. From the speeches he has given, the minister has made it clear that he will be collecting about 47·5 per cent of his revenue for the old age security fund from the sales tax. I object to that arrangement and I have made other comments about the taxation provisions, but the one that I singled out for

particular complaint is the proposal of the minister to limit the 2 per cent tax on a taxpayer's taxable income to the sum of $60 per year.

As I pointed out earlier, the effect of that part of the section is to provide for a 2 per cent old age security tax on the taxable income of taxpayers. In other words, a married man earning $3000 per year, and having a wife and two children and thereby getting a total exemption of $2300, pays 2 per cent on the remaining $700 or $14 per year. Similarly a married man without any children earning $5000 per year has an exemption of $2000 and pays 2 per cent on the other $3000 which amounts to $60 per year. But from there on up there is no additional old age security tax as such. The reason I add those words "as such" is the fact that I am aware of the point the minister tries to make, namely that the wealthiest people will be paying more through their purchases of goods on which the sales tax applies.

I suggest, Mr. Chairman, that no matter how much the wealthy might pay in that way the minister cannot get away from the unfairness of a system of taxation which says that a millionaire is not going to pay into the old age security fund any more than a man with a taxable income of $3000. This $60 limit is wrong, in my opinion, and indefensible. The minister sought to defend it by citing the idea of an annuity. He pointed out that $60 per year was approximately the amount that a man 30 years of age would have to pay from then until age 70 so as to purchase an annuity of $40 per month at age 70. I am not going to develop the argument at length which I did place before the house on November 1 as to the consequences that flow from that argument. It means that the Minister of Finance prefers the benefit or insurance principle. He admitted that if it were not so harsh and impracticable that would be his preference, the benefit or insurance principle, on the basis of which he would make everyone pay for what he is going to get by way of old age security, and would give to each person only such old age security as he himself had paid for.

As I pointed out, that principle was rejected by the committee and also by the Minister of National Health and Welfare. In bringing in the bill, he underlined that objection. He spoke with great pride of the fact that Canada was providing a universal pension which is based on the idea that everyone gets the same pension, and it is paid for on a pay-as-you-go basis by all those who are working at the time. My contention is that the Minister of Finance vitiates that universal principle. And he admits it. He claims justification for doing so. This annuity idea vitiates that principle when he places this maximum on the amount that the wealthy are required to pay. The result of course is the relieving of the wealthy from the obligation to pay taxation on the whole of their income, and that in turn places more of a burden on those in the lower brackets so far as income tax is concerned and upon those who pay through the medium of sales tax. I feel that rather than resort to the sales tax, at least to the full extent that the minister has gone, rather than resort to the 2 per cent tax on the first dollars over the exemption level where 1 per cent would have been enough, the minister should have imposed either a proportionate tax without a maximum limit or preferably a graduated tax.

I pointed out on November 1 that this matter came in for some slight attention in the committee on old age security which met last year. I indicated, to the amazement of the hon. member for Eglinton, his part in the discussion which consisted only of questions, but I thought they were quite leading questions. I also pointed out that the hon. member for Spadina agreed wholeheartedly with me that in the field of old age security there was no reason for departing from the principle of taxation established for other government purposes, which is on a graduated basis. The records of that committee show, so far as the hon. member for Spadina and I are concerned, that we favoured graduated taxation; in other words, increasing the rates as you go up to the higher brackets. The hon. member for Eglinton expressed, or his questions did, what I thought was amazement at the idea of a ceiling of this kind. It all depends on the tone of voice. Whether his questions are read in his tone of voice or mine, at any rate the record is there for all to read, and I am pointing out that the two of us who did comment rather fully on the point, the hon. member for Spadina and I, were quite definite that we felt it should be graduated taxation instead of proportionate. The discussion we had was with an official of the Department of Finance who did seem to favour proportional taxation rather than graduated taxation for old age security purposes. And of course it was he who presented to us the idea of having the maximum figure. Well, as I said last week, the Department of Finance has won rather than the members of parliament, but I am indeed sorry to see that maximum in there. I am sure that the people of Canada will be surprised, for they thought this was a plan whereby people would pay into it according to their ability, and then would receive the benefit on a universal basis

at the age of 70. Here the concept of ability to pay has been cut off at this $60 level. Not only will many people on lesser amounts be amazed to learn that wealthy people pay not more than $60 a year into this fund, but I am sure that wealthy people will be surprised, and of course pleasantly surprised, that that is the case.

I have dealt with this matter on two previous occasions. It first came to our attention as a surprise on October 25, two weeks ago. In the debate immediately thereafter I protested and expressed the hope that this provision would be changed. When the bill came before us for discussion on November 1 no change had been made. I protested again. Now that we are in committee on this section I feel, Mr. Chairman, that the committee should face up to this issue; indeed, that the committee should ask for the removal of this limitation of $60. To bring the matter to a head, Mr. Chairman, I wish to move an amendment to clause 10. The amendment is necessarily a bit wordy, but I will explain the effect, which is very simple. I move:

That section 10, subsection 3, of Bill No. 13 be amended by deleting from line 39 the words "the lesser of" and also by deleting from line 41 the word "or" and by deleting from line 42 the words "sixty dollars."

You will note, Mr. Chairman, the result of that will be to leave subparagraph 3 reading as follows:

(3) Every individual liable to pay tax under part I of the Income Tax Act for a taxation year shall pay an old age security tax for the year equal to 2 per centum of the taxpayer's taxable income for the year.

In other words, the effect of my amendment is not to make any change in that 2 per cent rate, although I might like to. In fact I would like to see it changed into a graduated tax, 1 per cent on the lower brackets and moving on up to higher rates in the higher brackets, but I can see difficulties, and I am not trying to suggest an amendment on that point at this time. The only change I am presenting in this amendment is that the 2 per cent tax on taxable income be applied across the board; the wealthy people paying not just $60 but 2 per cent on the whole of their taxable income.

Mr. Abbott: Mr. Chairman, it is perhaps no surprise to you that I raise the same point of order that I have raised on so many occasions. This is unquestionably a money bill. The amendment which is proposed by my hon. friend will unquestionably affect the amount of money which is to be levied on the subject and raised under the provisions of this bill. According to the citation, which I have not before me but which I have cited to you so often before, I respectfully submit that the amendment is out of order.

Mr. Cruickshank: May I ask a question?

The Chairman: I am very doubtful about the amendment. Therefore I shall hear any hon. member who has something to say on it.

Mr. Knowles: Mr. Chairman, may I point out that not very long ago—this very day—I raised the question as to whether we should not have gone into committee of ways and means on this bill. The Minister of Finance says that my proposal would result in the imposition of a tax on certain people, which is not provided in the bill. Mr. Chairman, it has already been ruled that so far as this bill is concerned that can be done without going into committee of ways and means.

Mr. Abbott: I did not say anything about the committee of ways and means.

Mr. Knowles: When he was speaking to the previous point of order the Minister of Finance said that this was not a tax bill in the ordinary sense, and that was part of the basis on which he contended that a ways and means resolution was not necessary. I think we should be fair about these things. Rules should apply both ways. If it is not a tax bill in the ordinary sense when the minister brings it in, I do not think he can now say it is a tax bill because I want to move an amendment to it. Incidentally the resolution preceding this bill, the resolution that we considered not in the committee of ways and means but in the committee of the whole, did not specify the taxation that was to be imposed. The minister knows that when he brings in his normal budget resolutions preceding the budget bills he spells out in those budget resolutions what the tax changes are to be. He does that because there is a citation in Beauchesne which says that if the prior resolution does not fix a limit it is open to a private member to propose changes when we get into committee of the whole.

Here we are, Mr. Chairman, debating a bill which I contended was a taxation bill, and I argued that we should have gone into committee of ways and means before dealing with these taxation sections. The decision was made that it is not. The Minister of Finance argued that it is not an ordinary taxation bill. So I treat it as a bill which is not an ordinary taxation bill. I take it at its face value as an ordinary bill preceded by a resolution in blanket form, and I claim my right on that basis to propose a change of this kind, and now the minister wants the rule reversed.

May I point out that the change I propose certainly does not cost the government any

money. The minister does not say that, but we might as well have it clear. It will result, as a matter of fact, in additional money coming to the treasury, unless steps are taken by the government to reduce taxation at some other point so as to level it out. I thought of trying to word my amendment in that way; but we have had rulings in the past year or so to the effect that we are denied the right to do that.

May I remind the committee that once a tax is being considered by the committee of the house, it is open to private members to make suggestions for changes. Again I turn to Bourinot, fourth edition, page 431, where it says:

> It is also competent for any member to propose another scheme of taxation for the same purpose, as a substitute for the government plan.

And then follows a sentence containing two negatives, so that one has to think in terms of double negatives in order to sort it out. It says:

> But it is not regular to propose a new and distinct tax, which is not a mere increase or diminution of a duty upon an article already recommended by government for taxation, though it is the function of this committee to impose rather than to repeal taxes.

Well, if it is not regular to propose a new and distinct tax, which is not a mere increase or diminution, then the meaning of that sentence is that it is regular to propose an increase or diminution in taxation proposed by the government. The government has proposed a 2 per cent tax on taxable incomes of taxpayers above the exemption level. The government's proposal is that that tax should stop at the $3,000 level, or at the figure of $60 a year.

My proposal is that there should be an increase in the amount to be collected from that tax, to be effected by removing that maximum, and I say that, in the light of what I have just read from page 431 of Bourinot's fourth edition, it is in order. I submit I am making two main points—or perhaps I should say I am making three. I say, first of all, that there was nothing in the resolution preceding the bill spelling out what the taxation was to be. Hon. members know that there are citations in Beauchesne which are taken from May, and which say that when the terms are not spelled out in a resolution which has had the governor general's recommendation it is open to private members to make changes from the floor of the house. And if I wished to take the time I could quote some interesting precedents. The Minister of Finance has said that he likes precedents.

Mr. Abbott: Not too many of them, or too lengthy.

Mr. Knowles: I hear someone near me saying that it depends upon which way the precedents go. The ones I have referred to would favour the point I have made.

Mr. Abbott: I have some good ones, too.

Mr. Knowles: Bourinot says at page 431 that while a private member cannot introduce a new tax, or a new idea, he does have the right to propose an increase or a diminution in a tax proposed by the government. My proposal is for an increase in the amount to be raised from this tax, and it does not violate this other principle, namely that we cannot upset the balance of ways and means. We are not costing the government anything; we are making a few million dollars for the treasury.

Mr. Abbott: It is costing the people something.

Mr. Knowles: Only the wealthy. The final point, and one which must be taken seriously by Your Honour in making up your mind as to how you will rule, is that in the ruling already given today it was decided that this bill is not an ordinary taxation bill subject to the usual rules which govern taxation bills. I wanted it to be so governed. I argued it should have been preceded by a resolution in committee of ways and means, but my contention was not accepted.

In other words the point made by the Minister of Finance was accepted, namely that this is not an ordinary taxation bill. If it is not an ordinary taxation bill, and the government has the right to bring it in without observing the rules of Bourinot, May, Beauchesne and all the rest of them, as well as the rules of the parliament of Canada—

Mr. Abbott: The minister is observing them all right. We will forget about May, and so on; but he is observing the rules of the parliament of Canada.

Mr. Knowles: No, he is not observing the rules of the parliament of Canada. He is resting his case on points made in a memorandum he has obtained from officials.

Mr. Abbott: No; I could take up as much time as you can, if I wished.

Mr. Knowles: It might have taken less time if the minister had brought it in properly. I say that if he has that right, then you cannot change the rules in the middle of the game, and we have the right on this bill to move an amendment in committee, as I have sought to do. I confess it would not be something that one might do on an ordinary taxation bill brought in in the ordinary way. Ordinarily we would deal with taxation measures in committee of ways and means, where other rules apply. But I submit with respect that this bill is brought in in an

extraordinary way, apart from the observance of the usual rules which apply in the house, and that I have the right I have indicated, equal to the right of the minister. Therefore I press my amendment.

Mr. Abbott: As I said, I thoroughly enjoy these long arguments on procedure, although I am concerned at times with what they cost the taxpayers of Canada. However, I am basing my position in this case upon section 54 of the British North America Act, which has been quoted in the house time and again, where it says:

> It shall not be lawful for the House of Commons to adopt or pass any vote, resolution, address or bill for the appropriation of any part of the public revenue, or of any tax or impost, to any purpose that has not been first recommended to that house by message of the governor general in the session in which such vote, resolution, address or bill is proposed.

And without going into May or Erskine—

Some hon. Members: Oh, oh.

Mr. Abbott: —I will quote from Beauchesne's second edition, citation 551, where it says:

> It is a fundamental principle that no resolution or amendment to increase a charge upon the people can be moved with the Speaker in the chair; it must be initiated in committee—

"In committee"—not necessarily committee of ways and means, but, "in committee"—

—by a minister acting on behalf of the crown.

Mr. Cruickshank: May I ask a question?

The Chairman: Is it on the point of order?

Mr. Cruickshank: Well—

Mr. Abbott: Let us not waste more time on it.

Mr. Cruickshank: On a question of privilege, then? I have had a little advice from my left on the subject. I know nothing about May—or Beauharnois, or Winnipeg North Centre—but I do know something about the Canadian Legion, and about common sense. I wish only to ask a question—and the hon. member for Winnipeg North Centre, who may be taking up another hour of our time, should be glad that I am getting this information in order that I may vote intelligently on one of his numerous amendments. All I am interested in knowing from the Minister of Finance or the Minister of National Health and Welfare, or perhaps the Minister of National Defence—and I want to be corrected if I am wrong, in order that I may vote intelligently on these numerous amendments—is whether the recipient of the new old age security pension which, as I understand it, will become payable on January 1, 1952, and who is also in receipt of a war veterans allowance, is entitled to both, subject to taxation for income tax purposes, provided the income, if he is a single man, does not exceed $1,000.

The Minister of Finance referred to this matter at page 697 of *Hansard* for November 5. If my understanding is wrong, I should like to have it corrected. I was ruled out of order before, but I cannot be ruled out of order this time. This was a statement made by the Minister of Finance with respect to this measure. My understanding—and let me say that I do not need any assistance from the parliamentary assistant to the Minister of Veterans Affairs when I am arguing on behalf of the veterans of Canada—as I understand it, the recipient of a war veterans allowance will be taxed if he applies for this in exactly the same way as any other applicant. I understand also that the statute provides for an exemption of $1,000 for a single man. I should like the Minister of Finance to answer a question, which will guide me in voting on some of the amendments that have been moved. Will the recipient of a war veterans allowance be entitled to apply for the new old age security pension without a means test and be subject to the normal rate of taxation which permits an exemption of $1,000 for income tax purposes?

Mr. Abbott: He would be entitled to apply for a pension and receive that pension. When he receives it, it will be taxable income in his hands. If he is a single man and over sixty-five years of age, as the law stands today he will be entitled to an exemption of $1,500.

Mr. Knowles: Just one more word on the point of order. The Minister of Finance in his last reply in reference to my amendment quoted a section of the British North America Act which provides that money measures have to be introduced by a minister of the crown. May I remind him, and you, sir, of the citation from Beauchesne's third edition to which I was referring when I was on my feet before but without having it before me to quote it verbatim. It is citation 486, to be found at page 179 of Beauchesne's third edition, and it reads:

> The committee is not bound by the terms of the provisions which the ministers have inserted in the bill; and, when no amount has been mentioned in the resolution, any member may propose to increase the grants specified in the bill or to extend the application of the provisions of the bill, whatever may be the cost resulting therefrom, so long as the power conferred by the royal recommendation is not exceeded.

Mr. Fournier (Hull): Why does the hon. member not read the first paragraph of that citation?

Mr. Knowles: I do not mind reading the first paragraph, which is as follows:

Reductions can be made in committee on the bill, but no grant can be increased except upon recommendation of the crown.

Mr. Fournier (Hull): Does not that mean anything?

Mr. Knowles: I suggest that you have to read the next paragraph with it.

Mr. Abbott: Why not get on with the merits of this thing?

Mr. Knowles: If the Minister of Finance will accept the merits of my proposal, that this $60 limit should be taken off, we can end this point of order discussion. I have given him plenty of time to do that. It seems to me that he should take off that maximum. What I am saying to the Minister of Public Works is that the first sentence in citation 486 is qualified by the second part which refers to the case where the resolution preceding the bill does not specify any amount.

The resolution preceding this bill was moved on October 25 by the Minister of National Health and Welfare, as reported on page 378 of *Hansard*. The latter part of the resolution, the only part that is now relevant, reads:

—and to establish a fund made up of special contributions levied for that purpose.

There was no reference in that resolution, —and that is what had the royal recommendation—as to what the amounts to be levied would be. In other words, it is governed by the terms of the second paragraph of citation 486 which says:

—when no amount has been mentioned in the resolution, any member may propose to increase the grants specified in the bill or to extend the application of the provisions of the bill—

The latter is what my amendment does.

—whatever may be the cost resulting therefrom, so long as the power conferred by the royal recommendation is not exceeded.

I submit that on all counts the amendment is in order.

The Chairman: I refer the committee to citation 501 of Beauchesne's third edition which reads:

No augmentation of a tax or duty asked by the crown can be proposed to the committee, nor tax imposed, save upon the motion of a minister of the crown; nor would an amendment to extend the imposition of a tax to persons enjoying an exemption therefrom be now permitted.

In my opinion the effect of the amendment is to increase a tax and I must rule it out of order.

Mr. Knowles: Mr. Chairman, I regret that I must appeal from your ruling, and I would point out that the citation you have just read refers to committee of ways and means, which we were not permitted to go into.

The Chairman: My ruling is not debatable.

Mr. Knowles: I am appealing your ruling.

Mr. Speaker resumed the chair, and the chairman of the committee made the following report:

Mr. Knowles moved an amendment as follows:

"That section 10, subsection 3 of Bill No. 13 be amended by deleting from line 39 the words 'the lesser of' and also by deleting from line 41 the word 'or' and by deleting from line 42 the words 'sixty dollars'."

I ruled the amendment out of order on the basis that under citation 501 it is not competent for a private member to propose in committee of the whole the augmentation of a tax.

Mr. Speaker put the question as follows:

Mr. Dion of the committee of the whole has reported that when the committee was considering clause 10, subclause 3, of Bill 13, Mr. Knowles moved that the subclause be amended by deleting from line 39 the words "the lesser of" and also by deleting from line 41 the word "or" and also deleting from line 42 the words "sixty dollars." The chairman ruled the amendment out of order on the basis that under citation 501 of Beauchesne's third edition it is not competent for a private member in committee of the whole to propose the augmentation of a tax. From this ruling Mr. Knowles and others have appealed.

The house divided on the question: Shall the ruling of the chairman be confirmed? And the ruling was confirmed on the following division:

YEAS

Messrs:

Abbott	Eyre
Anderson	Fairclough, Mrs.
Arsenault	Ferrie
Ashbourne	Fleming
Bertrand	Follwell
Blanchette	Fournier (Hull)
Boisvert	Fournier (Maisonneuve-Rosemont)
Boivin	Fulford
Bonnier	Gardiner
Boucher	Garland
Bradette	Garson
Breton	Gauthier (Lake St. John)
Brown (Essex West)	Gauthier (Lapointe)
Byrne	Gauthier (Portneuf)
Cameron	Gauthier (Sudbury)
Carter	Gibson
Catherwood	Gingras
Cavers	Goode
Cloutier	Gourd (Chapleau)
Corry	Green
Cote (St. Jean-Iberville-Napierville)	Gregg
Coyle	Harkness
Crestohl	Harris (Danforth)
Croll	Harris (Grey-Bruce)
Cruickshank	Harrison
Decore	Hellyer
Demers	Helme
Dumas	Henry
Dupuis	Hetland
Eudes	Howe

Hunter
Jutras
Lafontaine
Laing
Langlois (Gaspe)
Lapointe
Leduc
Lefrancois
Leger
Lesage
Macdonald (Edmonton East)
MacDougall
MacKenzie
MacLean (Cape Breton North and Victoria)
McCann
McCulloch
McCusker
McDonald (Parry Sound-Muskoka)
McIlraith
McLean (Huron-Perth)
McMillan
McWilliam
Martin
Monette
Mott
Murray (Oxford)
Mutch
Nadon
Pouliot
Prudham
Ratelle
Richard (Gloucester)
Rinfret
Roberge
Robinson
Rochefort
Rooney
Rousseau
Rowe
St. Laurent
Simmons
Sinclair
Sinnott
Smith (Moose Mountain)
Smith (Queens-Shelburne)
Smith (York North)
Stick
Stuart (Charlotte)
Studer
Valois
Viau
Ward
Warren
Weaver
Weir
Welbourn
Whiteside
Wood—118.

NAYS

Messrs:

Argue
Beyerstein
Blackmore
Bryce
Charlton
Coldwell
Fair
Fulton
Gagnon
Gillis
Hees
Herridge
Johnston
Jones
Knight
Knowles
Low
MacInnis
McGregor
McLure
Poulin
Quelch
Shaw
Thatcher
Thomas
Wright
Wylie—27.

Mr. White (Middlesex East): I was paired with the hon. member for Middlesex West (Mr. McCubbin). Had I voted, I would have voted against the chairman's ruling.

And the house having resumed in committee.

The Chairman: Shall section 10 carry?

Mr. Fleming: There are several points that I think the Minister of Finance could perhaps clear up quite simply, but which are not clear from reading the provisions of sections 10 and 11. In the first place, what is to be the year chosen for the purpose of the fund, as to both revenues and outgo? Is it to be the calendar year or the government's own fiscal year?

Mr. Abbott: It will be the government's fiscal year. Of course, for the last three months of this fiscal year payments will be made out of the fund and payments will be made into it. The first fiscal period will be the three months' period. Then commencing on April 1 the operations, I take it, would be reported on the regular fiscal year basis. But actually, as the committee is aware, it will operate for three months of the current fiscal year.

Mr. Fleming: The next point arises out of some of the remarks made by the Minister of Finance in speaking on October 25. It concerns the deficit that he expects in the early months of operation. I wonder if he would enlarge on his comments on that subject? I think that all hon. members would be reluctant to see the financing of this pension plan embarrassed in any way by the creation of a deficit which presumably is to be carried on and liquidated out of the revenues provided by the 2-2-2 formula in succeeding periods. Would the minister enlarge on what he had to say with reference to the deficit and indicate, first of all, if there is any way in which it is proposed to meet the deficit in the first fiscal period; and second, if not, how it is proposed to meet the incidence of the deficit so far as later fiscal periods are concerned?

Mr. Abbott: I do not think I would care to enlarge much on what I said the other day when I was introducing this measure. As is indicated by the section which we are now considering, provision is made that the Minister of Finance may make advances to this fund. It is obvious that such advances are out of the consolidated revenue fund; and it is obvious that they will have to be made at the outset because receipts from the special taxes which have been earmarked for this purpose would not come in quickly enough to meet the payments which start promptly on January 1.

In my general statement I indicated that at budget time next spring, when I have had an opportunity of seeing a little bit more clearly how the fund was operating in the initial months, I would then be in a better position than I am in today to assess the future prospects, both as to revenue and outgo, and would be in a position to recommend any special measures, if any such were needed, to get the fund away to a good start. I would prefer not to elaborate on that statement at this time, because I have not had an opportunity of giving final consideration to it or of discussing it with my colleagues. I therefore do not think I can add much to what I have already said.

Obviously there are two or three ways in which it might be handled. The advances might be made and repaid over a period of years. It might be considered that, in order to get the fund away to a proper start, it might be desirable to make some form of initial

grant or something of that sort. But I would not care to make any specific statement as to that at this time.

Mr. Fleming: May I ask the minister this question, arising out of his final comment. If the government proposes to make a grant in order to—

Mr. Abbott: I should add that no consideration has yet been given to that matter.

Mr. Fleming: If that should be the course decided upon by the government in order to meet the problem in the first fiscal period, I presume the house would be invited by the government to make provision by way of supplementary estimate or something of that kind, so that the matter will be open for discussion in this house.

Mr. Abbott: I know of no way in which a grant could be made without the approval of the house.

Mr. Quelch: The Minister of Finance has attempted to justify the proposals in this section on the ground that the income tax provides for a graduated tax upwards, and therefore the people in the higher income brackets are already paying their fair share of the cost of government. I think that the important point we should keep in mind is not the amount of money that any individual is paying by way of taxation, but rather the amount of money an individual has left after he has paid his tax. For instance if a person, after paying tax, has $30,000 or $40,000 left, surely that individual is in a far better position to make a substantial contribution towards meeting the cost of social services in this country than an individual who is only receiving $3,000. I believe, therefore, that the people in the higher income brackets should pay a higher percentage rate than the people in the lower income brackets.

The bill, as we have it before us now, means that a person with an income of $3,000 pays a 2 per cent tax; a person with an income of $6,000 only pays a 1 per cent tax; a person with an income of $12,000 pays one half of one per cent; and a person with an income of $24,000 pays a quarter of one per cent. In other words, you have a graduated tax in reverse. I always believed in taxation based on ability to pay, and I thought the Minister of Finance believed in that principle. In this case it is a graduated tax by which the person with the higher income pays less tax. I cannot look upon that as a fair way of levying any form of taxation, whether it be for social services or any other purpose. If at the present time we were entering a period in which there were going to be large surpluses of goods, then I would be advocating the issuance of national money for the purpose of meeting at least part of the expense entailed in old age pensions. But as I see it, and as the government has given us the picture, that is not the situation. The situation is that our defence expenditures are steadily climbing; our international obligations to help rehabilitate devastated areas and to provide assistance for backward areas are steadily climbing; in the future there will be large capital expansion in this country, and all of those things are of an inflationary character. I agree that as long as that situation exists it is necessary to withdraw from circulation redundant purchasing power. But if it is necessary to withdraw surplus purchasing power from circulation, surely the logical thing would be to withdraw the surplus purchasing power of the people who have the surplus purchasing power and not try to withdraw it from people who are having great difficulty in meeting the cost of living today.

Just a few words about the sales tax. The minister has pointed out on page 388 of *Hansard* that not more than one-third of consumer expenditure is on goods subject to sales tax. That does not alter the picture. It is still a fact that the people in the lower income brackets are going to stand a heavier burden under the sales tax than the people in the higher income brackets, and for this reason. The people in the lower income brackets will be paying the sales tax on not only one-third of what they spend, but generally they are paying sales tax on one-third of their total income because the people in the lower income brackets have to spend all their income. On the other hand, people in the higher income brackets only find it necessary to spend, comparatively speaking, a small percentage of their income for the purchase of goods. Instead of paying sales tax on one-third of their income, they are only paying sales tax on a small proportion of that income. The people in the lower income groups are actually paying a far higher percentage of taxation under the sales tax than the people in the higher income brackets.

I regret that it was not possible for the amendment of the hon. member for Winnipeg North Centre to be accepted, because it would have been quite interesting if the members of this house had been allowed to record their attitude on the $60 ceiling. I believe that ceiling should be removed, and the taxation graduated upwards in a way which would make it possible to at least make a substantial reduction in the sales tax.

Mr. MacInnis: I wish to say a few words on this section, Mr. Chairman. I am opposed to the $60 ceiling on taxable income. As has been so well said by the hon. member for Acadia, it is a graduated income tax in

reverse. I thought that the accepted principle in this country was taxation according to ability to pay. Apparently that is now accepted for only some purposes. I claim that it would be just as logical to put a ceiling on the amount of tax that any one person paid to finance the defence program, for family allowances or any other expenditure the government makes, as it is to put a ceiling on the amount that any one taxpayer should contribute to old age security.

Let us look at the reason old age security and various other kinds of social legislation are necessary. Do hon. members know the underlying principle? We make provision for social services because of the maldistribution of income, because a few get more than their share of the social wealth, more than they produce and more than they earn. They get it because they own. The great mass get less than their share, less than they produce, and less than they earn. They are in that position because they live by working instead of owning. Social security payments are made to various groups because today social attitudes have changed. In other days, these people would have been allowed to die. Some of them died very young. Many of them reached adult age, but the great mass of them died before reaching what we call old age. This is a humanitarian attempt to improve social conditions by taking from those who have, in order to give to those who have not.

If the social services could be financed by taxes on those who need the social services, there would be no need for social services because the people would be able to provide for themselves. It is for that reason that it is so cockeyed to begin financing this particular piece of our social security by this method of taxation which is half way between insurance and ability to pay. I believe this old age security should be accepted as just a part of an over-all social security program. We shall have an over-all security program some day financed, as it is in New Zealand and other countries, by taxes on income which go into a social security fund. All the requirements are drawn from that fund, and if there is not sufficient to meet the demands then the balance is paid out of the consolidated revenue. In that way the wealthy will pay according to ability to pay and in that way only. I say this is a departure from everything we have accepted in the field of taxation. It has been said in this house many times, and it has been said by the hon. member for Acadia this afternoon, that we should not take into consideration what a person pays; what we should take into consideration is what that person has left after he has paid his tax, because it is what he has left that determines the standard of living he shall have and the kind of life he is going to live.

Mr. White (Middlesex East): There is a question I want to ask, and it arises out of an article in the *Farmers' Magazine* of October, 1951 under the heading: "Capital News". I am going to read that little item. I realize that the first sentence is right, but I want to ask a question about the second. The article reads:

> The expectation here is that farmers will be assessed directly when filing their income tax returns. And there is a distinct possibility that they will be given the responsibility of deducting pension contributions from the wages of their employees.

If that is the way it is going to be done fewer cows will be milked and more bookkeeping done.

Mr. Abbott: The writer of that article must have shared the view of some that it was proposed to impose a payroll tax as one of the methods of providing moneys for this fund. As I indicated in my opening statement, that type of taxation was rejected.

Mr. Knowles: Mr. Chairman, one of the anomalies which I drew to the attention of the minister last Thursday is that which seems to arise in the case of a married couple where both are working. The clause we are now considering specifies quite clearly that this 2 per cent on taxable income is to be paid by each individual liable to taxation under the Income Tax Act. I take it therefore that when both man and wife are working, and when they desire to take advantage of the right they have to submit separate income tax forms, each will have to pay if each is taxable. Now, on that basis, if one takes the case of a man and wife—I assume for purposes of example that there are no other dependents —where the man is making $4,000 a year and the wife $2,000 a year, as I understand it they file separate returns. The husband's exemption level is $1,000 so he pays 2 per cent on the other $3,000, or a tax of $60 a year. His wife, who is making $2,000 a year, has the same $1,000 exemption, which leaves $1,000 taxable, which at the rate of 2 per cent amounts to $20 a year. In other words, between the two of them on their gross joint income of $6,000 a year they pay an old age security tax of $80. On the other hand another couple, where the man is fortunate enough to be earning the whole $6,000 in his own name, will be protected by the $60 ceiling and will pay only $60 a year. There are two couples earning precisely the same amount of money, $6,000 a year. In one case the old age security tax is the maximum of $60; in the other case, the couple will pay $80 a year.

Has the Minister of Finance given any thought to getting around that unfortunate anomaly?

Mr. Abbott: The Minister of Finance has not given any thought to getting around that, because he did not want to get around it. The tax is imposed upon all income taxpayers, and it is imposed on the taxable income above the exemption. That applies irrespective of whether people are married or not, and will depend upon their dependents' taxable status. The two examples my hon. friend gave, as I listened to them, are quite correct. That would be the result.

Mr. Knowles: When the minister was making his statement I noticed that somebody over there shouted "hear, hear".

Some hon. Members: Hear, hear.

Mr. Knowles: There they are again.

Mr. Abbott: Both husband and wife are going to be eligible for pension, too.

Mr. Knowles: So will the man making $100,000 a year.

Mr. Abbott: Of course, so what?

Mr. Knowles: He and his wife will both be eligible for pension, but in that case the income is all in the husband's name and the maximum amount they will pay between them will be $60 a year. Therefore you have the case—

Mr. Abbott: And if it is divided it will be $120 a year.

Mr. Knowles: Yes, but to use the percentage table that the hon. member for Acadia—

Mr. Abbott: Each taxpayer has a ceiling of $60. If each has a taxable income each pays $60.

Mr. Knowles: Yes; even if this man and wife with an income of $100,000 a year file separate income tax forms, they will pay $120 a year tax; whereas the man and wife making $6,000 a year will pay $60 or $80, according to the example.

Mr. Abbott: My hon. friend is stating the obvious.

Mr. Knowles: I submit that even when you look at these examples it is not fair. The couple making $100,000 a year should pay a lot more than twice as much as the couple making $6,000 a year. I submit, Mr. Chairman, that is not a correct answer to the problem I have cited. I am asking the minister and the Liberal members to consider the position of the man and wife making $6,000 a year. When they are making it in two parts they have to pay $80 a year, as opposed to the other man and wife making the same amount of money who will pay only $60 a year, and they will get the same pension when they retire. I submit, Mr. Chairman, that that is completely unfair.

Mr. Laing: I have no particular desire to inject myself into this debate, but in June of this year just before we left here I thought I foresaw some of the things we would be heading into, and on June 23 I had occasion to say, as reported at page 4569 of *Hansard*:

> I have in mind particularly the youngster of 21 who starts working and, under this legislation, finds he is going to have to work for forty-four years before he can hope to get any benefit from it. We have to sell to the working force of this country the idea that they are going to have to put up the money for those who are now retired. It will be a tremendous job for us to sell that idea to them.

Immediately thereafter the hon. member for Vancouver East spoke and said that would be no difficult job at all. He said so; and I want to read what he said, as reported at page 4570 of *Hansard*:

> The hon. member for Vancouver South—

Mr. MacInnis: The hon. member for Vancouver East, if you are referring to me.

Mr. Laing: I am going to tell the hon. member for Vancouver East that I have a much higher regard for him than for some of the ideas he brings into this house. I quote again:

> The hon. member for Vancouver South—

Mr. MacInnis: Vancouver East.

Mr. Laing: If he keeps on interrupting I will increase my admiration. I continue:

> The hon. member for Vancouver South mentioned that the youngster—

Mr. MacInnis: Vancouver East.

Mr. Laing: I am reading what you said. If the hon. member for Vancouver East will have a little patience he will get this as I go along. These are his words:

> The hon. member for Vancouver South mentioned that the youngster of twenty-one would not like to start paying for legislation of this kind, for old age pensions and health services. But the hon. member forgets that when the youngster of twenty-one reaches the age of twenty-five, or perhaps earlier, he will be getting married, and I would imagine that he will have a mother-in-law and perhaps a father-in-law. He is also most likely to have a mother and father living at the time. Rather than have these people come in and live with him—unless he is already living with them—he will be very glad if they have old age pensions, and old age security by which they are able to take care of themselves and live to themselves.

Mr. Knowles: The crowding together is due to Liberal housing.

Mr. Laing: And finally he stated:

> My young friend is so old already that he does not know the minds of young people of today.

He had referred to the Senate prior to that. Well, I do not look as much like a senator as the hon. member for Vancouver East. All I want to say is this—

Mr. Knowles: You are closer to it, though.

Mr. Laing: I recall the Prime Minister having stated, in respect of the general matter of finance, that all those who are able will be expected to contribute. That is a simple statement, but I think an eminently sound one. Today we should be concerned with whether or not that great and guiding principle of the Prime Minister is incorporated in the financial aspects of this legislation.

My hon. friends opposite want a graduated scale. They are going to get this vast sum of money from the rich. If that limit of $60 were to be raised, if they had any regard to the numerical facts of taxation in this country, and against whom it is imposed, they would realize that it would be imposed upon a group against whom they themselves would not want to impose it. Why, we would not get more than a mere fraction of the amount of money we need, if we were to take it only from the rich. I think today in Canada the more sorely pressed groups of people are the white-collar and junior executive groups. Any lifting of this $60 would mean that to a large extent it would be imposed upon those who are suffering most today.

I believe the minister has made a genuine attempt to spread responsibility among all people, having regard to that simple statement, that all those who are able should make a contribution. I think he has done it very well indeed. If they can adduce figures to the contrary—and they have not done so up to this point—then they should do so. I think at some time the Minister of Finance should bring to the house a break-down to show who does pay the taxes in this country. It would be most illuminating for us to have that information. Certainly no figures as to who pays them have been adduced from the other side of the house.

Mr. MacInnis: I should like to deal with one or two remarks of the hon. member for Vancouver South, before he dealt with the sections of the bill before us. He has said that he has a high regard for me, but not for my ideas.

Mr. Laing: Some of your ideas.

Mr. MacInnis: Well, to separate me from my ideas would simply make of me a non-entity, something no one could describe. As a matter of fact I would be—

An hon. Member: A Liberal.

[Mr. Laing.]

Mr. MacInnis: I might be a Liberal, it is true; but, worse than that, I would be under detention somewhere. The point is that the hon. member for Vancouver South is not able to understand my ideas, and very few other ideas. Then—and I do not know why he did this—he said I look more like a senator than he does. All I want to say to that is that I do not look nearly as much like a senator as I did a year ago. But no matter how I look, I am much farther away from being a senator than the member for Vancouver South.

Mr. Sinclair: It is that benign look you have.

Mr. MacInnis: The hon. member for Coast-Capilano might as well keep quiet, because at some other time I shall have something to say to him about what he has been saying.

Mr. Brooks: You can say a lot about that.

Mr. MacInnis: When I hear hon. members from the other side of the house referring to what the Prime Minister said, I always think of the communists and how they speak about Stalin the glorious leader. If the glorious leader were to say something the very opposite to what he did say, they would praise that just the same. So I am not impressed when the hon. member for Vancouver South says, "our leader said this" and "our leader said that," because we know that if "our leader" had said the opposite, the hon. member for Vancouver South would be shouting for the opposite.

Mr. Sinclair: Envy will get you nowhere.

Mr. MacInnis: He would not know any better, anyway. Then the hon. member for Vancouver South referred to the old chestnut that no matter how much we taxed the rich we could get only a mere fraction of the money required. I agree with that. But that is no reason for not taxing the rich. That is no reason for taxing the poor. All we want, all this group is asking for, is equitable taxation, so that something will be left for the poor to live on.

They ask who will pay those taxes. I will tell my hon. friend that there is only one way in which taxes can be paid. Taxes are paid out of production. And I know the people who do the producing. On several occasions since the session began we have heard of the necessity for greater production. As a matter of fact, for the last four or five weeks—the length of time we have been here this session—we have been trying to find out how short we can make our hours, without the people knowing we are shortening the hours of work in this house. The first thing we ought to do is see how much we can increase production.

I know who produces the taxes. It is the people who produce the wealth of the country: the miners, loggers and farmers, and all those other people usually referred to as the working class. Those who have large incomes are not necessarily producing wealth; they are at the receiving end of the hopper. They just pocket what has been produced.

Mr. Laing: Name that group. Do not be so general.

Mr. MacInnis: Oh, I can name them. I do not want to name them one by one. You know them as well as I do.

Mr. Laing: It would not take long to name them in this country.

Mr. MacInnis: You know them as well as I do. They are not the people who pay the taxes. They did not produce the wealth. We are trying to see that the people who produced the wealth benefit from the taxes that are being paid.

Mr. Green: May I refer to the first subsection in section 10 which provides for the levying of the old age security tax at 2 per cent on the sale price of all goods. Will it be necessary to show in the invoice that there is this old age security tax of 2 per cent? I am asking that because in section 90 of the Special War Revenue Act—and this may have been amended since 1927; I have only the revised statutes of that year before me—there is a provision whereby the sales tax must be shown as such in all invoices. Is it the intention that in future there will be shown on the invoice the sales tax of 8 per cent and the old age security tax of 2 per cent? That is the plan being followed in connection with income and corporation taxes. I suppose that in the returns the taxation will be shown as comprising ordinary income tax and also old age security tax, so the taxpayer will realize that he is contributing to the old age security fund. Is the same plan to be followed in connection with the 2 per cent levied against sales?

Mr. Abbott: The present intention is that the 2 per cent income tax, which is a direct tax imposed upon the individual who will pay it, will be shown as a separate line. The present intention, I believe, is that it will be the last line on the income tax form. With respect to the sales tax, I may say that is not the intention. It is an indirect tax which will be paid by the manufacturer or wholesaler at the wholesale level. As the law stands at the present time and as it will stand after the enactment of this section, the sales tax shown on the invoice will be 10 per cent and the Department of National Revenue, sales tax division, will have to pay into the special fund 2 of the 10 per cent which it has collected.

Similarly, and I speak subject to possible correction as to this, the 2 per cent additional impost upon corporations will be included in the general corporation tax rate and again the appropriate amount will be paid into the fund by the Department of National Revenue, taxation division, from the receipts from the corporation tax. It will not be shown as a separate item there.

Mr. Green: Would it not be of some value to have this shown on the invoice as being the old age security tax? The people would then realize that they are paying 2 per cent for that particular purpose.

Mr. Abbott: I think there would be little value because the people who actually pay the tax to the government are not the people who ultimately pay it. Of course the tax goes into the price of the goods as in the case of any indirect tax, but frankly I would think it would be of little value to put the added burden on people making out invoices and so on of making that separate entry. I do not think it would be of any value at all in the case of the corporation tax to show a separate percentage of the existing percentage.

Mr. Fleming: I wish the minister would comment a little more fully on what I said on November 1, as reported at pages 609 and 610 of *Hansard*. I do not think he was in the house when I spoke, so I shall outline briefly what I said at that time. When the minister spoke on October 25 he laid stress upon the importance of creating consciousness on the part of the people of this country that they are contributing to the cost of old age security. The minister quoted from page 69 of the report of the committee, as follows:

> The use of specific earmarked contributions for old age security purposes was supported by all organizations discussing possible revenue sources. It was repeatedly emphasized that all Canadians should have a direct and conscious financial responsibility in the provision of old age income security, and should be made aware of their responsibility to meet the costs through an earmarked device.

Among the recommendations made by the committee we find further stress laid upon that point, as is indicated in recommendation No. 64, which reads:

> 64. The committee is in favour of the contributory principle, not only because of the importance of this in raising total moneys required, but also because of the importance of establishing a close association in the mind of the individual between his contribution to the cost and the ultimate benefit he is to receive.

Most of the discussion on the bill and on the financial provisions has revolved around the income tax aspect, and I wish the minister

would enlarge on the sales tax angle because that is to be a much larger source of income for the old age security fund than is the income tax. The sales tax is to provide 47·5 per cent according to the first estimate, and it may well provide one-half the total. As I said the other day, one can appreciate the difficulties which confronted the Minister of Finance in working out proposals to meet the cost and I would be the last individual to minimize those difficulties. We realize that this cost has to be met. If we are going to have these security provisions the money has to be found, and the only place it can be found is in the pockets of the people.

In considering the best form of consumption tax as a source of revenue for the fund did the minister give any consideration to the possibility of adopting another type of consumption tax than the sales tax? It is obvious in the light of the answer given to the question asked by the hon. member for Vancouver-Quadra that the sales tax does not meet the standards laid down by the committee and subscribed to by the minister in the two extracts I have read from the report. The tax is hidden and the consumer does not know what portion goes to meet this contribution to the old age security fund. It does not meet the specifications laid down by the committee in those two recommendations. We know also that this particular form of tax has an inflationary effect because as the goods pass from hand to hand the mark-ups result in an increase in the cost to the consumer, not of 2 per cent but probably something like 4 per cent.

I realize that in the sales tax the minister found something that was ready to hand. The machinery was there, and there would be no administrative complications. Also there is the problem that the provinces are also in the field of consumption or sales taxes levied on the consumer. I should like to ask the minister what factors led to the conclusion that the sales tax, which does not create that consciousness in the mind of the taxpayer which I think the minister recognizes to be beneficial and desirable, was chosen in preference to some other form of tax which might have met the specifications of the committee?

Mr. Abbott: I do not know that I can elaborate on what I said in my opening statement. I stated then that we gave consideration to a great variety of alternate forms of tax levies to raise the necessary moneys to provide this fund with a sufficient amount to pay these pensions. I referred to the payroll tax and gave reasons why I rejected it. If my hon. friend has in mind a retail purchase tax let me say that I gave no consideration to imposing such a tax. So far as the federal government is concerned, our experience with that form of tax during the war, when we applied it to certain special items, was far from satisfactory. It was found to be a tax which could possibly be evaded by those who were not too responsible. All in all it was found to be a most unsatisfactory form of tax. We gave consideration to a great variety of other taxes, such as taxes on specific commodities like tea, coffee, sugar and the like. I rejected all of those as being in the circumstances unsound and impractical.

As to the deterrent effect of earmarking taxes, let me say that there has been a good deal of talk in this house and elsewhere about the sales tax being an undesirable form of tax. I repeat what I have said before, that I am far from sharing those views. I think the sales tax as we have it in our structure and in the light of the requirements which we have to meet is a fair tax. Since this public attitude has been created with respect to the sales tax it did seem to me that if we earmarked 2 per cent of that tax for social purposes and then in a year or two it was found necessary to increase the tax by 1 or 2 per cent the public would be pretty conscious of what old age pension payments involved.

I do not say there would be the same awareness with respect to the corporation tax. Most people look upon the corporation tax as being a tax which is paid by somebody else, but in large measure a tax imposed upon a corporation has to be passed on to the user or purchaser of the goods and services of the corporation. It might have some small effect upon the profits of the corporation or the wages of the people who work for the corporation, but a corporation is not a creature of flesh and blood; it is a creature of the law, and any funds which it has must be obtained from someone else. In essence, they must be obtained from the people to whom it sells its goods and services. I would agree that the imposition of the 2 per cent tax on corporations would be no particular deterrent to a request for an increase in the amount of the pension, as I do not think it would particularly bring home to the recipients of the pensions or to the taxpayers the cost involved. But I do think that the effect of earmarking 2 per cent of the personal income tax and 2 per cent of the sales tax will have that effect. Broadly speaking, that represents our thinking and I do not know that I can elaborate on it much more.

Mr. Green: I urge the minister to give some further thought to the suggestion that provision should be made for showing this old age security tax on invoices. In British Columbia we have a provincial sales tax, which certainly was not very popular at the

time it was imposed and I suppose is not very popular yet; but the government insisted from the start that it should not be described officially as a sales tax but as a tax for municipal aid and social security. Those may not be the exact words but that is the effect of the title they gave to the tax.

Mr. Abbott: That is a retail sales tax.

Mr. Green: A retail sales tax. I think the idea is gradually spreading that the tax is for these two purposes, which of course are very popular; and the public are getting some idea that those are the two reasons why the tax was levied.

Mr. Laing: Are the muncipalities getting any such idea?

Mr. Green: I imagine they are, although I do not know. In this case I do not think it would mean a great deal of extra work for the companies. They probably use a stamp anyway to show the sales tax, and it is simply a matter of getting a new stamp showing sales tax 8 per cent and old age security tax 2 per cent. I think there is some value in giving all the publicity that can be given to the fact that 2 per cent of the sales tax is being paid to provide for old age security. I ask the minister to give that point some further thought.

Mr. Abbott: The matter can be handled by administration anyway. It does not require a statutory enactment.

Mr. Green: I think it would require an amendment to the old section 90 of the act.

Mr. Low: It was very interesting to me to hear the minister admit before the committee just a minute ago essentially what the hon. member for Red Deer said a few days ago when speaking on the resolution, I think it was, preceding the introduction of the bill. He said that the Minister of Finance's method of financing old age pensions gives some respectability and permanency to the sales tax. I think that is the only interpretation that can be taken.

Mr. Abbott: I do not know that I ever admitted that. I have asserted that the sales tax is a most respectable tax. I have always asserted that.

Mr. Low: Yes, but—

Mr. Abbott: No admission.

Mr. Knowles: You are a man of many assertions.

Mr. Abbott: I assert it.

Mr. Low: Then the minister asserted that this was an attempt to give it permanency—

Mr. Abbott: "Reiterated" might be a good word. I have done it before.

Mr. Low: —and a certain respectability to which it is not entitled under the circumstances. I should like to ask the minister this question. I will admit right off that the minister had to find some place from which to get the money for old age pensions. That is elementary; but does he not think it would have been much more in the interests of the Canadian people to get it in such a way as not to pyramid prices to the Canadian people of goods coming under the tax? I think that is the question at issue. The real objection we take to the sales tax as it is now constituted is that since it is imposed at the manufacturers' level it pyramids prices to consumers. Nobody has been able to show that that is not true. Since it is true, then surely the minister is not standing on solid ground when he says it is a respectable tax. I will grant that a retail sales tax, a tax collected at the retail level, could be justified. I know the difficulties of administering it, of course, but there are other ways of getting the money than from a tax imposed at the manufacturers' level, that invariably year after year has the effect of pyramiding prices to the consumer.

I think I made a statement during one of the debates preceding today's discussion that no one has yet challenged. The Minister of Finance is under the necessity of collecting 60 per cent more tax under the sales tax method imposed at the manufacturers' level than he would have to collect from the consuming public if a tax were imposed at the retail level. No one can deny that. Under these circumstances the minister is certainly not taking solid and logical ground when he says that the sales tax as now imposed is a respectable tax.

As to giving permanency to it, I want to ask the minister this question. Does he think for one moment that financing a portion of old age pensions by earmarking 2 per cent of the sales tax as it now exists is going to deter the average Canadian from asking for an increase in the amount of the pension if that person decides that he cannot get along on what he is getting by way of pension? They will not hesitate two minutes to ask for more. They are not to be deterred by any such thought.

Mr. Abbott: I do not think any recipient of the pension will be deterred from asking for more. I never thought that.

Mr. Low: Of course not.

Mr. Abbott: Possibly the other millions of people in Canada who are going to be making contributions may be deterred.

Mr. Low: Yes, and I do not think the average Canadian, whether or not he is a

recipient, is going to be deterred for one second if he thinks the old age pension is not sufficient. He will ask for an increase, and he will turn around and do just what we are doing. He will point out to the Minister of Finance that there are other ways of financing it. I wanted to ask the minister these questions, and to point out that our stand is based on the idea that if the $60 ceiling were removed it would not be necessary for the minister to draw anything from the sales tax as it is now. I think the sooner the minister begins getting it into his mind that he should remove the manufacturers' level sales tax the better he is going to get along with the Canadian people.

Mr. Abbott: I will answer my hon. friend's last comment first. I have not accurate figures here, and I do not know that full calculations have been made, but my information is that if the ceiling were removed it would result at most in additional revenue of $15 million or $20 million a year. We are counting on $145 million from the sales tax. I am sure my hon. friend does not want me to argue with him this afternoon the merits or demerits of the sales tax as we have it. I have had occasion to do that before. I shall probably have occasion to do it again, because it has become a pretty permanent feature of our tax structure. I shall be glad to discuss this with him sometime. I did not come prepared with facts and figures to do so today, but I do not think the pyramiding of the tax is nearly as great as has been asserted. That is a matter that I shall be very glad to go into a bit on an appropriate occasion. Be that as it may, the sales tax is a fundamental part of our tax structure, and over the years the curious part of it has been that when people are in opposition they damn it and when they are in government they adopt it. However, I simply say that in passing.

Mr. Green: You remember that when you are in opposition.

Mr. Abbott: If my hon. friend will recall, I have been endeavouring to convince my colleagues, and through them some of the Canadian people, that the sales tax is not a bad tax. I hope that by the efflux of time and a continuation of this helpful educational process I may achieve greater results than I have up to the present time. However, as I said in my opening remarks, I feel that with respect to a social security measure of this kind it is quite appropriate to use the general sales tax. I think it is perhaps the best form of tax for this particular purpose. I do not know whether I have directly answered my hon. friend's question. I can only answer it by asserting that it is a matter of opinion, and on some of these things he holds one opinion and I hold another.

Mr. Low: Does the minister not think he would be doing a greater service to the people of Canada by imposing a consumers' tax?

Mr. Abbott: No, I honestly do not. I think the complications, the cost of collection and all the rest of it would outweigh whatever value there might be in bringing particularly to the consciousness of the individual consumer the fact that he is paying a tax, but that again is a matter of opinion.

Mr. Low: I think the minister and his colleagues have always argued the principle of consciousness of payment.

Mr. Abbott: If the people are not conscious of paying the sales tax, it is not the fault of my hon. friends in the opposition.

Mr. Low: Some of us are conscious of it. I agree with that. But when the minister gets right down to thinking about this thing I believe he will have to admit that it would be far fairer and far more psychologically sound if he had this sales tax revamped and made an ultimate purchaser's tax. The people of this country would then know what they were paying. I know it would be harder for him in that they would kick him around a lot more.

Mr. Abbott: I doubt that.

Mr. Low: But the way some of us in this chamber feel about it, I think he is going to have some sore spots over the ears anyway.

Mr. Abbott: He is getting a tough hide.

Mr. Crestohl: As to subsection 3 of section 10, I wonder if the minister has given consideration to this problem. I realize that the pension is optional and payable only to those who apply for it. If it is optional, has a person the right to renounce it today and say: I will renounce for all time my right to this pension? Then because I renounce it today, will I have the right to be exempt from paying that $60 a year of income tax? It creates that right. It should swing both ways. I wonder whether the minister has considered that problem.

Mr. Abbott: The minister has considered it; and to the question asked by the hon. member for Cartier the answer is no.

Mr. Knowles: A moment ago the Minister of Finance, in one of his efforts to defend the sales tax with respect to this measure and to defend the sales tax generally, said it is a fundamental part of our taxation system. He was of course referring to the system in operation by the government at the present

time. If the minister is going to defend one part of this taxation program on the basis that it is in keeping with the principles of taxation that have been laid down, in keeping with something that is fundamental, I think he should stay with his so-called fundamental principle of taxation when he gets to the income tax. As the hon. member for Spadina so well pointed out in the committee last year, it is a fundamental principle of our income tax structure that it is put on a graduated basis, and that we tax higher amounts of income at higher rates of taxation.

Mr. Abbott: Strictly speaking, that applies only to personal income tax.

Mr. Knowles: Yes. That is right.

Mr. Abbott: It does not apply to the corporation tax.

Mr. Knowles: That is right. The Minister of Finance, in the tax for old age security, has stayed with the principles that have been laid down by this government as to the sales tax and the corporation tax. But when he gets to the personal income tax he departs from his own government's fundamental principles and puts it on a proportional basis rather than a graduated basis; then he cuts it off at that $60 level which results in the downward graduation the hon. member for Acadia referred to a while ago.

I take this moment longer to continue my protest against this $60 ceiling, in the hope that even if the government will not take it off at this stage of the game, at some time in the near future they will go right down the line of what they call their fundamental principles of taxation and apply to social security taxation the same principles they have already applied to taxation for general purposes.

There is just one other thing I wish to say at this point. I feel that the Minister of Finance, the hon. member for Vancouver South and others who say the same thing, do a disservice to this whole pension plan when they put it in terms of dollar for dollar, and when they talk about what the young man is putting in and what he is going to get back later on, as though it were an annuity. They turn the mind of the public away from the important part of the plan which is that in this year we set aside a certain portion of the wealth we are now producing in order to provide retirement security for those who are now retiring or are retired. The principle behind that provision is that when the 25-year-old man and some of us who are getting on a bit reach retirement, we are to get not the return of dollars that we put in, but we will be treated by the society of that day in the same way that we treat the older people of our day. That is the part of this plan that I like; that is one of the reasons I am so keen about it, and am so pleased that we are taking this step. But I do not like to see it misinterpreted by being put on the annuity basis. As a matter of fact the question asked by the hon. member for Cartier suggests the same thing. What would happen to the man whom the hon. member wants to have the right to contract out of this plan, if that man, when he reached age 70, found that he then needed the pension? He would want assistance of some kind. We solve that kind of problem and get away from these difficulties of dollar for dollar by this universal idea that this plan recommends. As time goes on, instead of vitiating it as the minister does by putting in these ceilings and so on, I hope we will move still further in the direction of making it a really universal plan on a pay-as-you-go basis.

May I say to the Minister of Finance, along with the hon. member for Peace River who spoke on this point a while ago, that I do not think there should be on the part of the government an attempt to deter the nation from seeking higher and better old age security. As we move on, as we increase our productive capacity, as we increase the amount of wealth we are able to produce year by year, I hope we shall be sensible enough, human enough, and humane enough to increase the portion we set aside for decent retirement for our older citizens.

Section agreed to.

On section 11—*Old age security fund.*

Mr. Knowles: May I ask the minister if he will give us a few more words of explanation about the fund referred to in this section. I have carefully read through the section and have thought about it, but there are some things that puzzle me. References are made to the pension being paid out of this fund, but I note that really they are paid out of the consolidated revenue fund. I therefore gather that the old age security fund is only a bookkeeping proposal.

Mr. Abbott: As is the superannuation fund. Yes, the moneys are kept in the consolidated revenue fund.

Mr. Knowles: In other words, the payment of the pension, which is provided for categorically in section 3 of the bill, does not depend upon whether or not there is any money in the fund?

Mr. Abbott: That is correct.

Mr. Knowles: Then what is the significance of the term "loans" as used in this section?

Mr. Abbott: To use my hon. friend's expression, it is in order to keep the bookkeeping straight. It is intended that the special earmarked taxes will fully provide for the payment of the pension. The accounts are therefore segregated. A special fund is set up. For reasons that I explained earlier, and which are familiar to all, at the outset there will be in the fund no moneys from the special taxes which have been imposed. It is obvious that loans or advances of some form will have to be made to the fund in order to enable the pension to be paid. As I stated in my opening remarks, the fund will be started off by advances made by the Minister of Finance out of the general fund, under the authority of this section; and as tax receipts come in they will be credited to the fund. Early next spring, when we are looking at general budgetary matters, we shall have to see how things get started; and as I said in my opening statement, some special action may have to be taken at that time to get the fund off to a proper start. But while it may be necessary to advance moneys to the fund to make payment of current pensions, pending tax receipts—or if tax receipts prove inadequate, pending the time taxes are increased to make up for the deficit—from then on that is the basis upon which the fund will be operated.

Mr. Knowles: But it is quite clear—I realize it is, but like the hon. member for Fraser Valley it is nice to get the minister to put these things on record—that the pension will be paid out of the consolidated revenue fund whether or not this old age security fund is in a state of bookkeeping balance.

Mr. Abbott: That is correct.

Mr. Knowles: If the taxes that are levied for this purpose when put into the bookkeeping fund are not sufficient, what happens?

Mr. Abbott: I would say that additional taxes would have to be imposed, sufficient to reimburse the fund for any advances made and to provide for future payments.

Mr. Knowles: There is no requirement that says that such taxes have to be proposed?

Mr. Abbott: No.

Mr. Knowles: In other words it could go on as a sort of debt which could pile up as simply a picture of what it has cost to provide old age security?

Mr. Abbott: That would be possible, but it would not be probable as long as this administration is in power.

[Mr. Knowles.]

Section agreed to.

Section 12 agreed to.

On the title.

Mr. Crestohl: On the question of the title I should like to say a word. The plane of this debate has been high, as is indicated by the fact that the recipients of this pension have been referred to as our senior Canadians. I was wondering whether we could not incorporate something in the title that would more accurately convey this idea than the present title, "The Old Age Security Act". I should like to suggest that we term it an act for the benefit of senior Canadians.

Mr. Abbott: I am sorry that my colleague the Minister of National Health and Welfare is not here at the moment, but that question was raised a little earlier in the debate when the member for Cartier was not here. The minister pointed out that a great deal of consideration had been given to the use of some similar terminology, but it had been decided that it was not desirable to adopt it.

Mr. Gibson: At this time I should like to make a comment. We are covering fairly well the whole taxation field in order to provide something for this old age security fund. It is a fine step, of course, on the part of the government. But I wonder whether it does not point up some of the inequities in our taxation structure. I am thinking of a province such as British Columbia, in which we have not anything comparable to the Ontario hydro commission or the Ottawa transportation commission, which pay no taxes, or the co-operative wheat pools of the prairies. I am thinking, too, of the amount of money the federal government gets out of certain provinces from timber resources. A province such as Saskatchewan would pay very little as compared to the province of British Columbia. Tremendous revenues accrue to the Minister of Finance from the timber resources there, and I suppose the same thing would apply to Ontario. It does not seem to me that, with our taxation structure as it now is, the burden bears equally on all Canadians from all provinces. However, I am sure that is a matter to which the minister must be giving continued consideration.

Mr. Abbott: He does his best to spread the burden as fairly as possible.

Title agreed to.

Bill reported.

Mr. Martin moved the third reading of the bill.

Mr. R. R. Knight (Saskatoon): Mr. Speaker, I have not spoken on this bill at any stage

of the proceedings. I should like to say a word or two here to put myself on record with regard to it. I believe it is only natural that in any discussion of old age pensions in these particular times and circumstances in which the world finds itself, there should be a discussion of the cost of living as it affects the old age pensioners.

I want to make the point, already made by members of our group and members of other groups in the house, that a pension of $40 per month is not adequate. I am thinking particularly in terms of the purchasing power of that $40. In fact, sir, in terms of purchasing power it is not any better than the original $20 a month that was given many years ago. I feel at this point in the legislation, after having striven for old age security for so many years, that it is as though we had planted a tree, cultivated it long and when finally it has come to fruition and we reach out to grasp the fruit we find that it has turned to dust and ashes in our hands. That is the way many of our senior citizens will look at it. They will consider that their own high expectations have now turned to dust. The Liberal member for Iles-de-la-Madeleine (Mr. Cannon) in his speech yesterday did not say much to console the potential recipients of old age pensions. They will be interested, but somewhat sceptical of his statement on page 809 of *Hansard* that the remedies for inflation which the government have adopted are beginning to produce results. He did not give any details as to what the results were, or attempt to prove that statement. I do not think the cost of living index would give any such indication. Perhaps he thought the older citizens would be interested in another statement he made and which appears on the same page. He said:

> People should be more self-reliant. They should count less on help from outside, and attempt to solve their problems in their own way.

The old age pensioner will be interested to know how the contributions to their pensions are to be made. They will be interested in the sales tax, and interested to learn that there is a $60 ceiling on the special contribution made through income tax by any individual, irrespective of his ability to pay. It has been said that this apparent injustice is rectified by the higher sales tax the wealthier individual pays. But, sir, I was struck by the words of the Minister of Finance (Mr. Abbott) concerning the inequity of this particular $60. He excuses it—that is my own word—by instancing the equity of the sales tax as a compensatory measure. I cannot agree with him in that. There is another quotation I should like to use. He said it was the essence of the principle of this bill that each should pay according to his means. In reply may I point out that the individuals who receive the old age pension—that is to say, those who really need it—will be spending 100 per cent, or all their income in daily and necessary purchases. I would ask, sir, whether that is true of the individual who is well enough off to take advantage of the $60 ceiling. What percentage of his income will he spend on the daily necessities and thus be subject to the sales tax? Certainly not 100 per cent. I submit that he will have a great deal left. I do not begrudge it to him, but I should like to see the old age pensioner have something left, too.

It would not appear that the old age pensioner will be much affected by the corporation tax. Limited though my knowledge of corporations is, my past observation would lead me to believe that the corporation tax will be carried back; that is to say, that it will be carried on to the general public, the purchasing public, of which the old age pensioners themselves form an important part.

The Minister of National Health and Welfare (Mr. Martin) made a very fine speech when he introduced this matter. He said that we now have the best and the most generous old age pensions in the world. The same minister and his colleagues have also said that we have almost the best standard of living in the world. Well, we certainly have been blessed with an abundance of natural resources, and I wonder whether there is any reason why the scale of our pensions should not be commensurate with that standard of living and with those resources which we enjoy. I do not think it is anything to boast about; I think it is a thing which is only natural. Should not those pensioners enjoy the due proportion of the wealth which they have created, wealth which we enjoy—I would like to underline this point—the wealth which we enjoy today, not the standard of living that was current at the time these old age pensioners started out as young people. I think that is a very important point, surely, when one takes into consideration the loss of purchasing power of money, because, as we have seen in the history of this nation, the $20 pension which was not so inadequate twenty years ago is very very inadequate today. In other words, I think the point is important. The standard of living which old age pensioners are to enjoy, whatever it is, should be based upon the standard of living that exists at the time the pension is paid, irrespective of the dollar amount which is involved. These people who have created the wealth we enjoy are entitled to their fair share of it.

Old Age Security

While our pensions are higher—that is admitted—I would also point out that so is our cost of living higher. There has been some talk—I spoke on it myself—about the comparative cost of living in Britain as compared with Canada. I should like to point out that over there they have subsidies which keep down the cost of living of the pensioners. So they have not the same need for a larger pension in respect to the things the old age pensioner there buys and on which he spends 100 per cent of his income, namely the necessities of life, for the most part food. It is beyond dispute that with the aid of subsidies in Britain the old age pensioner there is living on as good a standard at a much less cost than his prototype in Canada.

In making a comparison with Britain it is well to remember that not only in subsidized food has the old age pensioner compensation for a lower pension than that paid in Canada. I think perhaps I could illustrate this point by reading from an editorial which appeared in today's Ottawa *Citizen*. The editorial quotes from a pamphlet called "Poverty and the welfare state", and I think parts of this editorial are relevant to the discussion. It reads:

> In 1936, about a third of the working people in this "favorably placed" town were living below the poverty line.

This was written after a survey of the conditions of life among the working people in the city of York. I continue:

> A third of the poverty was due to low wages, and more than a third to unemployment. Today the investigators say the figure has dropped to less than 3 per cent. This vast improvement is due largely to full employment. But even if unemployment were as bad as in 1936, less than 8 per cent of the people would be in dire poverty, for they would have the aid of food subsidies, family allowances, school milk, and cheap milk for infants. York's children are taller and heavier today than in 1936.
>
> The survey reveals that the demand for housing results from ability to pay for it. In 1936, nearly 7 per cent of families were grossly overcrowded, a figure that has fallen to less than one-half of one per cent. In estimating social gains, the investigators did not include the benefits of housing subsidies and rent restrictions, or of the national health service, without which many "would previously have gone without spectacles and without medical and dental help."

I would draw your attention, sir, to the last part of that paragraph, because the fact that they have some degree of total social security does not do away with the need for a higher pension. Therefore I do not think comparison with Britain in this matter is fair when things are altogether different. I think that statement should bolster my argument that we should not lightly boast of pensions as compared with those in other countries, as the Minister of National Health and Welfare did when he made his speech in introducing the legislation.

Sir, I have said that the $40 a month is not enough in view of the cost of living. I repeat that. I believe too that the $60 ceiling is inequitable; that it is not compensated for by the imposition either of the sales tax or the tax upon corporations.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, this house will be fully aware of my feeling that there are improvements that should be made in this legislation. Nevertheless, now that we are reaching this final stage in this house I should like to say once again how pleased I am to be here and to be taking part in enacting this legislation which has the effect for the first time of abolishing the means test from old age pensions at least for those 70 years of age and over.

I said a moment ago that we were now at the last stage of the debate on this bill in this house. That of course reminds me of the fact that the bill has yet to be considered in the other place. I certainly hope the Senate will not treat this bill the way it treated the first old age pension bill passed by the House of Commons more than a quarter of a century ago. I am sure they will not take that action because of the fact that that place was represented on our committee last year and concurred in the recommendation made to both houses of parliament.

However, despite the high significance of what we are doing at this time, it does seem to me that this is not the time for us to sit back and be satisfied with what has been accomplished. It is an important step, but it is only the first step; and some of the other steps need to be taken just as soon as possible.

My colleague, the hon. member for Saskatoon (Mr. Knight), has just pointed out that we should look at the amount of the pension we are paying, not in the light of the number of dollars it represents or by way of comparison with other countries but rather in the light of our productive capacity at the present time. We should be asking ourselves whether we are treating our older people fairly, in the light of what we can now produce and in face of today's prices, when we ask them to live on $40 a month.

Since this legislation was first presented to the house at this session I have contended that the tremendous rise in the cost of living index since the old age security committee made its report in June, 1950, makes it imperative that there should be right now an increase in the amount of the pension. I took that

view as well on June 21 and June 23 of this year when we were debating old age assistance. On both occasions I suggested that the increase in the cost of living that had taken place since 1950, and more particularly since April, 1949, when the old age pension was first brought up to $40, makes it necessary to have the pension now at a figure of not less than $50 a month.

I go further and say that justice to our older people and the capacity for production that is ours today dictate that we should be paying at the present time an old age pension of not less than $60 a month. I feel that that same productive capacity makes it possible for us at the present time to provide for that pension of $60 at 65 years, without a means test, as well as adequate health and hospital services; and I hope it will not be long until in this parliament we will be dealing with that important phase of an over-all social security program.

At earlier stages of this debate, when I insisted that the amount of the pension should be increased to one or other of the higher figures I have suggested, either $50 or $60 a month, it was at first difficult to get any comment from the government. However, finally, a week ago today the Minister of National Health and Welfare (Mr. Martin) did make the comment—and perhaps he also made it two weeks ago—that he had put $40 in the bill because that was the figure recommended in June, 1950, in the report of the committee.

I pointed out to him as strongly as I could last week that the cost of living index had risen more than twenty-five points since June of 1950, and that required an increase in the amount of the pension. The minister's answer to that reply on my part was that since the old age security committee had made its report there had been the developments in Korea which imposed certain demands upon this country's finances, and that there had been increased obligations under NATO.

I replied to that by pointing out that for defence purposes we are providing around $1,600 million a year at the present time. I pointed out further that once the need for increased defence expenditure became apparent it did not take any time at all for the government to introduce financial measures and make plans for organizing things in this country to raise that additional sum of money. I pointed out that to increase the amount of the pension to $50 a month would require only another $80 million a year, and to increase it to $60 a month would require only another $160 million. Even the higher figure of $160 million, which would increase the pension to $60 a month, is only one-tenth of the amount we are spending each year for defence purposes.

In his first speech on this measure the Minister of National Health and Welfare referred to it as part of the effort we are making to build up our way of life, and to strengthen it. Indeed, he included it as part of our defence effort. I suggest that, even if it is to be on those terms, then another $80 million or $160 million spent in increasing the amount of the pension to $50 or $60 a month would be money well spent.

Thus far there has been no answer to that suggestion. Neither has there been any answer to the point I made, that in this fiscal year a surplus of $600 million has already been piled up. It would take only one-seventh of that surplus to increase the pension to $50 a month, and it would take less than one-quarter of it to increase the pension paid to our old people at 70 years of age and over to the amount of $60 a month.

It will take a little more than that to come along with the other phase of the program, namely, that of increasing the pension at the age of 65 as well, which certainly should be done. I submit, however, that if the government felt the same inner compulsion to deal with this problem that it feels in other matters, such as the pressing problem of defence, they could find that money quite easily. And I suggest, despite the comment of the Minister of Finance earlier today about the present taxation method deterring people from asking for increases in pensions, that that deterring effect will not be felt. Rather the people of Canada who, I am sure, support the idea of this universal pension, and who will be glad that we have got it started, will be saying more and more as time goes on, "Let us make it a really decent and fair pension." To do that, the amount will have to be increased.

I hope the day is not far distant when we will have a pension free of the means test at 65 years, and that in terms of today's prices and today's standard of living it will be not less than $60 a month. And as for that far-off day, when today's 21-year-olds will be retiring, I hope our productive capacity will be increased still more, and we will be able to pay a still higher pension. I hope, too, that even before that we will be making progress in the field of health insurance, hospitalization and medical care, and other important aspects of an over-all social security program.

Old Age Security

While I am on my feet, there are one or two other matters to which I should like to make reference. One of them I should have raised when we were in committee; but there were so many things to do at that time that this was overlooked. If, perchance, the minister does speak in closing the debate, he might take note of what I shall now say. I hold in my hand a copy of the application form used by those applying for the pension being provided under this new legislation. Question 10 on this form is as follows:

> The applicant will please list below all periods of residence in Canada, from birth up to December, 1931. Duration of each period of residence is required. Give complete detail. If more space is needed, use an extra sheet and pin it to this form.

Then there are a number of blank lines on which the applicant can give the answers to question 10. When you turn over the form you come to question 11 which reads:

> Addresses where you have resided since December, 1931. This is to include residence outside Canada as well as within Canada. Give complete detail. Changes in street address within the same city or town do not need to be given. If more space is needed, use extra sheet and pin to this form.

Then comes question 12 which reads:

> Please give the names and addresses of two persons, not members of your family, who have knowledge of the facts of your residence, as given in questions 10 and 11 above.

My experience since this form has been in circulation is that there is no complaint at all about question 11. People accept that, as they know the law requires twenty years' residence in Canada and it seems logical to them that they should be asked to give full details as to their residence during the last twenty years. Although it is sometimes difficult to do so, they accept the necessity of finding two people, not members of the family, who can certify as to where they have lived during the past twenty years.

Mr. Martin: That has been revised.

Mr. Knowles: Do I understand from the minister that the requirement as to information prior to 1931 is being changed?

Mr. Martin: No, the two references.

Mr. Knowles: The minister has not anticipated what is in my mind. The complaints I am getting refer to the requirements for all this detail prior to the last twenty years. As I say, applicants recognize that they have to give information for the last twenty years since they must have resided in Canada for that twenty-year period, but many people find it difficult to provide information in detail as to where they have lived prior to that period. For example, a Canadian-born person who had lived in Canada for seventy years or more might find it difficult to give accurate information. I am glad to hear the minister say that the requirement as to the two names is being revised. I hope that instructions will be given to drop question 10, as I see no point to it at all. Question 11 seems sensible and should be enough for the purposes of the act.

Now may I say that it seems to me that the record should be kept straight at all times as to who is responsible for this pension and for the changes that have been made from time to time in our old age pension set-up. A friend of mine whose mother is in receipt of an old age pension and who lives in Ontario sent me a card a few days ago which was sent out with the October old age pension cheque, apparently to all old age pensioners in Ontario. The envelope is postmarked:

> House of Assembly, Toronto, Ontario. October 30, 10.30 a.m., 1951

The postmark reads "War on Weeds". I do not know just what is the significance of that, but at any rate here is the card which bears the Ontario crest in the corner, and it reads:

> This will remind you that the province of Ontario has completed all arrangements to have your old age pension cheque replaced by an old age security cheque for $40, commencing January, 1952.

Mr. Martin: Has my hon. friend seen the public statement I made this morning commenting on that? I agree fully that I should have made it in this house, but I was advised by the efficient gentleman in charge of the orders of the day that if that question was placed on the orders of the day it would be ruled out. I could not agree with that advice, but I had to recognize it. My hon. friend may have seen the statement I made this morning pointing out the unfairness of that circular sent out by the minister of public welfare of Ontario. Many hon. members have spoken to me about it; the hon. member for Spadina (Mr. Croll) and others brought it to my attention.

Mr. Knowles: I did notice the statement the Minister of National Health and Welfare gave to the press, and in fact I have the clipping here from this morning's *Citizen* which is headed, "Martin Blasts Ministers of Ontario Government". The minister repeated the wording on this card, so I need not read the rest of it. However, the last sentence reads:

> Please be assured of our warm interest in your welfare, and that we shall be very happy to serve you at any time.
>
> P.S. Especially now that there is an election coming up.

I am sorry; that last sentence has been written on there by my friend. The point I wish to make is that in replying to this the

minister does his best to take credit for the federal government. It is to his credit, and I want to underline this, that there is one reference to the parliament of Canada in his statement. I think this point needs to be emphasized. It was not the federal government of its own initiative or out of the abundance of its own belief in social security that produced this measure. The government did it because it has been prodded and pressed across the years. The government and hon. members know where a good deal of that prodding and pressing has come from. Now that we are finally passing the legislation we are doing it on the basis—

Mr. Martin: May I suggest in fairness to his own position as well as to anybody else that he read the whole statement.

Mr. Knowles: The only reason I hesitate to do that is that this is the first time in my nine years in this house that I have been asked to extend my remarks. If the minister wants to put it on the record he can do it when he closes the debate later on. I agree with him that it is not correct to suggest to old age pensioners in Ontario that the change to the $40 old age security cheque was completed wholly and exclusively by the government of Ontario. As I have just been saying, this is the result not of action by any one provincial government or even by the government of Canada. We have this legislation by action of the parliament of Canada.

We are now in the process of passing a bill which is based upon a report made by a committee of both houses of parliament, which report was unanimous. This bill represents the work of this parliament, and I am glad to be part of a parliament which is presenting this legislation at this time.

However, if one is going to keep the record absolutely straight he must not forget that there has been a great deal of prodding and urging from the C.C.F. corner of this house across the years for legislation of this kind, for the removal of the means test, for paying the pension at a lower age and for making it a reasonable amount.

I could not help but notice the objective and honest statement about this matter which appeared in the Winnipeg *Free Press* on June 8, 1951, during the course of the federal by-elections which were taking place at that time. This statement is attributed to the hon. member for Brandon (Mr. Dinsdale), and it is a report of a radio address which he made during the course of the Brandon by-election campaign. I suggest that on its face it is a very objective, forthright and honest statement. The hon. member, although he was the candidate of a particular political party, did not even attempt to take credit for what that party had done but simply told the plain unvarnished truth. This was the statement of the hon. member for Brandon:

> Replying to an opposition claim that the Liberal government is responsible for all the social security legislation on the Canadian statute books today, he said that social security measures in Canada today arise largely from the prodding given to the old parties by the C.C.F.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, I have not spoken previously in the present debate, not because I have not been intensely interested in all proceedings pertaining to granting security to the senior citizens of Canada but because it might possibly be interpreted as being a form of obstruction to the progress of the bill through parliament. I am eager to see the bill become law, to see it go into full operation across the country, and to see it amended from time to time to bring it more and more into conformity with what it ought to be, rather than what it particularly is at the present time. I imagine the minister himself will be the first to agree that there are many changes which are desirable, and I am sure he will be ready to make them as pressure throughout the country becomes great enough to strengthen his hand in doing so.

It is well to bear in mind, in a little elaboration of what the hon. member for Winnipeg North Centre (Mr. Knowles) said, that in a democracy the government goes as fast as the people support it in going. This consideration is an important one. No government can go faster than the people will permit it in a democracy, so I say that as fast as public opinion across Canada will justify the minister in going forward I believe he will go forward.

I wish to make one or two observations upon the bill since it is so near now to passing that I could hardly be accused of delaying it unduly. I suggest that the minister now set his sights on $60 a month at the age of 60.

An hon. Member: Make it 40.

Mr. Blackmore: Our friends of the C.C.F. party have been advocating that recently in this debate. Social Crediters have not advocated it previously in this debate although they have supported that idea for more years than a few.

The reason we must have $60 at 60 primarily arises from the fact that so many people are unable to obtain employment after they are 45 years of age. Let any man in this house who has passed the age of 60 imagine what would be his chances of securing employment in any one of the first fifteen categories of desirable occupations in Canada if he were alone and unaided in seeking such

employment. The average employer in pretty nearly any business or occupation in Canada would reject a man's application if he were 60 years of age, without even reading his qualifications.

The meaning of that is clear. We have reached the point in this country through somebody's fault where the person who is 60 is unwanted. He is relegated to the scrap heap where he can starve to death, and no government is going to care from the time he reaches 60 until he is 65. There can only be one meaning to all that. If society is going to render it impossible for people to earn their daily bread after they reach the age of 60, then society must assume the responsibility for seeing that such people are provided with their daily bread. That ought to be so obvious as to be a truism. Therefore no matter how unacceptable the idea may appear to a great number of people in Canada they will have to adjust themselves to that thinking, and they will have to do so before too long, because people 60 years of age are faced with the task of making a living in a society which has become utterly uncongenial to all people who have reached that age and who seek employment.

People say: How in the world are we going to pay for all this? I realize that the task of paying for it is onerous. I realize that if we continue to endeavour to raise the money to pay old age pensions as great in amount and at as early an age as they ought to be paid we face a problem which, under the present orthodox financial system, constitutes almost an impossibility, and which will deprive people progressively of the freedom to use their money at all as they see fit. I believe everyone will agree with that in his calmer moments. What are we going to do? In our endeavour to enable our elderly people to live, are we going to reduce ourselves to a state of absolute slavery and dictatorship, a state in which the government tells us what we shall do with every five cent piece that we earn? Obviously the trend is exactly in that direction, unpleasant as the thought may be. Unless some sort of change comes in our ways of doing things, the goal of that trend is as inevitable as the coming of the seasons.

I should like to read from the fine report of the Bank of Canada under date of February 10, 1944, to the then minister of finance. I believe this will be of interest to people throughout the country, whether or not it will be of interest to members of this house. I wish to refer to a passage on page 12 because I believe it offers hope in this hour of anxiety. The passage reads as follows:

[Mr. Blackmore.]

It seems likely, however—

The reference is to the post-war world.

—that at least 4,700,000 workers will be available for employment in civilian jobs, or at least 1,500,000 more than the number employed in that sector of the economy at the present time. A working force of this size—

He is speaking of Canada, of course.

—at present rates of efficiency—

Rates of efficiency have greatly increased since that time.

—will be able to produce a vastly greater volume of civilian goods and services than Canada has ever known before. By the same token, a vastly increased volume of consumption and capital development will be necessary if this output is going to be fully absorbed and high employment maintained.

Then I draw attention particularly to this sentence.

The adjustments required will clearly be of unprecedented magnitude, and bold planning on the part of labour, farm and business organizations, as well as governments, is urgently needed.

I suggest that up to the present time there has been in Canada no adjustment of unprecedented magnitude. The Minister of Finance is talking in a general way in terms that his predecessors of sixty years ago would have talked in. There has been no great adjustment in his thinking or in the thinking of the Department of Finance. If there has been any noticeable adjustment, it has been backward; for today it is more difficult by far for the minister to conceive of getting money by any other means than taxation than it was in 1914 when, under the Finance Act of that time, it was thoroughly conceivable for the finance department of Canada to create money debt free and spend it into circulation. I therefore say that in the Canadian finance department adjustments of unprecedented magnitude, if there have been any, have been backward or retrogade. I think I can challenge anyone in the Dominion of Canada to prove the contrary of what I say.

Where are the adjustments of unprecedented magnitude which have been made by the labour organizations, the farm organizations, the business organizations or by governments generally? There have been no adjustments of unprecedented magnitude. The leaders of every single one of those organizations are talking in terms identical with those that were talked in fifty years ago. I submit that it is high time the Minister of National Health and Welfare (Mr. Martin), the Minister of Finance (Mr. Abbott) and

the Prime Minister (Mr. St. Laurent) in this country began to make in their thinking an adjustment of genuinely unprecedented magnitude. I urge on them that they be not too cocksure that their grandfathers one hundred years ago, the men of thirty years ago, or the men of even twenty years ago knew all that was to be known about finances, or that they themselves know everything that is to be known. They are following exactly the same pattern their fathers before them followed. They are trying moreover to make an economic system which was built up for scarcity function in an era of plenty or abundance, and are finding that economic system completely inadequate to the task which is being imposed upon it. Yet when you talk to them about it, all you have is a supercilious grin on their faces.

We must have something a little bit better than that. Otherwise this country, in its efforts to take care of its older people and to provide other social services in this nation, is going to go straight into dictatorship, and the dictatorship will so closely resemble that which our brother Joe Stalin is presiding over that it will take a high-class expert to point out the difference between the two; and that will not be because anybody in Canada wanted, or voted for, communism. It will simply be that the needs of the situation were such that they forced the government under the present financial system to adopt the measures which lead to communism.

I will say just one thing more. I will point to the fact that on several occasions I have mentioned to this house the Bradbury experiment of Britain. I suggest that the Bradbury experiment of Britain in world war I should be referred to with the most attentive scrutiny by everyone in power in this Dominion of Canada who desires to maintain the freedoms that our fathers fought and died for, and at the same time to provide for the needs of the situation in respect of social services. This will bring them to social credit principles only though the application of which security with freedom can be attained.

I support this bill, Mr. Speaker. My group will vote for it. But we vote for it on the strict understanding that there are several adjustments that need to be made right now.

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

At 6.15 p.m. the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

CANADA LANDS SURVEYS ACT

REVISION AND CONSOLIDATION OF FORMER STATUTE

Hon. George Prudham (Minister of Mines and Technical Surveys) moved that the house go into committee to consider the following resolution:

That it is expedient to present a measure to repeal the Dominion Lands Surveys Act and to enact in substitution thereof the Canada Lands Surveys Act, a revision and consolidation of the former. Provision is made in the revised act for increased remuneration for the members of the board of examiners, the secretary of the board, and the special examiners.

Mr. Knowles: In the name of the opposition, may I ask the minister if he will make an explanatory statement concerning this measure.

Mr. Prudham: The proposed act, Mr. Speaker, entitled the Canada Lands Surveys Act, is a technical measure and is designed to bring up to date the federal law relating to the surveying of public lands coming under the jurisdiction of the federal government. This revision is the outcome of changed conditions, and of developments in modern surveying practices. A modification of the existing law has become necessary because of legislative changes in the last few years. The Dominion Lands Surveys Act has become inoperative because it applies to classes of lands coming under the old Dominion Lands Act, which was repealed last year and replaced by the Territorial Lands Act.

Three main changes are proposed in this new Canada lands surveys bill. First, the public lands to which it applies are redefined. Second, its provisions have been adapted to modern surveying practices. Third, the qualifications of surveyors have been redefined. There appears to be nothing controversial about this bill, Mr. Speaker, and I have a more complete statement which I should like to make on second reading.

Mr. Browne (St. John's West): May I ask the minister if there have been many amendments to this act since the statutes were revised in 1927? I was not here at the opening, so I do not know whether that fact was mentioned.

Mr. Prudham: I would prefer to answer that question in the committee.

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

Mr. Browne (St. John's West): May I ask the minister if he will answer that question now?

Mr. Prudham: I can give a brief history of the lands surveys bills since 1871. The first surveyor-general of dominion lands was appointed in March 1871, at the same time as the dominion lands branch was set up as part of the Department of Secretary of State. In April, 1872, the Dominion Lands Act was passed. With the creation of the Department of Interior in May, 1873, the management and control of dominion lands was transferred to that new department, with full machinery for the establishment of a complete organization of surveyors and inspectors of survey under the control of the surveyor-general. Down the years numerous alterations and variations in procedure have been authorized and the Dominion Lands Act has been amended. Changes were made in the act in 1908 and 1919.

With the transfer in 1930 of natural resources to the prairie provinces, the surveys of lands in these provinces passed to the provincial governments. At the time of the transfer, however, the parliament of Canada retained exclusive jurisdiction over lands within the provincial boundaries of the three provinces such as those forming part of the national parks and Indian reservations. The Dominion Lands Act was repealed in 1950 when the Territorial Lands Act was passed. The Dominion Lands Surveys Act thus had to be completely revised to establish its definite application.

To make the act adaptable to present day conditions and modern surveying practices, amending provisions were also necessary. The proposed bill is intended to apply to all public lands in the Northwest Territories and Yukon Territory, national parks of Canada and reserves as defined in the Indian Act. Some of the changes have been made with a view to facilitating survey operations and the establishment of the qualifications of dominion land surveyors. With reorganization of certain departments in 1950, the administration of public lands in the two territories and the national parks of Canada was placed under the authority of the Minister of Resources and Development, and that of Indian reserves and surrendered lands, as defined in the Indian Act, under the Minister of Citizenship and Immigration. The authority for surveying these lands was vested in the Minister of Mines and Technical Surveys.

In view of the above, and also due to the fact that the minister responsible for the administration of these lands is more aware of the need for survey of the lands under his control, it is thought advisable to have the survey under the authority of the Minister of Mines and Technical Surveys, who shall initiate surveys only at the request of the minister responsible for the administration of the land under his control.

Mr. Fulton: There is one feature of the proposed bill, Mr. Chairman, which the explanation just given by the minister does not seem to cover. It is the necessity or the desirability, of changing the title of the act. As the minister has said, this bill will be closely related to what was the Dominion Lands Act, and in British Columbia the old railway belt act, which governed the relationship of the Dominion of Canada with respect to lands in British Columbia which were formerly under federal jurisdiction as the result of the granting of those lands in connection with the building of the railway.

All three of those statutes contain a reference to the names "dominion lands" and "dominion land surveyor". Although the Dominion Lands Act has been repealed and there has been substituted for it the Territorial Lands Act, I can see no reason why it should be necessary to change the name of this act from the Dominion Lands Surveys Act to the Canada Lands Surveys Act. Nothing that has been said by the minister indicates any necessity for that change of title. There are certain technical as well as sentimental reasons which may be advanced against the change, but I should like to hear from the minister, before embarking upon a further discussion as to why it is considered necessary to make this change in name.

Mr. Prudham: This title, the Dominion Lands Act, is a title of an obsolete act that has been repealed. It was thought that the new title would be more suitable in that it would avoid any confusion with the old act. It is more suitable because it applies to surveying practices as well as to lands under the jurisdiction of the federal government.

Mr. Fulton: The present Dominion Lands Surveys Act applies to surveying practices. I cannot appreciate that anything which has yet been said shows why "dominion" is an obsolete name. It may be of interest if we could hear from the minister or the government as to just what makes the name obsolete.

Probably it is true that it is necessary to revise certain of the provisions of the act with respect to technical requirements, surveying, and so on, and to that there is no objection. Notwithstanding that, as I have said, there are certain technical as well as sentimental objections to changing the name, and I should like to detail some of the objections based upon the system that we have in our own province, where in the railway belt, which was that portion of the central part of the province first settled, all the initial

surveys were carried out by dominion land surveyors. Let me emphasize, the title was "dominion land surveyor." If the name is changed from "dominion lands surveys" to "Canada lands surveys" presumably then the surveyors are to be known as "Canada land surveyors". But I ask hon. members to realize that all the old crown grants and the certificates of title which are carried down from there refer to "dominion land surveyors". It seems to me that it will create unnecessary complications and difficulties, in a technical sense alone, if it is going to be changed now to "Canada land surveyors."

Looking through the act itself, which is quite lengthy, I see numerous references to the old name and to "dominion lands" which, Mr. Chairman, is simply a phrase to distinguish dominion lands from provincial lands. I can see no good reason for the change. In fact I can see a number of what might be called technical legal objections and difficulties which will be created by the change of name. Since it is not necessary in order to provide for the change of qualifications, and so on, to change the name, I would strongly urge that the name of the act be left as it was before. As a matter of fact it would make the amending that much simpler.

These are only what I might call the technical legal objections to the change of name. As I said, there are other, sentimental objections, which I think are probably too obvious—I trust they are too obvious—to hon. members to need enlargement. Therefore I will leave that for the time being and content myself with simply saying that up to the present at any rate nothing much has been said by the minister that indicates to me any compelling necessity of changing the name; and everything I can see indicates the advantage of leaving the name as it is now. Therefore when the bill is introduced I hope it will be found possible to leave the legislative provisions as they are except that the name will not be changed but will stand as "Dominion Lands Surveys Act."

Mr. Brooks: I quite agree with the hon. member for Kamloops that it does seem unnecessary to change this name from "dominion" to "Canada". Perhaps it is necessary to make a revision and consolidation of this act, and so far as that is concerned I have nothing to say. But just why there should be a change from "dominion" to "Canada" I cannot understand. The minister has said that the name "dominion" is obsolete. I would like him—

Mr. Prudham: I did not say that.

Mr. Brooks: The minister said it was obsolete and this was a more suitable name.

Mr. Prudham: No; I said the Dominion Lands Surveys Act was obsolete.

Mr. Brooks: While you are amending the act why do you have to amend the title? Is the title obsolete, or is the act itself obsolete? That is the point I wish to make. If the act itself is obsolete there is no reason in the world why it cannot be amended as a dominion act as well as a Canada act. I do not see any point at all in the arguments of the minister. As a matter of fact, Mr. Chairman, on different occasions in this house we have heard requests for a change from "Dominion day" to "Canada day" and other requests along that line.

The hon. member for Kamloops spoke about the sentimental attachment to the name "dominion". I might say that I have reasons for placing some emphasis on the sentimental attachment. As hon. members know, I come from the province of New Brunswick. My home was at Gagetown in New Brunswick, and the man who was mainly responsible for Canada being called the Dominion of Canada was born in Gagetown. Personally I see no reason at all why there should be this agitation, not only with respect to this act but with respect to other acts and in other matters which come before this house, for us to change the word "dominion" and put in its place the word "Canada". The word "dominion" must be satisfactory to a good many people across this country. I understand that a good many companies across Canada use the word "dominion". Down in Nova Scotia we have the Dominion Coal and Steel Company; we have the Dominion Rubber Company, the Dominion Atlantic Railway Company; the Dominion Bridge Company and the Dominion Bank. The word "dominion" is very popular, and from a sentimental point of view we may say it is used extensively across this country. I for one cannot see why this should be considered as an obsolete term.

There are those who might say that the word "dominion"—and I think this is the argument that is used—signifies that we are placed in a position which indicates that someone else has dominion over us. I do not think that ever was the intention. When Sir Leonard Tilley suggested the word "dominion" there were four provinces of Canada, the province of New Brunswick, the province of Ontario, the province of Nova Scotia and the province of Quebec. When they were looking for a term it was said that he, who was a very religious man as most of us are in New Brunswick of course, was reading his bible and he read one of the texts in scripture which said something about dominion from sea to sea. I think the idea was that Canada, we the people of Canada, should have dominion from

sea to sea, not that someone else would have dominion over us. Frankly, Mr. Chairman, I do not see why we as a Canadian people should feel that it is necessary in this act and the many other acts in this country to change the name from "dominion" to "Canada". Mind you, I have no objection to "Canada". I am very proud indeed of the Dominion of Canada, and this idea that the word "dominion" places us in some sort of a subservient position is entirely wrong. I think this house and the people of Canada are entitled to some further explanation from the minister as to why he is changing the name of this act, as I believe the names of many other acts are to be changed in so far as the word "dominion" is concerned. A letter appeared in the November 10 issue of Toronto *Saturday Night* with reference to this word "dominion", and if the committee will give me their indulgence I should like to read it.

Names for Canada.

Recently in SN's accumulated during a vacation, I noticed a letter from L. Kreutzweiser in which he speaks of the word dominion as "meaningless" for Canada. In the British North America Act we are told that the provinces of Canada, Nova Scotia and New Brunswick shall form one dominion under the name of Canada and that the birthday of Canada's constitution July 1 is named by statute Dominion Day. Also it is said that the founder fathers wished to have the name dominion used because of that lovely verse in the Bible, "And His dominion shall be from sea to sea." So, it is far from being meaningless for Canada.

Then what is wrong with the words federal and national? Nothing, of course; perfectly good useful words as thousands of others are.

But why change a unique and beloved title just for the sake of change, or to ape someone else? Names can mean much, W. Shakespeare notwithstanding. Let us keep dominion and royal with their pleasant associations, hoping that Canada may live up to being a dominion and royal in the best sense of the words.

This is the letter from Halifax, signed by M. Lee. I see no reason why "royal" and "dominion" should be the subjects of attack, as they have been occasionally in the house. I come from the constituency of Royal. If the committee on elections were to say, "We do not want to have a constituency named Royal; it must be named Canada," hon members will see the position in which I would be placed. I would be the representative from Canada.

An hon. Member: What a man!

Mr. Brooks: And what a responsibility would be placed upon my shoulders. This may sound facetious, but I do say we should not forget our traditions of the past. We have been the Dominion of Canada now for almost one hundred years. Why throw away all our traditions and grasp at something new, which I do not believe would help us or place us in a better position in the eyes of people in other countries of the world. I can see no reason for making this change from "dominion" to "Canada", and I suggest we are entitled to an explanation from the minister as to why it is being done.

Mr. MacInnis: Mr. Chairman, it was not my intention to speak on this resolution.

An hon. Member: Louder.

Mr. MacInnis: You will hear me as soon as I have anything to say. It was not my intention to speak on the resolution because it deals with matters with which usually I do not concern myself, and with which perhaps I am not qualified to deal. However, I would say something in regard to the point raised by the hon. member for Royal. I hope he will not take amiss anything I say, because I say most sincerely that there is no member in the house for whom I have greater respect.

Mr. Brooks: It is mutual.

An hon. Member: Don't spoil it.

Mr. MacInnis: No, I will not spoil it, I assure you. But I do not agree with the position he has taken in regard to this small change in the resolution before us. The arguments with which he supported his objections are not the logical arguments he usually brings forward when dealing with questions debated here. We should not delude ourselves as to what the term "dominion" as applied to Canada, means—or at least what it did mean. It was not in my opinion because Canada holds dominion from sea to sea. That was not the sense in which the term was used. The term generally used was "British dominions beyond the seas", and Canada was one of those British dominions. New Zealand was another of those British dominions; Australia was another, although in their acts, of confederation the term "dominion" may not have been used.

The hon. member for Royal referred to the bill to change "Dominion day" to "Canada day". I am on sound ground now, because I opposed that change. I did not see any sense in making such a change. But there seems to me good reason why this change should be made because, after all, Canada's status has changed during the years. Today I do not think many people in Britain, let us say, refer to Britain's dominions beyond the seas. Canada is a sister nation in the commonwealth of nations. As such I think the name Canada is the name that should be used in all our statutes, and I am quite satisfied that we are not—

Mr. Brooks: Could not the Dominion of Canada be considered a sister nation in the commonwealth of nations?

Mr. MacInnis: Quite, yes. But to me, and to a great many other people, the word "dominion" as applied in the sense it is applied in relation to the name "Canada" is no longer applicable. It is not the proper word. If dropping the word "dominion" were taking anything from Canada, if it were going to do any harm to our relations with any other part of the commonwealth, I would be opposed to dropping the word. But as it is not going to hurt Canada, as it is not going to hurt our relations with the commonwealth, as it is not going to hurt any other member of the commonwealth, and is a much more applicable term at the present time in the light of our place not only in the commonwealth but in the world, I approve of the change.

Mr. Fulton: I was hoping that the minister, rather than the hon. member for Vancouver East, would have replied to the hon. member for Royal and myself. I take it however that the minister intends to make no reply.

Mr. MacInnis: I did not pretend to be replying either to the hon. member for Royal or the hon. member for Kamloops. I was merely saying something for myself.

Mr. Fulton: Perhaps the minister does not think anything the hon. member for Royal, the hon. member for Kamloops or the hon. member for Vancouver East has said merits reply. Well, of course, we are getting used to that attitude on the part of the government. However, we have our own opinions in these matters.

I would like to say one or two words further, having raised the point initially. I have to say that I take issue with the hon. member for Vancouver East. I should prefer to be taking issue with the minister, because I would prefer to be dealing with something he was said by way of explanation of why the change is being made. But so far the minister has not said anything in explanation; therefore we are left to conclude that there is no good reason for the change, except perhaps some passing whim or fancy of the government which, thus far, they have not attempted to justify. I think it should be realized by hon. members when dealing with this matter—and it has been raised seriously —that the word "dominion" has always been part of the title of this country.

Mr. Arsenault: Never.

Mr. Fulton: It was used in the British North America Act.

Mr. Arsenault: Never.

Mr. Knowles: One dominion under the name of Canada.

Mr. Arsenault: That is right.

Mr. Fulton: I am glad the hon. member for Winnipeg North Centre has given the quotation I was about to give myself. This country was united into one dominion under the name of Canada. Those are the words used in the British North America Act.

An hon. Member: Away back in 1867.

Mr. Fulton: And, ever since, this country has been known as the Dominion of Canada. Quite unlike the hon. member for Vancouver East, I see nothing objectionable, or even questionable—even in the light of the present-day developments of this country—implied by the use of the word dominion; because the country is developing and always was developing, and so do words and connotations of titles. To my mind, as a Canadian, the word "dominion" means exactly what the hon. member for Royal ascribed to it, namely a country—a sovereign nation—having dominion from sea to sea. And it has for me, and for many other Canadians, a connotation that must be and should be admitted above and outside of that. It has the connotation, in every respect, which the hon. member for Royal attributed to it, the connotation of being one of His Majesty's dominions. That, to many Canadians, is a very precious and meaningful connotation, and one we cannot lightly see dropped from the name of our country. We cannot see it dropped without making objection.

It may be said that this is a small matter, that it is only changing the name of a statute. It is true that is all it is in this particular instance, but unfortunately it must be said that in this we see a step in a progression which some of us have observed going on with increasing misgivings over the years. It is as though it were regarded as a prerogative, drawn to itself by this government, to change the name of our country and its connotations, as of their own right, without the consent of the people. It is that progression to which I think objection should be taken at this time. It is because I object to that steady series of steps that I raise this point at this moment.

Mr. St. Laurent: I think there has been progression, and I can say at once that it is the policy of this government when statutes come up for review or consolidation to replace the word "dominion" with the word "Canada". There are some people in this country who rather like the name of Canada. That was the name given to the new nation by the British North America Act at the time it came into being. Section 3 of that act provides:

3. It shall be lawful for the queen, by and with the advice of Her Majesty's most honourable privy council, to declare by proclamation that, on and

after a day therein appointed, not being more than six months after the passing of this act, the provinces of Canada, Nova Scotia, and New Brunswick shall form and be one dominion under the name of Canada; and on and after that day those three provinces shall form and be one dominion under that name accordingly.

At that time it seemed to be quite immaterial whether the country and the people thereof were described as Canada and Canadians or as the Dominion of Canada and people of the Dominion of Canada. There has been a constant progression that some people in this country have attempted to impede and have resented, but nevertheless that progression culminated in the Statute of Westminster which recognized the equality of all the sister nations of the commonwealth. That progression has been resented by some, but not by the majority of the people of Canada or by the party that supports this government. I think that party will be prepared to support this government in the policy of replacing the word "dominion" with "Canada" in the statutes when they come up for review.

That policy is quite in line with the policy that was followed in the United Kingdom when they changed the name of the department that deals with the affairs of the sister nations from dominions relations office to commonwealth relations office. That development coincided with the coming into being of other sister nations who had not been known as dominions and who did not wish to be known as dominions. Those are nations with which we wish to conserve the family relationship which exists among the nations of our commonwealth.

In the official documents that come now from the United Kingdom the word dominion is gradually being dropped in deference to those other members of the organization who are not dominions and who have achieved a status with which the word "dominion" would be somewhat at variance.

Mr. Brooks: In deference to the wishes of this government.

Mr. St. Laurent: In deference to wishes that were expressed not only by this government but by others, and in conformity with the wishes of this government. This government is willing to take the verdict of the majority of the Canadian people on that stand. This government believe that the majority of the Canadian people feel that it is a privilege to be a Canadian citizen and are quite satisfied to be described as such instead of being described as citizens of a dominion.

Mr. Brooks: Dominion of Canada citizens.

[Mr. St. Laurent.]

Mr. St. Laurent: My hon. friend was not there when the statute was drawn. Perhaps if he had been there he would have drawn it otherwise than it is drawn, but it is drawn to describe this country not as the Dominion of Canada but as a dominion under the name of Canada. For us that name is sufficient.

Mr. Fulton: I would not ordinarily take it upon myself to answer or refute anything the Prime Minister has said, except that he has sought to imply that those of us who attach some importance to, or who show some sentimental liking for, the "dominion" are necessarily not as proud as he claims to be, of the word "Canada." It is that implication which I rise to refute. Those of us who attach importance to the retention of the word "dominion" are as proud as the Prime Minister says he is of being Canadians.

Furthermore, it is not correct to say that the development of the Statute of Westminster was concomitant with any growing desire to cast off the word "dominion". The hon. member for Royal and those of us who belong to this party and who are at the moment asserting that there is importance in the retention of the word "dominion" have contributed as much as members of the Prime Minister's party to the development of the status of equality and sisterhood of nations which is the present status of members of the commonwealth.

I shall not say more, but I do regret that on this occasion, instead of discussing the matter on its merits—that is, whether we should try to preserve a link with the past and with what some of us think the word "dominion" means—the Prime Minister has tried to imply that which is not the case, namely that in doing so we are trying to perserve some form of subjection to another country, which I know the Prime Minister, upon reflection, will realize is not the case.

Mr. Coldwell: I do not want to prolong the discussion. We should endeavour to preserve all those links with the past that are useful and worth preserving, but it seems to me that in the evolution of the commonwealth the time has come when the sister nations co-equal in status should be known as nations and not as dominions. I know there is still a temptation in some quarters to refer to the overseas nations as "our dominions". Even the hon. member for Kamloops in discussing the matter referred to His Majesty's dominions rather than the co-equal nations of the commonwealth recognizing one crown and one king. After all, according to the theory we now follow His Majesty is King of Canada and king of each of the other countries of the commonwealth.

Mr. Brooks: Can you explain why we are also doing away with the word "royal"?

Mr. Coldwell: I am not discussing that matter at the moment. I just want to say that I hope we shall use the word "Canada" and I hope our friends overseas will realize that we are not a dominion in the sense that they sometimes use the term. During the war one great statesman across the seas, for whom we have the greatest respect, used to refer to the overseas countries as "our dominions." I hope we shall not hear that phrase used again when it is necessary to refer to the several members of the commonwealth of nations. I think the government is wise when amending these acts to use a name that more nearly visualizes the status that we have achieved in the commonwealth.

Mr. Prudham: At the time the original Dominion Lands Surveys Act was passed I think the word "dominion" had a much better application. The federal government had control of and jurisdiction over a great deal of the lands in Canada. Since that time the lands of Canada have been vested in the provinces. Dominion from sea to sea had some application when the original act was passed, but today the lands that are vested in the right of Canada are few, and they are specifically set out in the proposed new bill. As I said in the beginning, the word "Canada" has a much better application to the bill that we are intending to bring forward than the word "dominion." I have nothing against the word "dominion", but I like the word "Canada", and so far as the bill we propose to introduce is concerned it has a much better application.

Mr. Blackmore: It is good that the people who read *Hansard* should know that there are other members in this house who take a similar view to that of the hon. member for Royal and the hon. member for Kamloops. The Prime Minister used a pretty specious argument when he tried to sneer against those who desire to maintain the word "dominion" as not being proud of the word "Canada". The Prime Minister will have to get right out and travel before he carries the name "Canada" as gloriously as the two hon. members who have spoken, and who have gone into the thick of battle with "Canada" on their shoulders.

Some hon. Members: Oh, oh.

Mr. Blackmore: Mr. Chairman, one sneer calls for another. If members are going to be calm and sensible about this whole thing we will be calm and sensible and we will use good arguments; but if members want to use offensive arguments such as the one the Prime Minister used—

Mr. Prudham: Mr. Chairman, I think the hon. member should withdraw the word "sneer".

Mr. Blackmore: If the hon. member wants the word taken back I will take it back but whatever word will fit the occasion I want to use. Certainly the remarks of the Prime Minister were an insult to every person in this house and in the Dominion of Canada who loves the name "dominion". There is no question about that at all.

Let me comment on this matter for a minute. It may be all right to take the word "dominion" out of all these names of acts and so forth. Not very long ago an impetuous group in this house brought in a bill and jammed it through, with the help of a bit of confusion on the part of the Conservatives and a good many Liberals, to change the name "Dominion day" to "Canada day". That is right on the statute books of Canada today.

Mr. Abbott: No.

Mr. Blackmore: It is as far as this house is concerned.

Mr. Brooks: The other place saved that.

Mr. Blackmore: How many people did you find in the Dominion of Canada wanting to drop the word "dominion"? I did not find any, unless they happened to be in one province, and I did not go there. I do not think I would have found in that province that the majority of opinion was strongly against the use of the word "dominion" in "Dominion day".

I wish to turn now to a matter which I raised once before in the house, but to which no attention was ever paid. Why was it that without the consent of the Canadian people and without the consent of this house, without consulting the Canadian people or consulting this house, the use of the song "Rule, Britannia" was discontinued in the Canadian navy? That is just an example.

Mr. Abbott: The navy could not sing it.

Mr. Blackmore: The Prime Minister can say that his party is in power and the people are back of his party. When that party goes to the polls what they will rely on in large measure for re-election will be their old age pension and family allowance records—

The Chairman: Order.

Mr. Blackmore: —and all that kind of thing, and when people vote the party back into power—

Some hon. Members: Hear, hear.

Mr. Knowles: That is an insult to the people of Canada.

An hon. Member: It is a figure of speech.

An hon. Member: He means it.

Mr. Blackmore: Why not let me finish my speech? I know what I want to say.

An hon. Member: Make it good.

Mr. Blackmore: The Liberal party had a great majority, but what popular majority did they get? When you count the number of votes the Liberal party got compared with the number the other three parties got, then they have not much to crow about.

The Chairman: Order.

Mr. Blackmore: Let us go back to the last election when the Liberal party was voted into power with an exceedingly slender popular majority on the basis of actual votes cast.

An hon. Member: A minority.

Mr. Blackmore: All right, a minority. That is better still.

An hon. Member: Forty-nine per cent.

Mr. Blackmore: My hon. friend points out that the Liberal party got 49 per cent of the votes, and on the strength of 49 per cent of the people of Canada it arrogates to itself the right to discontinue the use of "Rule, Britannia" in the Canadian navy.

The Chairman: Order.

Mr. Blackmore: Can you beat that for specious reasoning?

The Chairman: Order. "Rule, Britannia" is not under discussion here.

Mr. Blackmore: Thank you, Mr. Chairman. I grant that we are not discussing "Rule, Britannia".

An hon. Member: Canada never will be saved.

Mr. Blackmore: We are discussing the progressive steps by which the Liberal party, in power today with 49 per cent of the people of Canada voting for it in the last election, is arrogating to itself the privilege and authority of removing just as rapidly as it can all indication that Canada is a part of the great British commonwealth of nations.

Some hon. Members: No, no.

Mr. Blackmore: We will see. I mentioned the instance of "Rule, Britannia" as a case in point. If you want an example of government by order in council in the most flagrant form, with no justification whatsoever, there you have it.

[Mr. Blackmore.]

Some hon. Members: Hear, hear.

Mr. Blackmore: I join those who raise their voices against—

Mr. Abbott: Talk about *reductio ad absurdum.*

Mr. Blackmore: —any further attempts to disintegrate the British commonwealth.

Some hon. Members: Oh, oh.

Mr. Blackmore: Members may laugh. It is easy enough to laugh.

Mr. Harkness: That is all they can do, John.

Mr. Blackmore: That is right. There is no reason why they should do that sort of thing.

We have a body of men operating from a neighbour nation who are deliberately seeking to disintegrate the British commonwealth. Every move we make in this parliament in that direction is directly playing into the hands of those evil men. We must all realize that. It would not take very long for me to assemble a quantity of evidence in support of what I say which even the most rabid person in this house could not deny.

Mr. Prudham: Mr. Chairman—

Mr. Blackmore: I simply reaffirm my direct opposition to any further steps toward disintegration or dismemberment of the British commonwealth such as the one to which the two hon. members to whom I have referred have raised objection.

Resolution reported, read the second time and concurred in.

Mr. Prudham thereupon moved for leave to introduce Bill No. 14, respecting the surveys of public lands of Canada.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

UNANIMOUS CONSENT TO MOTION FOR SECOND READING OF BILL NO. 10

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, I should like to ascertain whether I can get the indulgence of the house with respect to the order of business. It has nothing to do with "Rule, Britannia", I may say. On the order paper, as item No. 3, there is the following:

Second reading of Bill No. 10, an act to approve the financial agreement between Canada and the United Kingdom, signed on the twenty-ninth day of June, 1951.—The Minister of Finance.

On Tuesday it is necessary for me to leave to go to the meetings of the NATO committee.

On Monday the house is to proceed with the debate on the address in reply to the speech from the throne. Tomorrow, unfortunately, for other reasons, I cannot be available. I realize that I could not expect the bill to be debated tonight; but if the house were prepared to give me unanimous consent to make my explanatory statement, and then have the debate adjourned, it would be a convenience to me. I have a comparatively short statement. I think it would take me only ten minutes or, at the most, fifteen. I would not expect any hon. member to be in a position to discuss the matter tonight. I know a number of hon. members will be interested. As I say, if I could get the unanimous consent of the house to do as I have suggested, it would be a convenience to me.

Some hon. Members: Agreed.

Mr. Brooks: I do not think there would be any objection to that procedure, Mr. Speaker.

CANADA-UNITED KINGDOM FINANCIAL AGREEMENT

APPROVAL OF AGREEMENT RESPECTING INTEREST-FREE PROVISION OF LOAN

Hon. Douglas Abbott (Minister of Finance) moved the second reading of Bill No. 10, to approve the financial agreement between Canada and the United Kingdom signed on the 29th day of June, 1951.

He said: Mr. Speaker, the purpose of this bill is to approve the financial agreement between Canada and the United Kingdom, signed on June 29, 1951. This agreement provides that the interest-free provision of the loan made to the government of the United Kingdom in 1942 will continue until January 1, 1954, and that the other arrangements with respect to the loan will continue until that date. The two governments agree to enter into discussions before January 1, 1954, respecting the interest on, and terms of repayment of, the balance of the loan then outstanding.

The 1942 loan to the United Kingdom in the amount of $700 million was made under the War Appropriation (United Kingdom Financing) Act, 1942. It will be recalled that in the early part of the war and prior to mutual aid arrangements, the larger part of the United Kingdom deficit with Canada had been met either by the repatriation of Canadian securities held by British investors or by the accumulation by Canada of sterling balances in London. These balances were acquired through the purchase of sterling by the Canadian government through the foreign exchange control board in order to make Canadian dollars available to the United Kingdom. By this interim or transitional form of financial assistance, we made good our assurances that the United Kingdom could continue to purchase in Canada all essential supplies required for its war effort without being restricted by shortages of Canadian dollars.

By early 1942 these balances had assumed considerable proportions, amounting to approximately $1,000 million. The War Appropriation (United Kingdom Financing) Act, 1942, provided for a settlement of these balances already accumulated, and provided the means by which the United Kingdom was able to continue her purchases of food, raw materials, munitions and other war supplies in Canada during the subsequent year. The accumulation of sterling was dealt with by the conversion of the larger part of the balances into a formal long-term loan to the government of the United Kingdom, payable in Canadian dollars. This was the $700 million non-interest-bearing loan. The remaining sterling balances were used in the purchase of Dominion of Canada and Canadian National Railways securities then held by British investors.

Section 4 of the 1942 act provided that the obligation to be taken from the government of the United Kingdom to secure the $700 million loan should be in such form and subject to such terms and conditions as the governor in council might approve, provided, however, that no interest was to be payable under it in respect of any period prior to the termination of the war. On June 1, 1942, an order in council was passed approving the terms and form of the certificate of obligation, P.C. 4527, dated June 1, 1942. The specific terms of the obligation so approved were:

(a) that it should be payable on demand on or after the date fixed by the governor in council as the date of the termination of the war;

(b) that it should be for the sum of $700 million in Canadian currency or such lesser amount as might be owing on the above-mentioned date; and

(c) that it should bear interest only from the above-mentioned date until the date of payment at such rate as might be agreed upon by the two governments.

At the same time, as the then minister of finance explained to the house when speaking on the resolution preceding introduction of the bill, the British chancellor of the exchequer agreed with the minister of finance that funds arising from the redemption or repayment of Canadian securities owned in the United Kingdom and the proceeds of any sales of such Canadian securities to persons outside the United Kingdom, would be applied towards the reduction of the loan.

During the war the proceeds of all such redemptions and sales of Canadian securities held in the United Kingdom were applied

against the loan. Late in 1946 a modification was made in these arrangements which had the effect of encouraging desirable new direct investments in Canada by British investors. Early post-war investments in Canada by United Kingdom residents were severely limited by restrictions arising from the shortage of foreign exchange. Because of these circumstances, Canada was unable to take advantage of British industrial technique and "know-how" to the extent which was clearly desirable in the interests of our economic growth and industrial development. In order to enable Canada to have access to these particularly desirable forms of British investment in this country it was agreed in December, 1946, that a portion of the proceeds of the redemption and sale of these securities could be made available in appropriate cases for reinvestment in Canada. It was agreed, for instance, that new direct "brick and mortar" investments in Canada, resulting in the development of new industrial enterprises in Canada, or the expansion of existing United Kingdom-owned industrial enterprises in Canada, could be offset against the amounts realized from the redemption and sale of securities for the purpose of calculating the amount to be applied from time to time in repayment of this loan. Also in 1948 a similar offset arrangement was made to enable the United Kingdom to purchase, for use in her international air services, aircraft manufactured in Canada. During the last four years, total offsets in respect of new direct investments in Canada and the purchase of aircraft in Canada have amounted to $59·8 million.

After the end of the war, the position of the 1942 loan was reviewed when the post-war credit of $1,250 million was under discussion. It was decided to continue the interest-free provision until January 1, 1951. This was authorized by parliament in the United Kingdom Financial Agreement Act, 1946. The agreement reached between the two governments at that time provided also that the other arrangements respecting the loan would continue in effect and that the two governments would enter into discussions before January 1, 1951, regarding interest on, and terms of repayment of, any balance of the loan then outstanding. Discussions between the two governments were begun before the end of last year, and on June 29 last the two governments entered into an agreement under which the existing arrangements respecting the loan would be continued for a further three-year period. That is the agreement which this act asks authority to confirm.

Net repayments on the loan under the arrangements I have described have, to date, totalled $470·2 million. The outstanding principal amount of the loan has consequently been reduced from $700 million to $229·8 million as at October 25 last. This means that up to the present the loan has been repaid at the average rate of approximately $50 million each year. This rate of repayment, I feel, can be regarded as satisfactory having in mind all the circumstances that have prevailed in the post-war period. Furthermore, under the arrangements which I have described, the United Kingdom has been able to make substantial repayments on this loan, incurred during the war, without any direct burden on its post-war balance of payments. The repayments have come out of proceeds from the redemption or sale of Canadian securities held in the United Kingdom, and have not had to be taken from the current proceeds of British exports.

After a careful review of all the considerations relating to this loan and its repayment, it was felt that the arrangements in effect had proved satisfactory and that they should be continued for a further period. Accordingly, an agreement was entered into with the United Kingdom government on June 29, 1951, to extend the interest-free provision and to continue the other arrangements with respect to the repayment of the loan until January 1, 1954. Prior to this date the two governments will enter into discussions on the question of interest on, and the terms of repayment of, any balance of the loan then outstanding. The bill we are now considering asks for the approval of this agreement.

Mr. A. J. Brooks (Royal): We are glad to have had this statement from the minister. I know there are a great many members who wish to speak on this matter, so I should like to move the adjournment of the debate.

Motion agreed to and debate adjourned.

NORTH ATLANTIC TREATY ORGANIZATION

MEASURE TO APPROVE AGREEMENT ON STATUS OF ORGANIZATION, NATIONAL REPRESENTATIVES AND INTERNATIONAL STAFF

Hon. Alphonse Fournier (for the Secretary of State for External Affairs) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to approve the agreement on the status of the North Atlantic Treaty Organization, national representatives and international staff, and to provide for carrying out the obligations, duties and rights of Canada thereunder.

Mr. Coldwell: We are going to get an explanation, are we not?

Mr. Lesage: I intended to make a short statement when we reach the committee stage.

Mr. Coldwell: Well, make it now.

Mr. Jean Lesage (Parliamentary Assistant to the Secretary of State for External Affairs): The purpose of this resolution is to make way for the introduction of a bill approving the agreement regarding the immunities and privileges of the North Atlantic Treaty Organization, that is for the organization itself, national representatives and international staff. The agreement was signed in Ottawa by all the members of NATO on September 20, 1951. It follows generally the form of agreement which, beginning with the general convention on privileges and immunities of the United Nations in 1946, has been adopted with more or less minor variations to define the privileges and immunities of practically all important international organizations. Certain departures have, however, been made from the precedents in order to meet the particular requirements of NATO.

NATO differs from other international organizations in that it has subsidiary bodies in permanent session in several countries. Other organizations generally only have a permanent seat in the country where they have their headquarters and it has been usual, in addition to the general agreement defining privileges and immunities which all member states are expected to accord, to have a special headquarters agreement between the organization and the member state in whose territory the headquarters are located. An example of this headquarters agreement would be the agreement between the government of Canada and the United Nations concerning the international civil aviation organization with its headquarters in Montreal.

This headquarters agreement covers the special requirements of the organization in the country where it has its headquarters and, in particular, grants to any national representative stationed permanently in that country a rather more liberal scale of privileges than is given to national representatives under the general agreement. Since NATO has permanent bodies in several countries it has been found convenient to include in the general agreement provisions, mainly concerning national representatives, which are generally found in a headquarters agreement. The agreement is attached to the bill as a schedule, and will be distributed as soon as we reach first reading.

Mr. Donald M. Fleming (Eglinton): I do not know that the house has ever before come to a resolution of this kind with less information, apart from the statement made by the parliamentary assistant (Mr. Lesage), as to the effect of the resolution, than in the case of the one now before us. For the life of me I cannot understand why the agreement which is referred to in the resolution was not distributed before this time. Seeing this resolution on the order paper, I communicated with the Department of External Affairs at noon today and asked if it was not possible to obtain copies of this agreement. I was told it was not, and that copies could not yet be distributed. When the house is called upon to deal with a resolution that contemplates the introduction of a measure approving this agreement, of whose importance I have no doubt—

Mr. Lesage: May I interrupt the hon. member, Mr. Speaker. I discussed this matter with the hon. member for Peel (Mr. Graydon), and he agreed that, for the reasons I gave him, it was not necessary to distribute the agreement before we reached the stage of first reading. It would be attached to the bill, and the agreement would be generally similar to other agreements dealing with international organizations. Moreover, when we discussed the matter I had had an opportunity of consulting the government about the request he had made to send the bill to the external affairs committee. I was in a position to tell the hon. member that it would go to the external affairs committee after second reading. I am saying that now for the benefit of the hon. member for Eglinton.

Mr. Fleming: I thank the parliamentary assistant for the information he has given. I am glad to hear that it is the intention to send this measure to the committee on external affairs for review. While I understand that the hon. member for Peel did not ask that copies be struck off especially for distribution heretofore, I should have thought that when copies were being made for the bill some of them could have been circulated. I am not suggesting the bill should have been circulated in advance of the resolution, but the agreement itself, so that opportunity might be taken during the debate on this resolution to ask questions which might be helpful in expediting the later stages of the measure.

We have not the agreement before us. It is not easy to follow a matter of this kind and to appreciate fully the contents of the agreement, merely upon hearing a brief statement. I simply say that I believe the purpose intended to be served by the resolution stage on a measure of this kind, cannot be served while copies of the agreement are not available to members.

Mr. M. J. Coldwell (Rosetown-Biggar): I, too, Mr. Speaker, wondered what this was all about. I listened to the parliamentary assistant (Mr. Lesage) who has just introduced

the resolution, and I regret that we have not more information regarding what appears to be a rather important matter.

As I listened to the hon. member I heard him say that this dealt with immunities in connection with NATO. I am going to take this opportunity to say something I have intended to say concerning the privileges and immunities of members of parliament in connection with NATO. I happened to be in the city of Ottawa when the NATO conference met here. In common with all other members of parliament I was very happy indeed that we were able to act as hosts to this great organization; but there were certain violations of the privileges of members of parliament that I do not think should go unnoticed. As a matter of fact one of the great privileges of parliament in this country, and in other commonwealth countries, is the right of members of parliament at all times to have access to this chamber and to the building, particularly when the House of Commons is in session, as it was in September, it having been only adjourned. I see sitting in the house other hon. members who were in the same position I was in, having been told that we could not enter the building unless we had a pass, which we were to show not to the staff of the House of Commons, our own protective staff, who knew us all, but to personnel of the army, navy and air force who were placed in charge of security in this building. I think that was somewhat of a slight to our very efficient protective staff, which was good enough to give all the protection necessary within this building to Their Majesties the King and Queen when they visited here in 1939 and to Her Royal Highness The Princess Elizabeth and the Duke of Edinburgh when they visited us lately. True, there was some augmentation during the royal visits of the security staff by the Royal Canadian Mounted Police, some of whose personnel are to be found on parliament hill from time to time, and who, had it been necessary to give further protection at the time of the NATO conference, could have been used as auxiliaries to our own protective staff. But, Mr. Speaker, in my opinion the rights and privileges of this House of Commons must be safeguarded. When these privileges are interfered with a protest should be made. I made that protest in the form of refusing to show a pass to enter this building, on the ground that I had the right to enter the building without a pass. I must say that I was treated with the utmost courtesy by those who challenged me both in entering this building and in moving around it and from parts of which I was also excluded.

I thought, Mr. Speaker, that one should draw the matter to your attention so that on a future occasion, if this country should be host again to NATO or a similar organization and it is found wise and advisable to use the facilities of this house, every precaution should be taken to see that the rights and the privileges of members of this house are in no way interfered with. In so far as my own office arrangements were concerned, when I heard that office space would be required I told the Sergeant-at-Arms that they were welcome to use my office if they needed it. Fortunately they did not; but speaking on behalf of some of my colleagues and members of this house whose offices were taken over without their permission and whose private files and documents were in those offices, I say that should not have been done without first obtaining permission from the hon. members whose offices were used on that occasion. But that does not concern me personally because my office was not interfered with. I used it all the time. The point I am making, Mr. Speaker, is that no attempt should have been made to stop members of parliament coming into this building and to demand from those members a pass to enter this building. If our protective staff had been looking after the security of the conference I have no doubt they would have recognized us and would not have demanded the production of a pass. I bring this to your attention—

Mr. MacInnis: That is why they were changed.

Mr. Coldwell: My hon. friend suggests to me that that is why they were changed. I do not know that this is so, but since we are dealing with the immunities of members of NATO may I suggest that on all future occasions the age-old immunities and privileges of members of this parliament should be as carefully safeguarded as any of the immunities and privileges that we are by legislation now about to confer on members of the North Atlantic Treaty Organization. Let me repeat, I was glad to see them here. I think Canada was honoured in being host to that organization, but in acting as host I think the rights and privileges which have been safeguarded for hundreds of years by members of the parliaments of our commonwealth should not have been contravened as they were in September of this year.

Mr. G. T. Fulford (Leeds): During the conference NATO held here I had occasion to come to the parliament buildings, although I came in fear and trembling as the result of a letter that I believe we all received stating that certain privileges would be denied us during that week. I had no pass when I

came through the main entrance of this building. I was stopped by someone wearing a military uniform; but one of our own protective staff, seeing me, immediately came over and explained to the officer that I was a bona fide member of the House of Commons, and I was immediately allowed to enter the building. I had no pass, and what is more, during the rest of the day I had occasion to come in two or three times.

I know this is a matter of principle; that we members have certain rights and privileges, but in this particular instance I was perfectly willing to forgo mine, as I realized the serious nature of the conference that was being held here. Therefore I was not only very surprised when I was allowed free access to the building, I was very delighted. I must say here that perhaps it may have been the protest that was lodged by the hon. member for Rosetown-Biggar (Mr. Coldwell) that resulted in the changed attitude. I am not here to debate that point, but I am here to tell you, sir, that I had nothing but the very finest treatment from our protective staff.

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

Mr. Pouliot: Before this resolution is carried would it be possible to have a list of all those who enjoy diplomatic immunity in this country? There are other members of the ILO, and members of many international organizations who enjoy the immunities of *valises diplomatique,* so many that at times I fear they may bring many obnoxious papers in their brief cases. I am not very anxious to have that information. Whenever it is available I shall be thankful to the parliamentary assistant to the Secretary of State for External Affairs if he will let me have it. A couple of years ago I expressed fear about the immunities extended to members of ILO. In view of the fact that there are so many people from countries behind the iron curtain who are free to come here, and whom we meet with open hearts, I should like to know just how many there are. It may be that I cannot be told who they are.

Then I have another question. Canada is in a unique position with regard to diplomats. I wonder if our country is not the only one in the world where consuls, or the like, are accredited as diplomats, and are on the same footing as full-fledged diplomats. I shall not insist upon an answer tonight. The case to which the hon. member for Rosetown-Biggar referred, however, is not the first encroachment upon our privileges. That dates back a long time.

When I look at the first two rows in the gallery, behind the clock, I am reminded that those two rows used to be at the disposal of members of parliament. But at one time, under another Speaker, we were told that the so-called diplomats, the consuls, had taken possession of it. Just look at it: there is no one there. Still we have to resort to red tape and a lot of formalities if we wish to bring our friends to those vacant seats. The first occupancy of those seats by consuls, who are diplomats nowhere outside of Canada, was the first encroachment of the kind on the privileges of members of parliament. If I come here with my friends, or with anyone for whom I wish to secure a good seat so that he may follow an interesting debate, I have to ask for the permission of Mr. Speaker, because the constables have instructions not to let members of parliament in, unless one goes around.

How many times are those seats occupied by those who are diplomats nowhere outside Canada? Perhaps only once or twice in a session. I have the greatest respect for the parliamentary assistant. He is doing an excellent job, and I said so in his constituency during the last election campaign. I am satisfied to repeat it here.

We should not be too much internationally inclined. I read with some surprise and a certain degree of apprehension the speeches made by Mr. Anthony Eden during his recent tour of the United States. They were like records from the electoral speeches of the late Wendell Willkie, who was the protagonist of One World.

NATO may be a very good thing; but there is one thing more important for us than NATO, and that is our own sovereignty, so that members of parliament have control over expenditures. If we follow NATO closely, then having in mind what has been said by Mr. Eden in many of his speeches during his tour of the United States, we may lose all our sovereignty.

An hon. Member: Never.

Mr. Pouliot: My hon. friend is unwilling to accept that, and I respect his views. But, although I have not clippings from Mr. Eden's speeches in my pocket, I have them in my office, and I shall show them to him. I am sure he has read them. I was alarmed when I read them—a man with the standing of Anthony Eden, who was not at that time Secretary of State for Foreign Affairs in the United Kingdom, but one who is the heir-apparent to Winston Churchill, speaking in the same vein as Wendell Willkie did some time ago. Co-operation?—all right; friendliness?—all right; assistance?—all right;

provided it does not go to the financing of the whole sterling area. And my hon. friends know what I mean when I say that.

Let us keep ourselves cool in considering all these problems, always facing the possibility that one day Canada may be engulfed in the maelstrom of one world. One world means that there will be a supreme body to control the largest possible number of governments, meaning by that that the so-called governments of many countries will be meaningless. And, knowing how astute are some birds of the British foreign office, I would not be surprised if it were a detour for the British politicians to take control of the prospective one world organization.

I have said enough for tonight, but I shall follow closely the discussions that take place on this matter. I am proud of my country. My country is Canada, in spite of what has been said by the hon. member for Lethbridge, the hon. member for Royal and the hon. member for Kamloops. Canada is my country; I am proud of it, and I want it to remain my country.

Mr. Brooks: I may say, Mr. Chairman, that it is my country, too—and I recognized it on two different occasions.

Mr. Pouliot: I am glad my hon. friend did.

Mr. Lesage: Before I answer the hon. member for Riviere du Loup—

Mr. Knowles: Temiscouata.

Mr. Lesage: Yes; you see he did not need me in his riding at the last election. Perhaps that is why I made such an error. The members of the international staff of the United Nations located in Canada are very few. Practically the only members here are those of the international civil aviation organization with headquarters in Montreal. Occasionally representatives of the international labour office are in Canada, and I do not know if there are still representatives of the international refugee organization located in this country.

The bill to be founded upon this resolution deals with the privileges and immunities to be granted to the North Atlantic Treaty Organization itself, its officials and national representatives. As a matter of fact the council sat here in Ottawa in September, but I do not know when it will sit here again. That was the first occasion when we had national representatives of NATO in Canada. The three principal seats of NATO are Washington, Paris and London, and that is where the international staff and the national representatives will be.

At the present time the staff numbers approximately 170. I cannot state how many will benefit from these diplomatic privileges and immunities. For instance, there are members of the council of deputies, among whom would be our high commissioner in London, who already enjoy diplomatic immunities and privileges.

Contrary to the opinion of my hon. friend from Temiscouata consuls are not entitled to privileges and immunities. Their presence in the diplomatic gallery is not the business of the Department of External Affairs. Consuls are concerned essentially with the protection of the interests of nationals of foreign states, as distinguished from the foreign states themselves. Their archives are immune from seizure and they themselves are not liable to suit in respect of acts performed in their representative capacity, but to that extent only. Their privileges and immunities are quite restricted, and it cannot be said that diplomatic immunities and privileges apply to consuls.

I do not think it would be in order to discuss the purposes and usefulness of NATO at this time as we had a debate on the international situation a short time ago.

Mr. Fleming: Could the parliamentary assistant tell us something more than he has about the structure of this agreement? Not having it before us, I think it would interest hon. members to know something about its extent, the number of member nations of NATO which have ratified it, its duration and features of that kind.

Mr. Lesage: The agreement may be denounced by any contracting state by giving written notification of denunciation to the United States of America, which will inform all the signatory states of such notification of denunciation. The notification of denunciation shall take effect one year after receipt of the notification by the government of the United States of America which is the depository of the agreement.

Replying to the hon. member for Eglinton, I might state first that there are seven parts to the agreement. Part I contains certain general provisions. In particular it defines those subsidiary bodies of the organization to which the agreement applies.

Part II deals with the status of the organization itself. Article 4 gives it juridical personality. This means that when subsidiary bodies to which the agreement applies wish to conclude contracts, acquire property, et cetera, they will do so in the name of the organization. The immunities and privileges provided by articles 5 to 11 are all normally accorded to international organizations by agreements of this type. There is nothing new in this. An article generally found in

such agreements concerning the treatment of official communications in the matter of priorities, rates and taxes has been omitted. A number of governments object to it, either as being impracticable in their territories or contrary to their national policy. The international telecommunications union has raised objections to provisions of this kind as being contrary to the international telecommunications convention.

Part III covers national representatives and their official staffs and follows approximately the pattern established for the United Nations.

In article 19, dealing with taxation, a rather complicated formula is set out. This can be dealt with and explained in committee.

Part V concerns the settlement of disputes. Parts VI and VII contain formal provisions.

Mr. Fleming: I thank my hon. friend for the statement he has made. Could he tell us when the agreement comes into effect? Does it come into effect after ratification by any given number? If so, how many ratifications have there been to date?

Mr. Lesage: It needs six ratifications to come into effect. There are two agreements up for ratification at the present time. There is the agreement concerning the status of NATO forces and the agreement concerning immunities and privileges. The agreement concerning the status of NATO forces* has been ratified by Denmark and I believe by Norway during the last few days. I shall have to inquire if they have also ratified the agreement we are now dealing with.

Mr. Pouliot: I should like to congratulate the hon. member for Montmagny-L'Islet upon the very able answers he has given to the questions that have been asked.

Mr. Stick: Does this resolution deal with the status of United States forces in Newfoundland?

Mr. Lesage: That subject would be covered by the resolution which is No. 5 on the order paper. The present resolution does not apply to forces at all, it concerns only the organization as an international entity, its international staff, and national representatives.

Mr. Fournier (Hull): There is another resolution covering that.

Mr. Green: Is there any difference between the status of the parties to this agreement and the status of the members of the United Nations? In other words, is there any difference in the treatment accorded to the two groups of nations? In the second place would this agreement apply to Greece and Turkey if they join the North Atlantic Treaty Organization? In the speech from the throne there is a paragraph saying that the house is to be asked to approve the ratification of a protocol to enable an invitation to be extended to Greece and Turkey to join the North Atlantic alliance. I am wondering whether this agreement would also extend to these two nations.

Mr. Lesage: I believe I answered the hon. member's first question completely and at length when I made a statement before we went into committee on the resolution. I gave the differences between the immunities and privileges to be granted under this agreement and those which are usually granted to the international staff and national representatives in the United Nations. So far as the second question is concerned, it is surely a hypothetical one. May I remind the hon. member that the Secretary of State for External Affairs, when speaking in the house two weeks ago, I believe, said he was not sure when this protocol for the acceptance of Turkey and Greece in NATO would be studied by this house because he thought it would be more advisable to wait until countries like the United States, France and the United Kingdom had approved of it before we did.

It is clear that Greece and Turkey might, under the regular principles of international law, accede to this agreement but only after they have become members of NATO, that is to say, after the protocol of accession of Turkey and Greece to NATO has been ratified by all existing members of NATO, which number twelve at present.

Mr. Green: Does the agreement provide that additional nations may become parties thereto?

Mr. Lesage: No. Under international law it is not necessary.

Mr. Knowles: I tried to follow the parliamentary assistant in what he was saying, and he may have answered this question, but is it clear that no immunities to be granted under this law will exceed the kind of immunities that are granted to members representing other types of international organizations to which he has referred tonight?

Mr. Lesage: The answer is no, they will not.

Mr. Knowles: Can the parliamentary assistant say something more with respect to taxation, particularly income tax? I noticed that in the list of subjects of the agreement that he read there was a reference to taxation. He said of course that the matter would be discussed in committee on the bill. May I ask if there are income tax exemptions provided under the terms of this bill, and if so

*(See also page 867.)

do they differ in any way from the exemptions accorded to representatives of the other international bodies? If there is any difference, what is it?

Mr. Lesage: It is quite a complicated formula which has been adopted for NATO, and far from going beyond the usual exemptions which are granted it does not go as far because it leaves to the countries of NATO the possibility of making an agreement with the organization itself under which agreement any country may pay its own nationals who are members of the NATO international staff and tax them wherever they are.

Mr. Knowles: It works both ways.

Mr. Lesage: It works both ways but the choice is left to any particular country in NATO who wishes to pay its own nationals, which does not exist in the United Nations organization. The right of the individual countries to tax their own nationals in the organization is preserved under certain conditions, while it is not under the United Nations organization agreement.

Mr. Blackmore: I am sorry I had to leave the chamber for a few minutes. Perhaps the question I am about to ask has been covered, but I should like to know what is the reference in the word "thereunder" in the resolution. It could refer to "treaty organization" or "status". It says, "That it is expedient to introduce a measure to approve the agreement on the status", or it could refer to "treaty organization". Does "thereunder" refer only to "status"? Does it mean the obligations, duties and rights of Canada under "status" or does it mean the obligations, duties and rights of Canada under "treaty organization"? What is the meaning of "thereunder"?

Mr. Lesage: It is clearly under the North Atlantic Treaty Organization. It has obligations, duties and rights of Canada under the North Atlantic Treaty Organization, and especially the agreement on immunities and privileges, which will be a schedule to the bill to be introduced in a few moments.

Mr. Blackmore: If that is the case, and I had a suspicion that perhaps it was, then one difficulty I see is that this measure could have more meaning within it than appears on the surface. Just to give the parliamentary assistant, who by the way is doing a most excellent job—

Mr. Lesage: I am very sorry. I misunderstood my hon. friend's question and I want to correct myself. It is the obligations, duties and rights of Canada under the agreement itself, the agreement which will be before the house. The resolution cannot go any further.

Mr. Blackmore: The agreement will be—

[Mr. Knowles.]

Mr. Lesage: A schedule to the bill.

Mr. Blackmore: When it comes before the house.

Mr. Lesage: So it cannot go any further than that.

Mr. Blackmore: To give the parliamentary assistant an idea of what is in my mind, I have seen three or four statements in the press to the effect that somebody or other in Canada around Ottawa was aiming to make NATO a federation. If that is the case, then I think probably this whole proposal requires a great deal of careful scrutiny. Just as an illustration, I do not think that forty years ago you could have got 25 per cent of all the Canadian people to agree to a federation of the members of the British commonwealth and empire. I doubt if you could get five per cent of the people of Canada today to agree to a federation of the British empire where all member states would belong to the same race as we, have the same general point of view and ideas, and have a brotherhood community. If we refuse to go into a federation of states like that why in the world should we contemplate with any calmness at all the proposition of going into a federation with a group of nations such as are in NATO? That is why I am concerned about this whole matter. I am always suspicious that somebody is trying to sneak up on us under the guise of an international agreement. The parliamentary assistant will see now what was behind my question. If it refers to "status"—

Mr. Lesage: It does not refer to "status". It refers to the "agreement on the status . . ."

Mr. Blackmore: But if it refers to the treaty itself that would be a different matter entirely. I think the parliamentary assistant can see that.

Resolution reported, read the second time and concurred in.

Mr. Fournier, Hull (for Mr. Pearson) thereupon moved for leave to introduce Bill No. 15, to provide for privileges and immunities in respect of the North Atlantic Treaty Organization.

Motion agreed to and bill read the first time.

GOVERNMENT ANNUITIES ACT

INCREASE IN MAXIMUM ANNUITY TO $2,400 AND PROVISION OF GREATER FLEXIBILITY

Hon. Milton F. Gregg (Minister of Labour) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Government Annuities Act to increase

the maximum annuity which may be purchased under the act from twelve hundred dollars up to twenty-four hundred dollars and to provide greater flexibility in the provisions of the act relating to the issue, conversion and amendment of annuity contracts and payments thereunder.

Mrs. Fairclough: Will the minister make his statement before Your Honour leaves the chair?

Mr. Gregg: Yes, Mr. Speaker. The government has decided to introduce an amendment to this act at this special session.

Before attempting to outline the purposes and effect of the amendments to the Government Annuities Act which are put forward in the bill, I thought hon. members would be interested in a brief résumé of the provisions of the act and its operation.

The Government Annuities Act was first enacted in 1908. It was initially administered by the Department of Trade and Commerce. In 1912 the administration was transferred to the Post Office Department; and in 1922 the administration of the act was entrusted to the Department of Labour, which has administered the act since that time.

The object of the act is to encourage systematic voluntary saving for old age security by providing facilities for that purpose. This is clearly set forth in the preamble to the act which reads as follows:

Whereas it is in the public interest that habits of thrift be promoted and that the people of Canada be encouraged and aided thereto so that provision be made for old age; and whereas it is expedient that further facilities be afforded for the attaining of the said objectives.

Considering, therefore, the purpose of the act, to promote voluntary saving for old age security, it is appropriate that this bill to extend the facilities afforded by the act should be considered by this house at a time when parliament has under consideration legislation making provision for payment of an old age pension to Canadian residents 70 years of age or over.

The purchase of an annuity under the act is effected by means of an annuity contract issued by the Minister of Labour to the purchaser upon acceptance of his application therefor.

Two general types of annuity contract are issued, namely deferred annuity contracts and immediate annuity contracts.

Under deferred annuity contracts, the annuity vests and goes into payment on a monthly basis at a future fixed date. The purchase price may be paid in a lump sum, or by monthly, quarterly, semi-annual or annual instalments running from the date of the contract to the date the contract matures.

The purchaser may select one of three annuity plans:

A deferred life plan under which the annuity is payable for the life of the annuitant only.

A deferred guaranteed plan under which the annuity is payable for the life of the annuitant and for a guaranteed period of 5, 10, 15 or 20 years in any event.

A deferred last survivor plan under which an annuity is payable on two lives, generally husband and wife. The annuity is payable to both jointly as long as both live, and thereafter to the survivor for life.

Under immediate annuity contracts, the purchase price is paid in full with the application for the annuity. The annuity goes into payment one month later following acceptance of the application. The purchaser may select any of the three annuity plans which I have already mentioned.

Apart from individual contracts of the types I have described, group contracts may be entered into with an employer for payment of annuities to employees registered under the contract to underwrite an employee retirement pension plan applicable to employees in his establishment.

The purchase price of annuities and the amount of the annuity payable are calculated upon the basis of mortality tables approved by the governor in council for use under the act and the rate of interest allowed on the moneys paid on the purchase price of annuities and in calculating the amounts of annuity payable. This rate of interest is fixed by regulation approved by the governor in council.

The costs of administration of the act are paid out of moneys voted annually by parliament to the Department of Labour for that purpose. This year it is approximately $800,000.

There were at March 31, 1951, some 147,514 individual annuity contracts under administration. At the same date group contracts were under administration covering 128,299 employees. The total net premium payments received from the inception of operations under the act to March 31, 1951, amounted to approximately $653 million, of which over 50 per cent has been received in the last five years' operations. The large increase in premium payments in this latter period is attributable in very large measure to the rapid growth in recent years of employee retirement pension plans, which have been underwritten by group contracts issued under the act.

As indicating the rapid expansion of this phase of annuity operations over the past ten years, in the fiscal year 1940-41 the total net premium payments received were approximately $19 million; payments to

annuitants and purchasers were approximately $9 million; the number of individual contracts under administration was approximately 58,780; the number of employees covered by group contracts was approximately 7,000. The corresponding figures for the fiscal year 1950-51 were: net premium payments received, approximately $60 million; payments to annuitants and purchasers, approximately $26 million; number of individual contracts in effect, 147,514; number of employees covered by group contracts 128,299.

The purposes of the proposed amendments are to provide greater facilities for the benefit of purchasers and annuitants under the act, and to take care of some difficulties which have developed in the administration of the act.

The following matters are covered in the amendments to the act contained in the bill—

Mr. Knowles: Ten o'clock. Move the adjournment.

Mr. Drew: Why not finish the statement?

Mr. Fournier (Hull): He has about two more pages.

Mr. Drew: Why not finish it?

Mr. Gregg: The amount of the maximum annuity which may be purchased is increased from $1,200 to $2,400 per annum. The amount of the minimum annuity which may be purchased is increased from $10 to $60 per annum. Provision is made for the issue of three additional types of annuity contract:

1. A contract for the payment of a straight term annuity—that is to say, an annuity for a specified period of years not exceeding twenty years.

2. A contingent life annuity contract—that is to say, a contract under which an annuity is payable to one person for life, with continuation to a second person on the death of the first annuitant.

3. A contract providing for the payment of a combination of a term annuity with certain other authorized types of annuity. This will permit the issue of a contract which provides for payment of a maximum annuity for a specified term of years and will thereafter pay an annuity in a lesser amount for the remainder of the life of the annuitant. An annuity of this type commencing at the annuitant's retirement age, complemented by the old age pension payment received by the annuitant under the Old Age Security Act, will provide an over-all retirement pension of a uniform amount from date of retirement.

My colleague the Minister of National Health and Welfare (Mr. Martin) outlined that in his introduction to his bill. The provisions of the act authorizing the making of a group annuity contract with an employer to underwrite an employee pension plan are broadened in such manner as will permit a contract of this nature to be entered into either with the employer or any other person administering the plan.

The amendments also authorize greater latitude for amendment of contracts in proper cases, and the substitution of new contracts for the accommodation of purchasers and annuitants, and to provide for continuity of group contracts underwriting employee pension plans. It is proposed, also, that authority be given to make regulations providing cash surrender privileges in respect of annuity contracts. The new legislation requires that a review of mortality experience under the act be made at least once in every five years, in order that the mortality tables in use may be kept in line with mortality trends and experience.

The basis to be used in fixing the interest rate payable in respect of annuity contracts is also defined in the amendments. This basis is the average rate of return on long term government of Canada bonds.

The section of the act dealing with the manner in which the government annuities account is to be set up, and kept in balance, has been redrafted for purposes of greater clarity.

Mrs. Fairclough: May I move the adjournment of the debate?

Motion agreed to and debate adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we shall deal with the motion to set up the select committee on radio broadcasting, and the resolution preceding a measure to amend the Canadian Broadcasting Act, 1936. Then the resolution concerning the establishment of the agricultural products board, and the resolution—

Mr. Green: What was the last?

Mr. Fournier (Hull): The resolution in the name of the Minister of Agriculture concerning the establishment of the agricultural products board. Then, we would resume the debate on this motion of the Minister of Labour.

Mr. Fleming: In connection with the first two items, may I ask if the government notice of motion to set up the committee on radio broadcasting will be called in advance of resolution No. 11 on today's order paper, which is the measure to amend the Canadian Broadcasting Act, 1936.

Mr. Fournier (Hull): The first item will be the setting up of this committee under government notices of motions. Then probably the second notice of motion will stand.

Mr. Knowles: Probably—can that not be definite?

Mr. Fournier (Hull): I am not sure whether the Prime Minister will be here all tomorrow afternoon.

Mr. Drew: You mean the one in regard to—

Mr. Fournier (Hull): The defence expenditures committee; that will be put over because we want to try to discuss the broadcasting motion and resolution.

Mr. Knowles: So the one respecting defence expenditures will stand tomorrow?

Mr. Fournier (Hull): Right.

It being five minutes after ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on November 2, 1951.

HOUSE OF COMMONS

Friday, November 9, 1951

The house met at two o'clock.

NORTH ATLANTIC TREATY ORGANIZATION

RATIFICATION OF STATUS OF NATO FORCES—CORRECTION OF STATEMENT IN DEBATE ON RESOLUTION

Mr. Jean Lesage (Parliamentary Assistant to the Secretary of State for External Affairs): Mr. Speaker, since the orders of the day may be delayed, let me say that last night in answer to a question put by the hon. member for Eglinton (Mr. Fleming) I said, as reported at page 861 of *Hansard*, that the agreement concerning the status of NATO forces had been ratified by Denmark and by Norway. In saying that I made an error. It is the protocol on the accession of Greece and Turkey to NATO that has been ratified by Denmark and Norway. We have not been advised yet by the government of the United States, which is the depository of both agreements on the status of NATO forces, and on the privileges and immunities of the North Atlantic Treaty Organization's national representatives and international staff, that any member country has ratified either agreement.

COMBINES LEGISLATION

PERSONNEL OF JOINT COMMITTEE TO CONSIDER INTERIM REPORT

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, by leave of the house I move:

That Messrs. Beaudry, Boucher, Carroll, Carter, Cauchon, Churchill, Croll, Dickey, Mrs. Fairclough, Fleming, Fulton, Garson, Gillis, Harkness, Harrison, Hees, Jutras, Mott, Murray (Oxford), McLean (Huron-Perth), Roberge, Shaw, Sinclair, Stuart (Charlotte), Thatcher, Welbourn be appointed to act on behalf of the House of Commons as members of the joint special committee established Tuesday, November 6, 1951, to consider the interim report of the committee appointed to study combines legislation, tabled in the House of Commons, Friday, October 12, 1951, and to consider appropriate amendments to the Combines Investigation Act based thereon.

That a message be sent to the Senate informing Their Honours that the above members have been appointed to act on behalf of the Commons on the said joint committee of both houses.

Mr. Knowles: I fear there is one error, one which occurred to me as I listened to the reading of the names. I sent the names for our group, in writing, to the government whip, and I am sure the names I submitted were Messrs. MacInnis and Thatcher instead of Messrs. Gillis and Thatcher. I am prepared either to move an amendment or to suggest that the minister change the name of Mr. Gillis to that of Mr. MacInnis.

Mr. Garson: I would have no objection; but how would it be if we leave it now. These are the names I got from the whip. If necessary we could make a subsequent motion on Monday to change the names.

Motion agreed to.

Mr. Speaker: May I inform the house I have received a message from the Senate setting forth the names of those members of the Senate who have been appointed to consider and to study the interim report. Perhaps it would be satisfactory if I were to read those names. They are Senators Aseltine, Beaubien, Burchill, Dupuis, Fogo, Godbout, Golding, Hawkins, Horner, Lambert, Pratt and Vaillancourt.

REPORTS AND PAPERS

Classification of loans of Canadian chartered banks as of September 29, 1951, Statutes of Canada 1944-45, chapter 30; and classification of deposits in Canadian chartered banks as of September 29, 1951, Statutes of Canada 1944-45, chapter 30.—Mr. Abbott.

CANADIAN WHEAT BOARD ACT

PAYMENT FOR FARM STORAGE OF GRAIN

Mr. H. R. Argue (Assiniboia) moved for leave to introduce Bill No. 16, to amend the Canadian Wheat Board Act, 1935.

Some hon. Members: Explain.

Mr. Argue: This bill is to amend the Canadian Wheat Board Act, 1935, by deleting the words "if directed by regulation" from subsection 2 of section 21. The effect of this change is to ensure that producers in the designated area will be paid the regular storage charge for grain stored on the farm. The determination of the date from which payment is to commence is left to the Canadian wheat board, but the payment of such storage charges to producers is by this new subsection made compulsory.

Motion agreed to and bill read the first time.

RADIO BROADCASTING

APPOINTMENT OF COMMITTEE TO CONSIDER ANNUAL REPORT AND AMENDMENTS TO THE CANADIAN BROADCASTING ACT

Hon. J. J. McCann (Minister of National Revenue) moved:

That a select committee be appointed on radio broadcasting to

(1) Consider the annual report of the Canadian Broadcasting Corporation and to review the policies and aims of the corporation and its regulations, revenues, expenditures and development, with power to examine and inquire into the matters and things herein referred to and to report from time to time their observations and opinions thereon, and to send for persons, papers and records; and to

(2) Consider a measure to amend the Canadian Broadcasting Act, 1936;

That the committee have power to print such papers and evidence from day to day as may be deemed advisable or necessary;

That the committee have power to meet while the house is sitting;

That the committee shall consist of the following members: Messrs. Balcer, Boisvert, Cote (St. Jean-Iberville-Napierville), Decore, Diefenbaker, Dinsdale, Fleming, Fulton, Gauthier (Portneuf), Gauthier (Sudbury), Hansell, Henry, Knight, Langlois (Gaspe), MacLean (Queens), McCann, McWilliam, Murray (Cariboo), Mutch, Richard (Ottawa East), Robinson, Smith (Queens-Shelburne), Smith (Moose Mountain), Stewart (Winnipeg North), Stick, Whitman;

That the presence of at least ten members shall be a quorum of the said committee; and

That standing orders 64 and 65 be suspended in relation thereto.

He said: Mr. Speaker, in the discussion of this notice of motion I think it would expedite matters if I were given permission by the house to discuss at the same time the resolution which is No. 8 on the order paper and which has to do with the introduction of a measure to amend the Canadian Broadcasting Act. The motion and the resolution are interrelated and somewhat similar and I think it would expedite the discussion a great deal if I were given a little latitude, which would be given to other hon. members as well, in the discussion of these motions.

We have again proposed the appointment this year of a special committee of the house on radio broadcasting. It has the same wide terms of reference regarding the study of all aspects of the national system as similar committees have had in other years. We are proposing that the bill to amend the Canadian Broadcasting Act be referred to this special committee for study. I expect that in connection with its work the committee will wish to consider the report of the royal commission on national development in the arts, letters and sciences.

You will recall that last year a similar committee conducted a thorough examination of the activities and financial operations of the Canadian Broadcasting Corporation. It reported very favourably on the work being done by the system. It found no fault with the corporation's expenditures to that date and said that it appeared to be efficiently and economically managed. The committee pointed out that the corporation was in a serious financial situation as costs affecting it had greatly risen while its main source of revenue, the licence fee, has remained the same. The committee pointed out that the situation could be improved if the C.B.C. were to reduce services greatly, but recommended against this. It did recommend that the services should be maintained and it pointed out some improvements and extensions that were needed. The committee recognized that the system had to have larger revenues, but in view of the fact that the royal commission was making a financial examination of the system it did not recommend as to how the revenue structure should be changed.

Since then the corporation has continued to conduct its operations on the basis of maintaining its existing services and standards, but of avoiding all possible new commitments. This course has been followed pending the report of the royal commission and consideration of it by the government and by parliament. Serious reductions in service have been prevented only by the loan of $650,000 to the corporation last year and an interim grant of $1,500,000 in the last session of parliament. The committee will undoubtedly wish to study the activities of the corporation during this period.

I think on the sound broadcasting side it will find few major changes or new developments because of the financial situation that has existed. Some projects initiated some time previously have, however, reached or come near completion. These include the new station at Windsor, Ontario, and the increase in power of the English language station CBM, Montreal, and of the station in Vancouver. Some repeater point relay transmitters have been installed in outlying points in northern Ontario and British Columbia. Last May, the Radio-Canada building in Montreal was formally opened, although most of it had been in use for some months previously. Members of the last committee visited the building while reconstruction work was still going on. I suggest that members of the committee this year may well find it worth while to inspect the building in its completed state. I think if they do they will be impressed by this new radio centre, as many thousands of visitors, many of them from outside Canada, have been.

Under the Canadian Broadcasting Act the C.B.C. is not responsible for its broadcasting to me or the government. It is, of course, answerable to parliament as a whole. Some members may from time to time have received representations regarding some broadcasts on the air. If members have found any reason for concern from any such representations I hope they will see that the matters are taken up by the committee and studied by it. A cool, impartial examination of the application in broadcasting of principles of freedom of speech could only be healthy.

On the television side the corporation has been proceeding with the construction of the production centres and transmitting stations at Montreal and Toronto. It had hoped and expected to have both these in operation by September of this year. Unfortunately there have been and may continue to be delays quite beyond the control of the C.B.C. The most serious are those arising from the defence production situation. Difficulties in obtaining steel have held back the construction greatly. Delivery of steel for the towers at both locations appears at best to be some months in the future so the corporation is still unable to set a definite date at which it can begin operations. The date will depend on deliveries of the essential materials and equipment, particularly structural steel.

The committee will also likely wish to consider the work of the international service which the C.B.C. operates in effect as an agent for the government. This service has continued to be carried on under close consultation with the Department of External Affairs regarding policy matters.

At the end of last year a weekly service to Finland was begun which has brought a remarkable response from that country. In February, following discussions with British and United States authorities, a service to Russia was opened. Broadcasting in the Ukrainian language will shortly be incorporated in this service. Members of the committee may wish to examine material that is broadcast from Canada in fourteen languages and to consider some of the evidence of the response to it. I do think it is unfortunate that it is not easy for many people in Canada to hear these broadcasts because they are beamed directly to other countries although they can be heard fairly clearly and regularly in many parts, including the city of Ottawa.

I might say that there is no secret in any way about what is broadcast. The C.B.C. international service is glad to show any scripts at any time to any responsible person. In addition, recordings of what actually goes on the air are kept and are available for some time afterwards. The service is, of course, designed to play an effective broadcasting role in the present international situation with all its tensions and dangers. I think members of the committee will be very interested in seeing just how it goes about this work in the present international situation.

The Massey commission presented its report in June, after two years of work. I think members who have read it will agree that it is one of the great reports in Canadian history. I should like to take this occasion, Mr. Speaker, to urge any hon. members who may not have read the report to do so, and I mean not just the recommendations but the whole volume. I think they will find it a very interesting and very readable account of many things in our Canadian life which have never been so reported on before. I also think it is important not just to consider the bare recommendations of the commission, but also some of the mass of evidence and the careful reasoning on which they are based.

Perhaps the single most important and heaviest task of the commission was with regard to broadcasting. The commission studied the whole field of broadcasting in this country in a very thorough way, such as had not been done since the Aird commission twenty years before. It was open to hear representations from any quarter, and did in fact hear the views of individuals and organizations of many kinds representing very large sections of the Canadian public. It provided opportunities for hearing the views of all interested bodies including private station organizations and private stations themselves across the country. The recommendations of the commission were only made after a remarkable widespread study of what is going on in the country and what Canadians seem to want. After this very thorough study, the commission was strongly in favour of maintaining and strengthening the present system of broadcasting in Canada.

I should like to quote the last paragraph of the chapter on sound broadcasting. It reads as follows:

> Obviously, Canadian radio has not yet achieved all that we hope for in a national system. It is still young. It has had to struggle against poverty, inexperience, and the physical obstacles of this difficult country. But, as we have suggested in part I and have stated here in language as clear and unambiguous as we can command, we are convinced that the existing Canadian system of broadcasting has served the country well in the past and offers the greatest hope of national unity and enlightenment in the future. We urge that the

national broadcasting system be given the power and resources sufficient for its great national responsibilities.

The commission very carefully considered various proposals for changing the methods of control of broadcasting in this country. I shall not try here to summarize its reasons for judgment against a new method of control. Although I think members who have not done so will find it very interesting to read these reasons in full, I should like to read its first recommendation on broadcasting summarizing its opinions on the kind of system we need. It is as follows:

We therefore recommend:

That the grant of the privilege of radio broadcasting in Canada continue to be under the control of the national government; that the control of the national broadcasting system continue to be vested in a single body responsible to parliament; that the Canadian Broadcasting Corporation as now constituted be that authority and continue to provide directly by its operations and indirectly by its control of the operations of others a national radio broadcasting service free from partisan influence.

The recommendation in effect summarized just what in the past successive governments and all political parties and parliamentary committees through the years thought to be the best kind of system for Canada. This government has been glad to have the assertions from this great commission report supporting the principles of the present system in Canada.

The government has been aware for some time of the critical financial situation into which the national system has been brought by economic changes, with prices and costs of all kinds rising greatly in the past fifteen years. The C.B.C. could not be expected to be a unique organization that could continue to operate with its main rates of revenue the same as in 1938. The government, however, wished to have the report of the Massey commission, and time for consideration of it, before proposing to parliament changes in the revenue structure of the C.B.C. The commission suggested that to maintain its present services and make some needed improvements the C.B.C. needs annual income in the next five years equal to one dollar per head of the total population of Canada. It suggested that any payments from public funds be covered by statute so that there could be no question of any government of the day possibly having political influence on the system through controlling the amount that annually might be proposed for the system. The commission recommended that the present receiving set licence fee be maintained and that payments be made by statute out of public funds to bring the total income up to the necessary minimum level.

The financial provision in the bill which will presently be before the house is designed to bring the income of the corporation up to about the equivalent of one dollar per head of the population. It does so by providing by law for the payment of a fixed sum of $6,250,000 each year to the corporation for five years. The sum of $4,750,000 is provided in the bill for the first year, 1951-52, because the C.B.C. has already received an interim grant of $1,500,000 this year, and the two together make the sum of $6,250,000. You will remember that in the estimates passed in June there was a grant of $1,500,000 to the C.B.C. These statutory payments, together with receipts from licence fees and from commercial revenues which should be reduced somewhat to carry out recommendations of the commission, should bring the corporation an annual sum about the equivalent of the one dollar per head figure. This would enable the corporation to maintain its present services and standards. It would also make possible in the five years ahead some of the needed improvements and extensions. It must be realized, however, that the corporation will still not be in a position to meet all the requests for service it has, or that will be made on it. The corporation, however, will have a pretty accurate knowledge of what revenues to expect over the next five years. It will have to plan its operations and development carefully over the five-year period to ensure that the most essential things are done. It is to be expected that the corporation on the new basis will have an operating surplus for the first two or three years of the period, but out of this surplus it must make some provision for capital expenditures that will be necessary ahead, for paying off some of its debts, and for meeting operating commitments throughout the period. The income of the corporation will still be relatively small in comparison with the income of broadcasting systems in many other countries and in relation to the size of Canada, and our need to broadcast in two languages. The system, however, will have a basis of revenue roughly equal to what it had before the war, adjusted for the increase in cost levels in Canada.

The royal commission recommended that the board of governors of the corporation be enlarged in order to make it more widely representative. This recommendation is met in the bill that will come before the house by the provision to increase the number of governors from nine to eleven.

The commission made a recommendation regarding a right of notice for broadcasters and right of hearing on matters directly affecting them. Several clauses in the bill

give practical and concrete application regarding the matter of right of notice and of hearing. There is provision that by law the corporation must, before ordering the suspension of the licence of a station, give notice to the licensee of the alleged violation and provide for an opportunity for him to be heard. There is also a new proposed subsection providing that the corporation must give formal notice and reasonable opportunity for hearing representations before making or amending regulations affecting private stations. Another subsection provides that the corporation give legal notice before considering applications regarding licences referred to it by the Department of Transport.

Under its own procedure the corporation has for some years given due notice in such cases and held public hearings. These new provisions will lay legal obligations on the corporation in connection with notice and hearings.

The commission also recommended that persons engaged in broadcasting in Canada directly and adversely affected by final decision by the board of governors, on any matter in which the board has final authority, have the right of appeal to a federal court against substantial miscarriage of justice. The bill to come before the house provides that where the corporation orders the suspension of a licence of a private station, the licensee may appeal to the Exchequer Court of Canada on any question of law. The power to order suspension of a licence is the chief final sanction which the corporation has with regard to private stations.

The commission also make another recommendation regarding ways of ensuring that private radio stations in Canada employ more Canadian talent. As a measure in this direction the bill to come before the house would strengthen the position of the corporation by giving it specific powers to make regulations to promote and ensure the greater use of Canadian talent by both C.B.C. and private stations, and to obtain information from stations needed for carrying out its supervisory duties.

While we are proposing amendments to the Canadian Broadcasting Act I have mentioned, based on recommendations of the royal commission, we have taken the opportunity in this bill to propose some other minor amendments which seem advisable in view of changed conditions since the act was passed in 1936, and for purposes of clarification.

There are several changes in wording for the purpose of making clear when reference is being made to the Minister of Transport and when to the minister designated for carrying out the duties under the act of dealing with the C.B.C.

It is proposed to change the period of office for the chairman of the corporation from 3 years to 10 years. The post now is one which requires the occupant to give up all other connections. It seems, therefore, in fairness that occupants of the post should have a tenure of reasonable length of time. The longer period will be more in line with other important public positions, and would seem proper in the interests of holding or appointing to the post men of the necessary calibre. The longer period should also provide for extra public assurance of the impartiality of the chairman.

Another change in wording is to clear away an anomaly in connection with the pension plan of the corporation. Under the present wording of the act it is provided that the corporation may have a pension plan for its "employees" and, of course, has had a pension plan for a number of years. The word "employee" is used in the act, and under a legal technicality it has been ruled that the chairman is not an employee of the corporation but is defined as a "member" of the corporation. The amendment proposed would remove any legal doubt that the chairman or any other member of the corporation who worked full time at regular salary could properly participate in the pension plan.

Another amendment raises from $10,000 to $25,000 the size of commitments by the corporation for which approval by the governor in council is necessary. Because of changes in prices the real size of a $25,000 transaction today is only about the equivalent of a $10,000 transaction in 1936 when the act was passed. This amendment will save some delays and a good deal of paper work that has not been found to be necessary under present conditions, but will still provide for a check by the government on any large individual financial commitments by the corporation.

As I have said, the main provisions of the bill to come before the house are to give effect as considered advisable to the recommendations of the Massey commission which involve legislative action. A number of other recommendations of the commission can be implemented only by the C.B.C. itself. I believe the committee as well as studying this bill may also wish to study these other recommendations of the commission, and the plans of the corporation for meeting them.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, it is altogether desirable that this house should appoint at the earliest possible date a special committee on radio broadcasting

to consider the annual report of the Canadian Broadcasting Corporation and to review the policies and aims of the corporation, and its regulations, revenues, expenditures and development, following adequate discussion of this whole subject.

I am glad, Mr. Speaker, that at the outset of his remarks the Minister of National Revenue did suggest the desirability of linking together in the discussion today both the notice of motion that the committee should be set up and also the resolution which is to follow, which contemplates the introduction of a measure to contain a number of amendments to the Canadian Broadcasting Act. I think the linking of those two subjects together in the discussion today will not only expedite the discussion in the end, but will contribute greatly to a more intelligent treatment of the related problems.

Sir, the house will recall that no special committee of the house has sat upon and dealt with the question of the operations of the Canadian Broadcasting Corporation since the spring of 1950, a year and a half ago. And even the committee of 1950 operated on a very restricted scale. At that time the Massey commission was holding its sittings, and it was thought to be inappropriate that a special committee of this house should cover ground that was already being reviewed by the royal commission. Therefore the special committee of that year dealt with certain aspects of the financial problems and operations of the corporation. It considered the purchase of the Ford hotel in Montreal, which is now the Radio-Canada building, and it made some preliminary review of the situation in regard to the regulation and development of television in Canada; but with respect to many of the great problems in relation to broadcasting in Canada, the 1950 committee felt that it should not concern itself at that time. Therefore it is most appropriate, Mr. Speaker, that at this session a special committee should be set up and invited to undertake a broad examination of policies and aims of the corporation and its whole financial structure and problems and also plans for development.

The minister has very correctly emphasized the importance of parliamentary control. It would be nothing short of calamitous if a situation were ever contemplated under which the Canadian Broadcasting Corporation should become subject to governmental influence or control. Under our system of broadcasting in Canada, it is fundamental that parliament and not the government must maintain control over the corporation, its policies and its activities. I assert, Mr. Speaker, it is the duty of parliament to take that responsibility seriously. I am one of those who believe that this responsibility cannot be adequately discharged by this house without the assistance, at almost every session if not indeed at every session, of a special committee to conduct an investigation and review the record of the corporation and its policies, and make a considered report to the house.

Under those conditions, Mr. Speaker, I consider it is the duty of the house to review the report of this committee. Unhappily in the past, after committees have conducted extensive investigations into these questions the reports have come into the house so late that there has often been little, and sometimes no opportunity whatever for debate or consideration by the house of the recommendations of the committee. Therefore, Mr. Speaker, with respect, I am sounding the note here today of parliament recognizing more fully than in the past its inherent, exclusive and important responsibility with respect to broadcasting in Canada. The mere appointment of the committee will not, of itself, guarantee control by parliament. But if the members of the committee will undertake their duties with a reasonable sense of independence then I think the committee can contribute very greatly to the assertion of parliamentary control and the maintenance of a proper relationship between the Canadian Broadcasting Corporation and parliament. It is, unfortunately, necessary to say that there have been numerous occasions in the past when government members of the committee have not exercised that degree of independence of action which is so necessary in this matter, which is one so pre-eminently the subject of parliamentary, rather than governmental, control.

The minister has indicated that he is aware that there are criticisms today of certain programs of the corporation. It is important that the committee should weigh those criticisms, and make recommendations concerning them. Then, sir, there is another aspect of inescapable importance and urgency at the present time that has to do with the whole financial structure and outlook of the Canadian Broadcasting Corporation. Indeed, this is an important problem at any time. It is a matter which I believe should always have concerned parliament year by year, but it is a problem of particular importance and urgency now because of the imminent departures in policy with regard to the financing of the corporation which have been proposed in the report of the Massey commission, and which the minister has indicated today are to be embraced within the bill that the government seeks to introduce.

I wish to say this, Mr. Speaker, with regard to the corporation and in fairness to its officers. On all occasions they have assured the parliamentary committee that they welcome the opportunity of making a report to a parliamentary committee. There have been some years in the past when those officers would have desired, and very properly, an opportunity of making their report to a parliamentary committee, but that parliamentary committee was not set up. Therefore, I believe we are facilitating co-operation between parliament and the corporation by proceeding to set up a committee, and I trust giving the committee an adequate scope of reference to enable it to conduct a virtually complete review of all these aspects of policy, finance and related questions.

On the financial aspect, one must recall that the corporation has shown a deficit in its operations during the past two years. In the fiscal year 1948-49 it did not show a cash deficit. It actually showed a cash surplus of $153,000, but after making allowance for depreciation and obsolescence it showed a net operating deficit of $43,000. In the fiscal year 1949-50, it showed a cash deficit of $32,000 and after adding an allowance for depreciation and obsolescence it showed a total operating deficit of $244,000. Commencing with the fiscal year 1950-51, the corporation distinguishes between sound broadcasting and television broadcasting in its annual statement of income and expenditures. This, of course, is altogether proper and desirable. It is one of the things that the Massey commission recommended. In the fiscal year ended March 31, 1951, the corporation showed a cash deficit on sound broadcasting of $913,000. Adding an allowance for depreciation and obsolescence, it showed a total operating deficit on sound broadcasting of $1,149,000. On television broadcasting in the fiscal year ended March 31, 1951, the corporation showed a cash deficit of $106,000. Adding an allowance for depreciation and obsolescence, it showed a total operating deficit on television broadcasting of $123,000. Adding the deficits on sound broadcasting and television broadcasting, the corporation has recorded a total operating deficit for the fiscal year ending March 31, 1951, of $1,272,000. The financial situation, therefore, is urgent, and it must have the immediate study of a parliamentary committee.

When the officers of the corporation were before the 1950 committee, they outlined a rather far-reaching program of expansion, the cost of which would run into many thousands of dollars. The committee considered that proposed program, and you will find it outlined briefly in the report of the Massey commission. Of course, it was inevitable that rising costs should affect the operations of the corporation. These rising costs are reflected in the financial statements to which I have just referred. Television is also a matter of very great importance in shaping the plans of the corporation, and the provision that parliament may make for the needs of the corporation.

The contents of the bill outlined in the resolution which we are considering along with the motion to appoint the committee, as the minister has indicated, embrace several matters. The bill will deal with other amendments to the Canadian Broadcasting Act, which the minister has also outlined. One need not at this moment comment in detail on the proposed increase in the number of the board of governors. The Massey royal commission recommended that the number be increased with a view to wider representation on the board of governors of the corporation. Of course, the value of an enlargement of the board will depend entirely on the quality of those who are appointed by the government to the new posts; and in providing an enlargement, if that is what is eventually decided upon, I think the house will wish to make it clear to the government that the purpose of the enlargement is to secure in the board of governors a desirable widening of representation of Canadian life.

I will not take time here to comment on the proposals with respect to the pension fund, but I draw attention to the extremely important proposal in the resolution which will involve the provision of $4,750,000 during the present fiscal year by way of grants to the corporation. That sum, with the $1,500,000 which parliament provided last June by way of grant to the corporation for the present fiscal year, will bring the total grant to the corporation for this fiscal year to the sum of $6,250,000.

The resolution also proposes that, for the next succeeding four years, the same annual sum—namely $6,250,000—shall also be provided by way of grant. Hence, in the five-year period, commencing April 1, 1951, parliament is being called upon now to give its approval to the making of grants which will total $31,250,000. The resolution does not break down the amounts of the proposed annual grants into any particular categories, whether for current operations, expansion of services or the development of television. I think that the house and the committee will certainly wish to be clearly informed as to the way in which the money is to be devoted to these various objects. This indeed is a major financial program. It involves departures from the policy which has

governed parliament hitherto for nearly a generation in the provisions which it has made for the needs of the corporation, and the basis upon which parliament has provided money. It therefore calls for the closest examination, and it calls for a complete understanding by parliament of what is involved, particularly in the departures in policy.

I wish next to make this observation of a general nature. I do so having regard to some political uses that have been made of discussions on the subject of the corporation and its relationship to parliament in the past. Those who, by diligent study and frequently by criticism, have sought to contribute suggestions for the betterment of the system that has been followed in the past, and for the betterment of the service rendered to the Canadian people by the Canadian Broadcasting Corporation, are in no sense people who are trying to harm or to hinder the corporation in the attainment of its proper objectives as laid down by parliament. I think that when justice is done it will be recognized—perhaps not today but some day—that those who sought to contribute in the way I have indicated, and sometimes by criticism, to the most effective implementation by the corporation of the policies laid down by parliament, will in the last analysis be proven to have been the best friends of the Canadian Broadcasting Corporation and of our system of broadcasting in Canada.

So far as is reasonably possible, we want broadcasting in Canada to be Canadian in content and in expression. We want it to be the interpretation of the legitimate aspirations of the Canadian people in this important field of communication. I hope that what I have to say today, Mr. Speaker, will be considered and interpreted in relation to that general observation. I regret that it is necessary to make an observation of that kind; but it is necessary in the light of the way in which, in times past, political distortion has been perpetrated upon contributions which have been offered in the spirit of trying to bring about the betterment of the system which has been adopted by parliament as the system of broadcasting for Canada.

In considering the policies or the departures in policies that may be contemplated or involved in the proposals under debate today I think it is well that we should have regard to the policies which have prevailed hitherto. First of all, let us consider the policy with regard to finances of the corporation.

Until last June the policy of parliament with respect to the financing of the capital needs of the corporation had been defined by section 17 of the Canadian Broadcasting Act; and the policy laid down in that section was that provision might be made by parliament for the capital works of the corporation through loans made to the corporation by the governor in council. By that section a ceiling was put upon the advances which might be made; originally it was $500,000. It is to be observed that, until last June, it has been the policy of parliament in the field of capital requirements of the corporation that parliament, through the governor in council, should provide money by way of loan to the corporation. The loan situation, at March 31, 1951, was this. Parliament or the government had provided to the corporation by way of loan an outstanding sum of $8,400,000. That amount included $4,500,000 provided by parliament in 1949 for the development of television but not the further $1,500,000 provided by parliament at the 1951 session by way of a loan for the same purpose.

As to the current financial needs of the corporation, I have already referred to the way in which these deficits have been occurring in the last two and a half years. May I say at once that, so far as I am aware, the one occasion on which parliament has provided a loan to assist the corporation to meet its current needs was in 1950, when a loan of $650,000 was authorized by parliament to meet what was then regarded as an inevitable deficit on current operations. All through these years the scheme of financing current needs by the corporation has been, so far as parliament is concerned, to expect the corporation to look to three sources of funds in order to meet those current needs. The first source has been the $2.50 licence fee on receiving sets; and from that source the corporation last year received a total of $5,571,000. Again Mr. Speaker, I give you only round figures. The second source of funds has been commercial broadcasting; in other words, revenues received from advertising on the air, and commercial broadcasting of that nature, and the receipts from this source last year were $2,463,000. Then, the third source described generally under the term "miscellaneous" yielded $266,000, for a total income to the corporation of $8,301,000.

Broadly speaking, there have been two sources of income to the corporation, the $2.50 licence fee on receiving sets, and the income from commercial broadcasting. There have been complaints about the extent to which the corporation has entered the field of commercial broadcasting. It has been pointed out by critics that this has been an offence by the corporation against the original scheme of broadcasting, as contemplated

by the Aird commission, twenty years ago. And in the second place it has been contended that the extent to which the corporation has been going into the field of commercial broadcasting has created unfair competition for private stations in Canada which have no source of revenue in the form of licence fees, and are dependent entirely for their livelihood upon commercial broadcasting.

On the aspect of licence fees, it will be remembered that until 1947 parliament provided that only the net proceeds from the collection of the $2.50 fee on receiving sets would be paid over to the corporation. The corporation at that time was asking for an increase in income, and parliament in that year decided to provide the gross revenue from the $2.50 licence fee as income to the corporation. And from that time forward, parliament in that way has been making a grant to the current needs of the corporation.

During this present fiscal year parliament has appropriated $719,668 for that purpose. The cost of carrying out that collection has been rising constantly. Over 12 per cent of the amount collected on radio receiving sets has had to be paid out to cover the cost of collection. It has been an expensive fee to collect. In addition, there have always been very grave doubts as to the completeness of the collection of the licence fee. The Massey commission has very properly commented on that subject in these words at page 294 of the report:

> If the figures of the dominion bureau of statistics are to be accepted, Canada's three and a half million private receiving sets which should be licensed ought to yield over eight and a half millions a year in licence fees instead of something over five million.

And it is because of considerations of that kind, and because also of the fact that this radio licence fee of $2.50 a year is, in essence and in fact, a nuisance tax, and very little more than that, that the Progressive Conservative party has long advocated that the radio licence fee on receiving sets should be abolished, and that whatever provision is required to meet the legitimate needs of the corporation ought to be met by parliamentary grant.

We continue to wish to see this nuisance tax abolished.

Mr. Martin: You should not have put it on.

Mr. Fleming: The hon. member who has just interrupted has been sitting on the government side for more years than most Canadians like to remember; and he has not, so far as his voice is concerned, and his voice is heard not infrequently in the house, uttered one syllable by way of indicating that he will do one thing or lift one finger to eliminate this nuisance imposition upon the people of Canada, one which does not bear any relationship to the benefits that people who pay it receive from radio broadcasting.

We repeat here that the Progressive Conservative party urges today, as it has long urged, that this radio licence fee on receiving sets should be abolished, and that the legitimate needs of the Canadian Broadcasting Corporation should be met by parliamentary grant.

We do not wish to see any suggestions entertained to increase the fee. The chairman of the corporation put forward a suggestion—and he did it as only one suggestion respecting ways in which the needs of the corporation could be met—when, speaking before the Massey commission, he proposed that if the fee were raised to $5, the needs of the corporation could be met in that way. That proposal evoked strong public protest, and the Massey commission has very properly described that proposal in these words, as they are found at page 294 of the report:

> The C.B.C.'s own proposal to raise the licence fee to $5 is generally unpopular.

An hon. Member: Worse than that.

Mr. Fleming: I agree with my hon. friend; it is worse than that. And I say also that the same public disapproval of the increase in the licence on receiving sets applies also to this present nuisance tax of $2.50.

These are the policies which prevailed until last June with respect to the financing of the corporation.

In the field of control there has long been debate about the dual function of the corporation and its board of governors, the first function being that of operating a transcontinental system for network broadcasting, and the second function that of exercising control and regulation over all forms of broadcasting in Canada, including all private stations.

There are competitive features in this situation as between the corporation on the one hand and private stations on the other. The chairman of the corporation admitted without hesitation before the committee—and I look back to the evidence taken in 1946 and 1947—that to the extent that competition does exist between the private stations on the one hand and the corporation on the other, that competition has been a good thing for the corporation in helping to keep it on its toes.

The benefits of that competition have been acknowledged, so far as it has been permitted to exist. And of course it is permitted to exist, under our present system, only in so far

as it suits the policy of the corporation to permit it. Monopoly is a great danger. It is a great danger particularly in a field of such vital importance as the field of communication. There can be no more important avenue of communication today than communication over the air waves. And let there be no misunderstanding, that when in the past proposals were discussed contemplating the possibility of a division of those functions, there never was a suggestion that there should be anything taken away or subtracted from public control of radio broadcasting in Canada. That is axiomatic, and must continue.

But the basis of suggestions of that nature that were put forward was this, that a better service could be carried out if the operating function on one hand and the regulatory function on the other could be separated, and a situation or method of control established along lines similar to those which exist in connection with the board of transport commissioners, which exercises equal control over the privately-owned Canadian Pacific Railway and the publicly-owned Canadian National Railways.

There never was at any time any suggestion that the regulation and control of broadcasting in Canada should be any other than the function of a publicly appointed body, operating as a board and in the public interest.

Then, so far as television is concerned—and that is the third of the matters on which policy is so important—one should, I think, make this observation. Television is of unparalleled importance in Canada. There is no broadcasting of television in Canada today because it has been the policy of the corporation and of this government, up until the present at any rate, that there should be no development by private sources even operating under public control and within the strict limits of public control laid down by the corporation. It has been the policy of the corporation and of the government that there should be a total prohibition of any form of development of television in Canada by private sources. The result is that Canada has no television today. The only television available in Canada is what comes over the border from United States sources and is available to cities and communities close to the border. This paternalistic attitude on the part of the corporation and the government I have deplored and still deplore because I think it has deprived Canada of development in an important field to which Canadian engineers and talent could have contributed greatly.

This may be water under the bridge, but it is a deplorable fact that it is water under the bridge and that precious time has been lost. The corporation has been slow in the field of development of television. In fairness one should say that in earlier years—perhaps not in the last two or three—they have said that they did not have the funds required to develop television. Nevertheless it is a legitimate ground of criticism of the management of the corporation, or of the policy of the corporation and the government, that there has been an effective throttle applied on the development of television in Canada. That deplorable attitude—that restricted, dog-in-the-manger attitude has retarded development in Canada.

The corporation has undertaken some development work in this field, particularly during the past couple of years. Funds have been provided for this purpose and it was expected by the corporation that it would commence the broadcasting of television in Montreal and Toronto on September 1 of this present year. That has not been possible and it now appears that we will not have the broadcasting of television by the corporation until next spring. Before I leave this review of the past policy and record of the government I think I should mention that there never has been any suggestion, when proposals were put forward, that the corporation should forbear from exercising proper control not only over the decision as to those to whom licences might be granted but over their operations when granted, even if private interests were permitted to risk some of their own money in the development of television. There never was any suggestion at any time that that should be undertaken apart from control by the regulatory body established by parliament which up until the present has been the corporation itself.

There are many criticisms one could make of the television that comes across the border to Canadian communities near the United States boundary. There is too much commercialism in it. I hope that when television is introduced in Canada we will have a better brand than we see on many programs now piped over the border. But to say that is in no measure to condone the delay there has been in the development of television in Canada, either by the corporation or by private interests, operating under control and supervision exercised through the regulatory body established by parliament for the purpose.

In June last there was a departure in policy so far as finance was concerned. In the dying moments of the session, about ten days after the introduction of the report of the Massey commission in the house, the government

introduced item 670 in the supplementary estimates which invited parliament to appropriate the sum of $1,500,000:

To provide for an interim grant to the Canadian Broadcasting Corporation pending amendment of the Canadian Broadcasting Act.

That was a major departure in policy. Never before had there been a grant by parliament to the corporation. Having regard to the fact that this grant was made pending an amendment to the act some of us took the ground, when the matter came up on the second to the last day of the session, that there should not be a departure in policy until there had been a review of the whole subject and of the recommendations of the Massey commission by a special committee of the house, and by the house itself. Our views were overruled in the house and this step was taken without any attempt at a review of the important recommendations of the Massey commission.

We pointed out at the time that this was not the proper procedure to follow because with a fall session coming on—we had just been told that there would be a fall session—parliament could decide what would be necessary either to supplement the revenues of the corporation or to provide for the whole fiscal year. I might remind the house that the minister, as reported on page 4925 of *Hansard*, stated that the government had not yet had time to study the report of the royal commission. Yet in that haphazard, slap-dash manner on the second to the last day of the session parliament embarked on an important departure in policy.

We are faced today with the question of this important departure in policy. I say that this is the time we should be faced with it because we have had an opportunity to study it. We have had an opportunity to consider the contents of the report of the Massey royal commission. Having received it within the past week, we have also had an opportunity to consider the report of the corporation for the fiscal year ended March 31, 1951, which we did not have last session. We have had an opportunity to consider the developments of this major departure in policy and the extent to which parliament should go in that direction. We did not have that information and we were not in that position last June.

I think it would be doing much less than justice to the importance of the Massey report if I did not say something concerning it at this juncture. I do not want to prolong these remarks nor do I want to duplicate what I trust has been the work of all members of this house in studying this report, but there are some highlights that have a direct bearing upon this important question to which I have alluded and the matters of policy involved in the resolution under discussion at the moment.

In order that there may be no misunderstanding, may I say that I felt that when the minister spoke on this subject on June 29 last he did not do justice to what I thought of the importance of the commission itself and of its report. I consider that the work undertaken by that commission was of the highest importance. I recognize the eminence in their respective fields of the members of that important royal commission. I know several of them personally and I would be the last person to question their high standing in the fields in which their endeavours have lain. Their report is a formidable and weighty document which is entitled to the most serious consideration and respect on the part of all members of the house. It is significant that this report has evoked very widespread public interest. So far as the debate today is concerned, it obviously can relate to only one branch of the study undertaken by the royal commission and actually only one chapter of their report, namely, chapter 18 in which the commission reviews the questions of radio broadcasting and television and makes its report with respect thereto.

It will be borne in mind that the report contained in chapter 18 is a majority one subscribed to by four members of the commission and expressly dissented from by Dr. Arthur Surveyer, a very eminent engineer, who wrote a minority report and has given us therein the assistance of his well considered views described as his "reservations and observations", which likewise are entitled to serious consideration and the greatest respect on the part of all members of the house. Let us bear in mind also that as an eminent engineer Dr. Surveyer is perhaps better qualified to speak of the technical problems of radio broadcasting and television than other members of the commission.

Now, sir, what is to be said concerning the report of the Massey royal commission dealing with it under these several important heads of control of radio broadcasting, internal affairs of the Canadian Broadcasting Corporation, finance and television? I shall be as brief as I can in indicating what I deem to be the important highlights and their relationship to the subject under discussion today.

In the first place—and for our purpose this is among the most important of the recommendations—the majority have recommended that the present system of control of broadcasting in Canada should be continued.

Unlike Dr. Surveyer, the majority recommended the continuance of the present system under which the Canadian Broadcasting Corporation, through its board of governors, not only conducts broadcasting but also regulates and controls all forms of broadcasting in Canada.

There is a salutary and I think important recommendation by the majority that an appeal should be provided at the instance of those who consider themselves aggrieved by the corporation in what amounts to a substantial miscarriage of justice, and that they should be allowed to appeal from a decision of the board of governors to a federal court. The minister has indicated that the bill will propose that that appeal will lie to the exchequer court. We trust that when we see the bill we will not find the terms of appeal too narrow or restricted.

As to the tenure of wavelengths by licensees of those wavelengths, the majority of the royal commission have recommended that the term of the licence should be extended from three years to five years in the interest of the development of policy and operations on the part of those engaged in private broadcasting.

Second, the report contains some interesting and noteworthy recommendations as to the management by the Canadian Broadcasting Corporation of its own operations and affairs. It is recommended by the majority that the corporation should refuse all local commercial business for those stations which it operates directly, except in places where advertising service from private stations is not available. Again, at page 291 it is recommended that the board of governors should refuse all commercial programs not acceptable in content and that they consider the possibility of eliminating some of the less desirable commercial programs now carried and of replacing them by programs more appropriate to Canadian listeners. At page 292 it is recommended that the corporation make a careful study of its own bylaws and regulations with a view to rescinding or amending those no longer applicable to existing radio broadcasting conditions. I think that will interest the parliamentary committee when it sits.

Again, there is a matter that has greatly concerned some of us who have sat as members of the radio committee in recent years. It is the very broad powers reserved to the corporation with respect to facsimile broadcasting. This is a field in which the Canadian Broadcasting Corporation, if it chose to exercise the powers that it possesses under the Canadian Broadcasting Act today, could enter into the most direct competition with every newspaper in Canada on such terms that it could make it very difficult for almost every Canadian newspaper to compete with it. That problem has been recognized very properly by the majority of the royal commission, and on page 293 we find this recommendation:

> That in any development of newspaper facsimile broadcasting in Canada, government control be limited to the technical control necessary to ensure that broadcasting channels for this purpose are equitably and efficiently assigned.

In my submission it will continue to be the duty of every member of this house to see that sufficient restrictions are imposed by parliament upon the almost unlimited powers of the board of governors under this act so that the threat shall not be held, directly or indirectly, over the newspapers of Canada of the corporation, if it chooses to exercise these wide powers, entering into competition with them on terms that would be beyond the power of practically all Canadian newspapers to meet.

As to the programs of the corporation, the royal commission has made a number of recommendations. They are found at pages 297 to 299, but time does not permit me to review them. I think they are matters, however, that should engage the attention of the parliamentary committee when it sits.

I come now to the important question of finance because here the royal commission, while it has dealt in a rather terse manner with this subject, has nevertheless made recommendations of far-reaching importance. The problem of the corporation is described in these terms by the royal commission at page 293:

> The C.B.C. has stated that in order to maintain services even at their present level it requires about $3 million a year in addition to its current income of approximately $7,500,000. For the improvement and extension of its services, it requires another $2,200,000, making a total annual budget of about $12,700,000. If all the local and the less desirable national commercial programs are dropped, the corporation will require an additional $1,500,000—some $14,200,000 in all.

It will not have escaped the attention of the house, I am sure, that the figure proposed in the resolution with respect to the amount to be voted to the corporation annually for a period of five years, namely, $6,250,000 per annum, will bring the income of the corporation up to the figure of $14,200,000 named in the report. Let us remember, sir, that that figure, if we approach this on the basis of fulfilling the recommendation of the royal commission, contemplates that the C.B.C. shall step out of the field of commercial broadcasting in at least the fields indicated by the royal commission in the recommendations which I read a moment ago. And that will involve a surrender on the part of the

corporation of revenue amounting at the present time to about $1,500,000 per annum. If parliament is to be asked to vote this substantial sum of money, $6,250,000 per annum for either a one-year or a five-year period, then we shall wish to be assured that it is on the basis that the content of the corporation's programs is to be improved by the elimination of these commercial and advertising features.

The majority of the commission has summed up its view in these words on page 294 of the report:

> We see no solution to the financial problem of the C.B.C. except in additional support from public funds.

Sir, we of the Progressive Conservative party, bearing in mind we have advocated the abolition of that $2.50 licence fee on receiving sets, of course accept the position that it is to parliament and to parliamentary grants that the corporation should look for the revenues legitimately needed to carry on its proper operations. I take note, of course, Mr. Speaker, of the recommendation on page 295 that parliament should provide a grant for a period of five years, because I am coming back to that in my closing observations. It seems to me there is an aspect there that is worthy of serious consideration.

In regard to television, sir, the majority has recommended in effect that the present system of control should be continued. I shall have something further to say about that in a moment; but I do note that even the majority did recommend on page 305 of the report that there should be a further review of this whole question of television broadcasting in Canada three years after the commencement of regular Canadian television broadcasting.

The minority report, sir, is worthy of special mention in respect to this motion. I have said something about the competence of the author, Dr. Arthur Surveyer. Dr. Surveyer, in his minority report, at page 386 has drawn attention to the importance of the broadcasting carried on in Canada over private stations. In section 8 of his report at page 386 we read:

> There is a tendency on the part of the general public to minimize the importance of the private stations within the national broadcasting system. There are at present 150 broadcasting stations in Canada; 15 are owned by the Canadian Broadcasting Corporation, and 135, or 90 per cent of the total, are privately owned. The three Canadian Broadcasting Corporation networks consist of 14 Canadian Broadcasting Corporation stations and 68 community station affiliates, plus about 20 supplementary affiliates. The total national broadcasting system therefore consists of 102 stations, nearly 86 per cent of which are privately-owned.

That is a factor that I think is very often overlooked by those who tend to deal in general glosses and in sweeping general statements about the subject of transcontinental broadcasting. Dr. Surveyer has recommended that the control functions and the operating functions of the corporation should be separated from one another, and he has recommended that the board of governors should be reduced from its present number to a board of four, consisting of the chairman, and three directors, and that that board should carry on the function of broadcasting, the operating function of the corporation. That is more particularly set out in his report, but I do not take the time to refer in greater detail to it. He then recommends that there should be established a separate board, a publicly appointed board, operating in the public interest to discharge the duties at the present time discharged by the Canadian Broadcasting Corporation in relation to the control and regulation of broadcasting in general in Canada. He proposes that that board should consist of five directors, and should be called the Canadian broadcasting and television control board.

Sir, it should be within the function of the special committee of the house now proposed to be appointed to examine into that question and to weigh it with due regard for its own intrinsic merits as well as the importance of the subject in relation to which the recommendations are offered. That committee should be entitled to go into the whole subject of control.

On the second question in relation to finance, Dr. Surveyer has made some important observations, from which I have chosen just three brief ones, the first to be found at page 399 and the second two on page 400 of the report. In the first he says:

> There is no doubt—

And here he is speaking of the recommendation of the majority that by parliamentary grant the total annual income of the corporation should be increased to a sum of $14,200,000. I continue:

> There is no doubt that the Canadian Broadcasting Corporation should be granted whatever amounts are needed to maintain an adequate service both in broadcasting and telecasting for the purpose of fulfilling the aims of the Canadian Broadcasting Act. Although the expenditures of the Canadian Broadcasting Corporation appear reasonable when compared with those of the British Broadcasting Corporation, the commission does not know whether or not the operations of the corporation are efficient, nor if substantial savings could not be realized by entrusting the production of commercial programs to private producers.

I say to the house, sir, that that is a subject on which the house committee, if it does its duty, ought to make diligent inquiry. The second extract is this:

> The estimated amount of $14,200,000 is certainly expendable and it is doubtful if anybody can offer a reliable estimate of the probable requirements of the Canadian Broadcasting Corporation for the next

three or five years. The replacing of some of the American programs by Canadian programs, although desirable, will be difficult and expensive.

And then in the third extract, in indicating his general agreement with two of the recommendations of the majority, he adds:

I doubt if the population of Canada will grow rapidly enough to keep up with the increase in the Canadian Broadcasting Corporation's yearly expenditures. Eventually, either the licence fee will have to be increased or the statutory grant raised, unless substantial savings can be realized.

Sir, into all these questions, the needs of income and the possibility of effecting savings, diligent inquiry ought to be made by this parliamentary committee. Without going at this moment in greater detail into the views expressed by Dr. Surveyer in relation to the field of broadcasting, I feel that I must come now to my concluding remarks.

I hope, sir, that there will be the broadest study undertaken by the committee; that there will be no limitations within the range of those views expressed both by the majority and the minority reports of the Massey commission on the scope of the inquiry to be conducted by the committee. I want to see the committee examine all aspects of policy of the corporation and to conduct a diligent inquiry into the finances of the corporation so as to determine carefully the legitimate needs of the corporation. I do urge, Mr. Speaker, that parliament should assume a special responsibility in this vitally important field of broadcasting, and maintain the closest possible contact at all times with the Canadian Broadcasting Corporation and its operations, its policies and its functions. In no other way can we assure the maintenance of parliamentary control and the elimination of any attempts at governmental control over the corporation. Also in fairness to the board of governors and those who are responsible for the maintenance and operation of the corporation, let us assure that they will know what parliamentary policy is and that they will have the full assistance of the views of parliament in shaping their course.

In considering the importance of maintaining parliamentary control, I come lastly to this question whether parliament should be invited to commit itself for a period of five years to grants of $6,250,000 per annum, involving as that does important departures from the policies that have guided parliament and the corporation heretofore in their relationships with one another. In my submission it will not be possible to maintain that close association between parliament and the corporation which is so vitally necessary, if no opportunity is provided each year for parliament to review the policies of the corporation and decide whether, in the light of these policies, the parliamentary grants should be made. Let us bear in mind that if the bill takes the form adumbrated in the resolution now under discussion, parliament will be enacting a measure under which no opportunity will be provided during the next four years for considering whether it ought to provide $6,250,000 per year. The nature of this legislation is such that parliament commits itself now for a period of five years. There will be no occasion, therefore, for the government to come each year during the five-year period to ask the house to vote a sum of money as an annual appropriation for this purpose. I consider that to be wrong in principle. I consider it to be not only desirable in the interests of a healthy relationship between the corporation and parliament, but also needful in order to keep parliament in close contact with broadcasting policies, that parliament should be invited year by year to make that grant.

I am not unmindful, sir, of the fact that the corporation desires to prepare for its expansion and other schemes with due opportunity for planning them in advance. I hope the corporation and the board of governors will give the members of this house credit for enough goodwill towards them, and enough intelligence in connection with these matters, to be sure that we will have regard year by year within this five-year period, or any other period, to the necessity of enabling the corporation to make adequate plans for whatever expansion of its services may be required and—let us never forget this—as may be approved by parliament. I would deplore parliament taking such action on this measure as will put it beyond the power of parliament for a period of five years to conduct an annual review of the policies and financial position of this corporation. I believe that would be a departure to be deplored by all who desire to see parliamentary control over the Canadian Broadcasting Corporation preserved.

It seems to me there ought to be a sum introduced in the estimates annually to provide an opportunity for discussion in parliament and for review by a parliamentary committee. For the first time that I can recall we had an example in the 1950 session, when estimates were actually referred by the house to the special committee on radio broadcasting. There were only two items, and they concerned international shortwave broadcasting; nevertheless it gave the committee an opportunity of conducting a detailed analysis and scrutiny of the proposed expenditures under those two items. If we are going to come to substantial items like $6,250,000 per annum for a period of five years or perhaps longer, then I believe it is the immediate

duty of parliament to ensure that that be done in such a way that parliament will have an opportunity for annual discussion, and that a committee of this house will be appointed annually to make a detailed review of the proposed expenditures.

I say that we want to see an adequate definition of how any money to be provided by parliament is to be expended by the corporation. We want to see that parliamentary control is maintained without any restrictions. We will not accomplish that unless each year an item is provided in the estimates for this purpose. The mere appointment of a parliamentary committee will not guarantee it, because I remind you, sir, that it has been our experience in the past that the committee has not reported until the dying days of the session. Then no opportunity has been provided by the government for a discussion of the report of that committee. If an item is put in the estimates each year that will guarantee to parliament the right to review the policies of the corporation, measure and weigh its requests for further appropriations, parliamentary control will be preserved for the good of parliament, for the good of Canada, and for the good of the Canadian Broadcasting Corporation.

Mr. M. J. Coldwell (Rosetown-Biggar): I would say immediately, Mr. Speaker, that I agree with the hon. member for Eglinton (Mr Fleming) that an opportunity should be given this parliament every year to review the work and activities of the Canadian Broadcasting Corporation. I do not think there is any question but that all hon. members in this house want to see the corporation remain responsible to parliament, and be subject to parliamentary control.

It is not often that one can look back over the years and pay something of a tribute to those who have preceded us in this house, particularly those with whom we have violently disagreed. My mind goes back today to the origin of our public broadcasting system; to the Aird commission on which so many distinguished citizens served, some of whom have passed away. It is interesting to look up the records and see the concept that was in the mind of the parliament of Canada and of the government of that day, as to what should be the purpose and function of a Canadian broadcasting system. The resolution which preceded the setting up of the publicly owned system was a simple one. It was moved by Right Hon. R. B. Bennett, and stated:

> That it is expedient to bring in a measure to provide for the constitution of a commission to be known as the Canadian Radio Broadcasting Commission, for the purpose of acquiring, operating, regulating and controlling radio broadcasting in Canada.

The motion was agreed to. I wish today that all hon. members would read the speech made by Mr. Bennett on that occasion. It is found on pages 3035, 3036, and 3037 of *Hansard* for May 18, 1932, and I shall quote from it. This speech was made on second reading of Bill No. 94, and Mr. Bennett said:

> Secondly, no other scheme than that of public ownership can ensure to the people of this country, without regard to class or place, equal enjoyment of the benefits and pleasures of radio broadcasting. Private ownership must necessarily discriminate between densely and sparsely populated areas.
>
> This is not a correctable fault in private ownership; it is an inescapable and inherent demerit of that system. It does not seem right that in Canada the towns should be preferred to the countryside or the prosperous communities to those less fortunate. In fact, if no other course were possible, it might be fair to suggest that it should be the other way about. Happily, however, under this system, there is no need for discrimination; all may be served alike. Equality of service is assured by the plan which calls for a chain of high power stations throughout Canada.

Then skipping a few words, we find this:

> The use of the air, or the air itself, whatever you may please to call it, that lies over the soil or land of Canada is a natural resource over which we have complete jurisdiction under the recent decision of the privy council. I believe that there is no government in Canada that does not regret today that it has parted with some of these natural resources for considerations wholly inadequate and on terms that do not reflect the principle under which the crown holds the natural resources in trust for all the people . . . Then there follows, of course, the provision for the commission expropriating stations when it is in a position financially so to do, with the limitations to which I have referred, and those expropriations will be made at such time and under such circumstances as will enable the commission to discharge its duties without incurring large financial obligations.

Those were the views expressed by the leader of the Conservative party, the leader of the Conservative government. We have departed far from that today. The argument which was advanced this afternoon by the hon. member for Eglinton (Mr. Fleming) was that since 86 per cent of all the stations in Canada are owned and operated by private interests, the Canadian Broadcasting Corporation should be set aside as the regulatory power and some other body should be set up to judge between the C.B.C. and the private stations which Mr. Bennett said would have to be expropriated and eliminated, that is, the 86 per cent of the private stations that now remain in operation in Canada.

I recollect distinctly, because on that occasion I was in the house, on June 15, 1936, when the new Canadian Broadcasting Corporation was to replace the old commission, Mr. Bennett expressed some misgivings about the matter. He feared this would mean that more licences were to be given to private stations. He feared that the control of broadcasting would slip from the hands of the

Canadian people; and he stated his position in words which I am also going to put on the record. As reported at page 3710 of *Hansard* of June 15, 1936, he said this:

> We know—it is not merely guessing—that very large numbers of people are constantly seeking licences for broadcasting stations. If the political department—

It was proposed that the licences should now be placed under the jurisdiction of the Department of Transport.

> —I use the word in its broad sense—is to deal with these applications, an inevitable result will follow. Hon. members of this committee must know that applications were refused by the commission, because part of the basis of the complaints against the commission was that it would not continue to grant licences. All you have to do is grant enough licences and you destroy the public character of Canadian broadcasting. At the moment we have secured the ownership of this facility, or utility, or whatever you may call it, in the people of Canada, and we have ensured it against destruction by private interests, but the private interests have been very vigilant.

Have we not seen that over the years in the house and in the radio committee?

Mr. Knowles: We have seen it today.

Mr. Coldwell: To continue:

> They have been watchful in their own interests and have determined that if it is within their power, this faciliity is not to function as a public enterprise. They have determined fairly and legitimately, so far as that is concerned, to destroy this publicly owned facility. Their idea is that it should be in the hands of private enterprise. The two or three great enterprises across the line have watched with increasing anxiety the operations of this publicly owned facility.

May I just say that that operation is still watched by the same corporations in the United States but more particularly, Mr. Speaker, by many people adjacent to the Canadian border in the United States. I have met many of them as far south as Connecticut, right across through the states of New York and Massachusetts, who listen to our Canadian broadcasts. They tell me that the news service is more objective. They tell me that our programs are better conceived and that they are devoid of objectionable and constant advertising. The people who live along our border and who listen in, particularly those who are interested in this kind of thing—in the good things, and the better things of life, perhaps—are exceedingly complimentary to the Canadian broadcasting system. I continue to quote:

> They do not desire that their privately owned enterprises should be regarded merely as tentative experiments; they wish to continue as a privately owned enterprise and not be merged in a publicly owned and controlled broadcasting system such as we have in this country.
>
> I point this out because if broadcasting in Canada is to be in the hands of a corporation, and that is what the report of the committee recommends, then you will have to ensure its continuance and life. If a department of government is to determine whether or not additional licences shall be issued for private stations, I say again that will mean the end of our publicly owned radio broadcasting facilities.

Those are not my words.

Mr. Pouliot: Will the hon. member permit me to interpose a remark?

Mr. Coldwell: Yes.

Mr. Pouliot: I should like to point out that the remarks he has quoted were not a speech but rather a sermon.

Mr. MacInnis: It was a good sermon anyway.

Mr. Coldwell: I have quoted those remarks because I believe that because they were said in the house they are worth putting on the record today when we are considering the resolutions moved by the minister which visualize the strengthening of our system of public broadcasting. It is because we think that the proposals made by the minister will strengthen this great instrument of public education and public information in this country that we are happy indeed to welcome them; and we shall be glad to review them carefully when they are in committee.

I want to say that in my opinion the Massey report is an excellent one in every respect, but perhaps more particularly—at least from the point of view of the matter we are discussing today—in connection with radio broadcasting. It confirms the opinion many people in Canada have held, backed by evidence, that our people generally want publicly controlled broadcasting under a distinctly Canadian public authority and system. Of course this was evident in the submissions that were made to the Massey commission by nation-wide organizations such as the United Church of Canada, the Canadian Federation of Agriculture, the Canadian Teachers' Federation, both congresses of labour and so on. As a matter of fact, at page 28, the Massey report quotes the Canadian Congress of Labour:

> Without public radio in Canada we would have "a carbon copy of the American system and a carbon copy made in the United States at that" said the Canadian Congress of Labour . . .

—which is even more important. Of course the report notes, and quite properly, the difficulties in a country of this description where we have two official languages, six time zones and a population scattered over a wide area of territory.

As I have already quoted, when the first plan was placed before the house Right Hon. R. B. Bennett had that very much in mind. May I also add—perhaps I should have said it before—that the expressions of opinion

at that time by the then leader of the government were echoed by Right Hon. Ernest Lapointe and others who occupied seats in the official opposition of that day.

The report says, and I think correctly:

> The Canadian national broadcasting system is the result of ingenious improvisation to provide speedily an extensive service in a country where adequate coverage is perhaps the most expensive and the most difficult in the world.

That is taken from page 27 of the commission's report. I believe to a very great extent the present broadcasting system in Canada does carry out in large measure the intentions expressed in the Aird report which was presented in 1929. The report states that this view was confirmed by many of the delegations and individuals appearing before the commission and continues in these words:

> Three statements were made repeatedly. First, national programs have been received with appreciation throughout the country . . . Second, the existence of the nationally-controlled system of broadcasting was acknowledged as the only means whereby Canadian radio could have maintained a Canadian character . . . Third, the national system . . . has contributed powerfully, . . . to a sense of Canadian unity. It does much to promote a knowledge and understanding of Canada as a whole, and of every Canadian region, and therefore aids in the development of a truly Canadian cultural life.

And, of course, because of the peculiar difficulties in this country in any event, whether that was desirable or undesirable it could not have developed along purely commercial lines as it has done in the United States, because it was not commercially profitable to give network service to scattered areas. Hence if it had developed along commercial lines it would have been cheaper to import United States programs, through being outlets for their broadcasting systems, or by transcription recordings, and consequently we would have been subjected to United States programs to a far greater extent that we are today.

Experience in the United States shows that commercialism does upset the kind of balance in programs that it was wished to maintain in Canada. As a matter of fact in the United States there is very little interest in minority groups throughout the country. We have given a great deal of attention to the rights of minorities within the Canadian broadcasting system, and quite properly so. Radio time in the United States is more a matter of entertainment, and less one of educational facility.

I was interested to read something in the Beveridge report presented to the parliament at Westminster. In Great Britain they have had the B.B.C., the British Broadcasting Corporation, for a longer period than we have had the C.B.C. It was very thoroughly and carefully investigated in 1949. I believe the report was submitted some time last year. The Beveridge committee, speaking of the B.B.C., had this to say:

> The broadcasting authority in allotting opportunity for ventilation of controversial views should not be guided, whether by simple calculation of the numbers who hold such views or by fear of giving offence to particular groups of listeners.

And it goes on to say this:

> Listeners should understand that while the B.B.C. must be impartial in admitting controversy to the microphone, this does not mean that every talk must be impartial.

In other words they laid down as a fundamental principle, which I hope our own C.B.C. will continue to follow—as I believe they have to a very great extent in the past —that of continuing freedom of discussion, even of views unpalatable to many. I have heard programs over the C.B.C., statements made in discussions, with which I did not agree and could have criticized most vehemently. But I think it would be a terrible mistake to treat the Canadian people like children and, because certain views expressed on the radio are unpalatable and disliked by majorities in the country, order that they should not be allowed to be expressed. I listen to broadcasts that are under critical discussion, and disagree with much that is in them. I refer, for example, to those of Dr. Hoyle, Bertrand Russell, and others. I have listened with equal attention to the very fine broadcasts by dignitaries of the Roman Catholic church, the Anglican church and the United church. Indeed, I believe four of the most interesting broadcasts to which I have listened for a long time were given over the "Sunday evening hour" within the last month or six weeks. Taking part were a Roman Catholic priest, an Anglican clergyman, a Baptist, I believe, and a Congregationalist, all speaking of the development of Christian thought.

If we are to have the kind of broadcasting system we should have, then I believe there should be an opportunity for the presentation of all views, provided of course that they are stated in a proper and decent manner and without abusing those who disagree with them. I believe that is the manner in which a democratic country should conduct its business. Anything less than that is not democratic.

I confess that I have letters on my desk upstairs objecting to some of the broadcasts I have mentioned and with which I may disagree. I do think, however, that views expressed over the C.B.C. should be those held by authoritative persons. And if we cannot refute those views, then there is something wrong with those of us who hold

views differing from the ones expressed. I say then that we must safeguard carefully the right of free speech in a democratic country.

I want now to say something about the position of the local station in our broadcasting system. I agree with what has been said in the Massey report, that local stations do perform a valuable service to the community. I would not wish to see them eliminated. But if they are to do the kind of job they should do for the community, then I say they should endeavour to give opportunities for local talent to develop in their communities. The Massey report criticizes some of the private stations very sharply indeed because they have neglected to do that.

Moreover, the Massey report refutes the idea that private stations have any inherent right to the broadcasting channels. Mr. Bennett pointed that out on several occasions, and it has been pointed out also by others who have spoken in this house, including the Minister of National Revenue (Mr. McCann). They have no inherent right to use the airways. They are public property, and we grant those airways as a trust to the people who use them. The Massey report points out that the programs offered by some of these stations are often very regrettable. They sampled five private stations and at page 39 of the report they have this to say:

> There is no apparent attempt to fulfil the proper function of the local station as we understand it: to reflect the life and interests of the community, and to use and develop the local talent available.

And at page 40:

> After a careful consideration of the evidence available, we are convinced that only very rarely can limited revenue be advanced as an extenuating circumstance for this inexpensive and unimaginative programming.

May I say also that the report criticizes the Canadian Broadcasting Corporation in that respect because the corporation has both the authority and the obligation under the statute to see to it that stations granted monopolies of airways fulfil the functions that are expected of them. I know when I sat on the committee several years ago I asked for the logs of several stations across Canada. Most of those stations completely violated the idea that lay behind the granting of licences, in that they neglected to use local talent and spent far too much time on advertising. The Aird commission recommended that no more than 5 per cent of broadcasting time should be devoted to advertising, yet when I turn on my radio to a station not far from where I am standing at the moment I find all sorts of advertising interrupting the programs coming over the air.

Mr. Knowles: Actually it is the program interrupting the advertising.

Mr. Coldwell: That may be putting it a little better; that certainly may be another way of putting it. It is the duty of the corporation to see that that is not so. The corporation has not carried out its duty in that respect. It should do so if it expects to have the support of this house in voting large grants of money to the corporation. The report stated:

> Some local stations do meet a need in providing local advertising, local news and other community services.

And then at page 40:

> —the C.B.C. is in general performing its duty satisfactorily, sometimes even admirably, in providing appropriate and varied programs less admirably does it exercise its responsibilities of control.

As I have said already, this failure must be noted by the board of governors and remedied. I think perhaps the commission might have said more about the concentration of ownership and control of radio stations in this country. I do not think it is healthy that one group of individuals should control four, five, six or even more stations like the Thomson group in Ontario, which also controls many local newspapers. One of the menaces to freedom of speech and freedom of news and all the rest of it is the concentration of control over news services and facilities. It is noted in the report that forty-one stations are owned in whole or in part by newspaper interests.

A few moments ago the hon. member for Eglinton (Mr. Fleming) suggested that facsimile broadcasting should be most carefully controlled as it might compete with newspapers. I am always interested in hearing persons who believe so completely in free enterprise indicate how anxious they are to prevent competition with facilities of which they approve and sometimes—of course I am not saying this of the hon. member for Eglinton—in which they are directly interested. The concentration of the ownership of newspapers and radio stations means that the traditional freedom of the press is losing much of its meaning these days. The report states:

> The most important function of private stations, however, is that they serve as regular or occasional outlets for national programs, thus giving to the national system a coverage which could not otherwise be achieved except at great public expense.

In other words the private stations can be separate, yet complementary to and to a degree in competition with the national system. We found in days gone by that when stations were not affiliated with the C.B.C. they complained. Why? Because they found it a profitable thing to be affiliated with one

or other of the C.B.C. networks. The principal complaint by the Canadian Association of Broadcasters is that the C.B.C. is at the one time competitor, regulator, prosecutor, jury and judge. The report states at page 283:

> The principal grievance of the private broadcasters is based, it seems to us, on a false assumption that broadcasting in Canada is an industry. Broadcasting in Canada, in our view, is a public service directed and controlled in the public interest by a body responsible to parliament. Private citizens are permitted to engage their energies in this service, subject to the regulations of this body . . .

And again:

> But that they enjoy any vested right to engage in broadcasting as an industry, or that they have any status except as part of the national broadcasting system, is to us inadmissible.

I have not the time to discuss the views expressed in the minority report, but I notice that while Dr. Surveyer expressed some disagreement with the majority report he was in agreement in certain important particulars with that report. He agreed with the other members that private stations should not be allowed to enter into agreements with United States networks or organize and own separate networks without the permission of the regulating authority.

I must go on to say just a word about financing. The resolution and the bill to be introduced foreshadow the provision of more adequate financing. The report indicates quite clearly that the C.B.C. cannot continue to operate with funds that were considered adequate ten years ago in view of the increased cost of everything. The commission advocates a combination of the present licence fee, as the hon. member for Eglinton (Mr. Fleming) pointed out, commercial revenue and a public grant to make up a total of approximately $1 per head of the Canadian population, and that this be statutory. My colleague the hon. member for Winnipeg North (Mr. Stewart) suggested two or three years ago in the house that we should do away with the licence fee altogether and by statute set up an annual payment to the broadcasting corporation equivalent to $1 per head of the population. The amount proposed by the Massey commission amounts to $1 per head of the population, and in view of the difficulties and cost of collecting the fee I think there is some merit in the suggestion made several years ago by the hon. member for Winnipeg North. Incidentally, it has been approved quite recently by some newspapers, including the Toronto *Globe and Mail*.

I know that it is difficult to collect the licence fee. Some people escape it while others find it difficult even to pay the $2.50 a year that is required. I want to say frankly that as far as I am concerned I believe the return we get for that relatively small fee is greater than the return we get for any other payment we make in connection with our daily lives in this country. Personally I have no objection to the fee, but there are difficulties. I think it would be wise to consider the elimination of much at least of the commercial advertising, and if we are going to make a grant let us make it on the basis of $1 per head of the population and discontinue the licence fee altogether. We think this suggestion is worthy of consideration by the committee and the government. Failing that, we shall support the idea of making a grant to bring up the revenues of the corporation, as suggested by the minister this afternoon. We must make sure that the C.B.C. has sufficient funds to carry on the important work it is doing and to keep it independent and responsible to control of parliament.

I was going to say something about programs, but time will not permit me to make more than a passing reference to some of them. I think that because of the need for revenue we have had some wretched programs on the C.B.C. I do not know why these singing commercials and the drivel in the soap programs should continue to be put over the air. I think it is an insult to the intelligence of the Canadian people. I think those who sponsor these singing commercials must regard the people of Canada as a nation of morons. The thing is absurd. It is an insult to us, and the sooner these soap operas are out of the way the better.

Mr. Knowles: They should be washed out.

Mr. Coldwell: Washed out, yes. People who go over to the United States tell us that soap is less expensive there than in our own country. Of course they have more advertising over there, but they have a larger population. I do not know how much is put into these soap operas except that six or seven years ago I saw a report in a United States consumers pamphlet to the effect that the soap companies were paying $30 million a year to the various broadcasting stations in that country for the advertising of soap and soap products. I do not know what they are paying now, but I should say it is much more. Much of the advertising is just unqualified falsehood. You have the same company advertising three or four different brands of soap and telling you that each one is better than all the rest of them. They cannot all be telling the truth.

Mr. Low: Each washes whiter than the one before.

Mr. Coldwell: Yes. I said at the outset that some of our broadcasts are listened to with a good deal of appreciation. I have criticized commercial programs, but there are some good ones. I should like to pay tribute to one among others which I enjoy every Sunday evening in the winter when I am at home, "Singing Stars of Tomorrow". I think the several companies that have been responsible for that program should be congratulated. While I criticize many commercial programs there are some—and this is one of them—that perform a very useful service to the Canadian people. Since I am critical of advertising programs, I want to say that there is a minimum of advertising on that program. Then there are the Wednesday night programs, the "Stage" programs which are now rebroadcast in the United States by one of their companies, and so on.

I noticed that the commission was critical of talks, but it is interesting to note that more than half of the seventeen talks listed on page 29 of the report were commended. I believe the corporation is performing a very useful function in encouraging Canadian composers, writers and singers to give of their talents to the people of Canada in the opera from Toronto, the various symphonies in different parts of Canada and the drama. I think that Canada is well served in these respects.

I have already exceeded my time, and while there were other matters with which I wanted to deal, I shall only say a word about television. I agree with the recommendation at page 303 of the report, which reads:

> That no private television broadcasting stations be licensed until the Canadian Broadcasting Corporation has available national television programs and that all private stations be required to serve as outlets for national programs.

I think that is fundamental to anything we do in television. We must keep this great facility as a public utility and not allow it to be prostituted by private interests in the manner in which it is being prostituted in the United States. Therefore I am glad to see the committee appointed. I think the radio committee has performed a useful function in the past, and I am sure the committee now proposed will do so in the future. I have pleasure in supporting the setting up of the committee.

Mr. Solon E. Low (Peace River): Mr. Speaker, I am quite sure the minister who introduced the resolutions would feel that he would like an expression of views on them from all groups in the house. It is for that reason I feel that I should speak for a few minutes this afternoon with respect to the two resolutions that have been proposed by the Minister of National Revenue (Mr. McCann). I cannot claim to be an expert on radio. I listen once in a while when I get time. I enjoy the news very much, and I think I might say here that the way the C.B.C. handles news broadcasts is most commendable. I have never had anything but the highest respect for these broadcasts. They are never slanted in any particular direction. I think they are factual and objective, and I want to pay a tribute to those who gather and broadcast the news regularly. I find that perhaps the most enjoyable part of my radio experience is tuning in on the news.

I cannot say the same about commentators. I shall have something to say about that matter a little later on. As I say, I am not an expert but I feel it is important that someone from my group should express an opinion with regard to the two resolutions and the Massey commission report. I have read, indexed and tried to digest the Massey commission report. I have enjoyed it. I think it is a document that will prove to be exceedingly useful to the Canadian people for many years to come. It contains a great many things with which I find myself in agreement. Other things are still open to debate in my mind. Perhaps as the days go by I will come to appreciate the views of the majority more. If so, very well.

In appraising the value of the report of the Massey commission I have tried to consider the views of the minority report that were submitted by Dr. Surveyer, along with the views of the majority. I just want to say that much about the report in general before I go on to discuss the two resolutions before the house. I am glad the minister has seen fit to set up a committee this session to examine into all these matters pertaining to the policies being followed by the C.B.C., their finances, and all these things that are relative thereto. I hope the committee will dig into all the questions that have been raised here this afternoon by speakers who have preceded me, and indeed by the minister. When he spoke he named quite a number of different and important subjects which would be considered. I hope the committee will dig right into them. I should like to say just a word about some of the chief headings that were dealt with by the minister.

In the first place, I think the minister mentioned the matter of freedom of speech. I think he had in mind what I have in mind; I will not say the great number, but at least the substantial number of criticisms one hears as he goes about the country and talks to people who are real fans, people who live in homes where they have the radio on most

of the time, or in hospitals or in homes for incurables or aged people. Their views are pretty sound as a rule. Well, I hear criticisms, as doubtless the minister hears criticisms, about various phases of C.B.C. policy. I am sure he must have in mind some of these when he spoke about the committee digging into the whole question of to what extent the Canadian Broadcasting Corporation does adhere to the principle of free speech. I have heard complaints from widely scattered parts of Canada with regard to the red and pink propaganda that does find its way over our air waves. My own opinion—formed, I must say and admit, from a limited experience in listening to them—is that the roster of C.B.C. commentators has been for some years quite heavily weighted toward the left. That is what one hears pretty well over the country. The hon. member for Moose Mountain (Mr. Smith) mentioned something of that in his speech the other day. He put his finger right on what is considered to be, in the west at any rate, one of the great criticisms of the C.B.C. Pretty generally over the years the news commentators have somehow been selected so they have been weighted pretty much to the left.

Let me express what we believe about freedom of speech. I believe that any body like the C.B.C. is adhering closely to the principle of freedom of speech in this country when they make certain that all sides of the question are given public hearing; but they are not adhering to the principle of freedom of speech when the commentators, and so on, are weighted heavily on one side. We have no objection—I personally have no objection—to giving any man an opportunity to express his views. I do not think it is going to hurt the Canadian people to hear those views; but one thing I do object to, Mr. Speaker, is the continual pounding, pounding, pounding of indoctrination, in an attempt to sway the opinions of our people; in fact to mould them into a cast. I am just afraid that has been all too frequent in our experience with the Canadian Broadcasting Corporation. It may be that the present management and board of governors are doing something about it; I hope so. But they must understand how difficult it is for the people in any community to exercise the slightest control over such commentators, over such propaganda, because they are too far away. It is not as if they could impose pressure upon their local station.

I can quite appreciate what the people of the Peace River would do if, for instance, a man like—and I speak of him with all respect—Dr. Brock Chisholm should attempt to impose what I would call his poisonous mind upon those people over radio station CFGB. The people in the Peace River country would mighty soon put the pressure on CFGB and make certain that somebody got on the air to answer Brock Chisholm and put the matter right to the people of that community. By that method they could exercise a certain amount of local control over the kind of thing they get over their stations, Mr. Speaker, which they cannot exercise now because of the gross centralization of power in the C.B.C. It is that sort of thing the people in many sections of Canada deeply resent about the C.B.C., that they have nothing whatever to say about policy except as when expressed every now and again—and it is not too often—through their representatives in parliament, when some occasion makes it possible for them to air their views, as we are doing today. But that does not in any way change the policy of the C.B.C. The only way by which the policy can be changed is to have a committee called, such as we are calling now, to get down into a deep and careful study of the whole question and bring in recommendations. But that in turn, Mr. Speaker, depends on how willing the majority party in this house is to bring in recommendations. That is the thing we have to contend with.

In the absence of any vestige at all of local control I say, Mr. Speaker, that the C.B.C. ought to be mighty careful about overriding policy. While I am speaking on it, let me just say a word about overriding policy. As I gathered from the report—and I had to get it, as a matter of fact, mainly from the minority report—the overriding policy of the C.B.C. is to give the Canadian people what they ought to have, not what they want. One could debate the validity of that assumption for a long time. I am not going to attempt to do it this afternoon; but who is to say what the Canadian people ought to have? That is the question. When we appoint a comparatively small group of men to decide and to determine what the Canadian people ought to have we are placing tremendous powers in their hands, powers that possibly may be exercised for good, if we get good men, but powers that could be exercised for ill, if we got the wrong kind of men. After all is said and done, whether the Canadian people get what they ought to have is not determined by a policy that we might agree upon here. It depends upon how willing the men are to find out what they ought to have and then to give it to them, men who are appointed to important positions like the board of governors of the C.B.C.

Perhaps it is correct to say that the overriding policy of the Canadian Broadcasting Corporation ought to be to give the people

what they ought to have, but just the same I think there ought to be some care exercised in letting the people in certain localities in Canada help determine what they want, too. That thing ought to be weighed pretty carefully. I believe a good case can be made for at least a certain amount of decentralization of this whole matter of broadcasting. How in the world can people safeguard the faith, wholesomeness of mind and thoughts of their boys and girls if they are going to be subjected day after day to voices over the radio that have not the slightest conviction, the slightest evidence of faith, loyalty or patriotism in them, and especially if we have no way of counteracting that sort of thing by having them listen to men whose voices ring with faith, loyalty, patriotism and conviction. I must say, Mr. Speaker, that in the limited amount of time I spend listening to the radio I rarely hear voices that ring with those qualities. Why is that? I believe that is a question the board of governors and management of the Canadian Broadcasting Corporation will have to answer. Our people are deeply concerned about it. When it sits I hope the committee will give careful consideration to this overriding policy, and perhaps make some suggestions for improvement.

I hope the committee will also give some attention to the allocation of free time to political parties on the program known as "The Nation's Business". I am going to come to the point by saying bluntly that there is no fairness in the allocation as it stands at the present time. I have been sitting on the inter-party committee for some years, and trying my best to get a fairer distribution of time. The Progressive Conservative, the C.C.F. and the Social Credit groups agreed some time ago that the fairest division of the time on these free political broadcasts would be an equal division. As a matter of fact this was suggested by the representative of the Progressive Conservatives, and was agreed to by the other two opposition parties. But no; the Liberal members would not agree, no matter what logical arguments were presented. They were constantly swayed by the thought that because there were three parties who might be opposed to their views, and who might express that opposition on the air, they should have three times the amount of time allotted to anyone else; that is the logic that swayed their reasoning. As a result they have until recently arrogated unto themselves an unfair proportion of these free broadcasts. In recent years the allocation has been better, but it is certainly far from fair as yet.

At the present time we are engaged in a series of forty broadcasts that started on September 4 and which will end on December 11 of this year. Out of that series of forty, the Liberals took sixteen quarter hours, the Progressive Conservative twelve quarter hours, the C.C.F. eight quarter hours and the Social Credit four quarter hours. By what specious reasoning they could arrive at that sort of division is beyond me. They act as if it requires sixteen quarter hours to put over the same old stuff, but someone else who is presenting some new ideas only requires four quarter hours. What I suggest is that those who control this allocation of time are afraid to let the Canadian people hear some new ideas.

Mr. Blackmore: To hear the truth.

Mr. Low: To hear the truth; that is right. For that reason they limit them in such a shameful manner as that. I believe the committee ought to take this under consideration. When we raised this whole question of a fairer allocation of time on these political broadcasts, we were told by the management of the C.B.C. that they had nothing to do with it, and that the allocation was made by a parliamentary committee. Since they have passed the buck back to the parliamentary committee, let me suggest that one of the major responsibilities the committee should assume is a fairer allocation of time. The committee should tell the C.B.C. that is what they want. When I see the way the committee is loaded, I can fully appreciate how far we will get. I have taken a look at that.

Mr. Knowles: Better leave it to the C.B.C.

Mr. Low: Sure, the committee will say, "We will leave it to the C.B.C." It will be bandied back and forth, and we shall never get anywhere.

I come to this question of control. The minister dealt briefly with what I consider is a very important aspect of national radio. I read the Massey commission report and on page 289 I noticed they had this to say:

> We therefore recommend:
>
> d. That persons engaged in radio broadcasting in Canada be granted the right to notice of consideration by the board of governors of the Canadian Broadcasting Corporation of matters directly affecting them; the right to full opportunity to be heard in such matters in person or by counsel, and to a public hearing on request.
>
> e. That persons engaged in radio broadcasting in Canada directly and separately affected by a final decision of the board of governors of the Canadian Broadcasting Corporation on any matter in which this board has final authority be granted the right of appeal to a federal court against substantial—

Which I suppose means gross.

—miscarriage of justice.

But it has to be gross before there is any appeal. While the majority of the commission did make that recommendation, I hope the

committee in its studies will not lose sight of the three weaknesses of that position that were pointed out in specific terms in the minority report of Dr. Surveyer. One finds those three weaknesses listed on page 386 of the report. They read:

> The board of governors would become a court of first instance instead of a court of last instance, as at present, but it would still remain as judge in its own case.

Let me interpolate here, sir, that Dr. Surveyer is referring to the recommendation I read a moment ago. Then he continues:

> The fact that the court of appeal would be called upon to decide on an issue which had already been decided by the board of governors would, inevitably, prejudice the issue in favour of the governor's decision. Moreover, most cases would have technical aspects which the court would not be competent to decide, even with the help of occasional assessors. Furthermore, the majority of the questions submitted for appeal would require quick decisions which no court of justice could be expected to render in time on account of the cumbersome processes of law.

I hope the committee will not overlook those three weaknesses of the majority position with respect to control. I believe that, however desirable it may be that the control be vested in a single body under the control of this parliament, that is not possible so long as the committee that is appointed consists of a preponderance of one political party, the Liberal party that is in power. Under the existing circumstances and practices, the Massey commission might just as well have recommended that control be vested in a single political party. There is too much of politics in the C.B.C. now. I think we ought to see to it that some change is made in this matter of referring the whole consideration of policy, finances, control and what not to a committee of this house that is weighted heavily in favour of one political party. I think that is an aspect of the whole matter of control that ought to engage the attention of the committee. I suggest, Mr. Speaker, that if this parliament is really to exercise control over one centralized body, namely the C.B.C., the wise course would be to see to it that there is a more even distribution of the members of that committee. That is the only way we could ever have parliamentary instead of political party control of the C.B.C. policy.

Mr. Knowles: It might be made in proportion to the popular vote, giving the government 49 per cent.

Mr. Low: As to the matter of financing, I realize all too well that costs have increased and that the C.B.C. needs more revenue, particularly if the services to the Canadian people are to be maintained. I am glad the Massey commission did not recommend that the present licence fee be increased as a means of getting that revenue. There had been some suggestion for a few years that the licence fee be increased to $5 or $7 or some such figure in order to help to get the necessary income. I think it would be better if the licence fee were wiped out altogether. I am quite in agreement with my hon. friends to my right. I think they both feel that such a course might be better.

I am glad the commission recommended grants out of the general revenue of Canada to keep the C.B.C. going. I am quite prepared to support grants of whatever the C.B.C. requires to render to the Canadian people the services that are desirable, good and wholesome. I believe the C.B.C. has had a great deal of trouble in collecting the licence fee, that a great many people never paid a licence fee, and that the cost of collection has perhaps been unjustified in the light of what we have learned since this licence system was first introduced. I believe further that the sooner we get rid of the licences, the better.

There is one point I should like to make here, Mr. Speaker. I think the hon. member for Eglinton (Mr. Fleming) made a good point when he said he thought we should not at this time be providing grants for the C.B.C. for four or five years ahead. I believe no such thing ought to be done, unless it is made clear that the radio committee will be called each session and given an opportunity of studying the whole C.B.C. policy, what they are doing, the services they are giving to the Canadian people, and any protests the Canadian people are making, before the grant is made in the estimates. Along with the hon. member for Eglinton, I think an item should be included in the estimates each year so that hon. members of this house would be given an opportunity to discuss C.B.C. policy. I believe the hon. member for Eglinton made a right good point, and I support it fully.

As to the personnel of the board of governors and the management of the C.B.C., let me make it clear that of them I have nothing to say but the best. In my personal relations with them I have never had any cause for complaint at all. If there has been any near cause for complaint, it has been that they have not been any too clear about their own responsibilities. Perhaps that has been because they do not know exactly how far there is parliamentary control of policy. Maybe they are doubtful about it, the same as I am. I have great respect for those gentlemen, as far as I know them. I want to make it clear that I have no axe to grind in what I have said here today.

There is one other point I should like to mention before I conclude my remarks. It is in connection with this whole question of television. We in this group feel that a good case can be made out—in fact, I would say that it has already been made out—for leaving to the private stations the development of television in this country. I am saying that now, and also adding that it should come under the control of the Canadian Broadcasting Corporation. We feel that the development of television and the broadcasts should be left to the private stations. The cost of television in Canada as a whole is going to be great if it is developed by the Canadian Broadcasting Corporation. The broadcasts themselves will be available to only a comparatively small part of the Canadian people, but all the rest are going to have to pay for the broadcasts even though they do not get them. That will probably be the case for a good number of years. I say that it would be unfair to those who pay the cost in taxes but get no television. For this reason and others I say the committee should give most earnest consideration to this whole matter of leaving television development in this country to the private stations, under the control, of course, of the Canadian Broadcasting Corporation.

There are many other things which could be said, Mr. Speaker, but I do not want to take up any more time of the house. I should like, however, to end on this note. I believe the members of this house and the people of Canada generally owe a debt of gratitude to the Canadian Association of Broadcasters. That association makes available a mechanism by which we can actually operate democracy in a better way than it has ever been operated before in this country. They make it possible for free time over their stations to be available to all members of parliament, I understand. They make it possible to record speeches on discs down here in the city of Ottawa so they can be sent out to local stations, thereby making it possible for us, while we are here over extended periods of time, to keep in close touch with our people and to render reports. I want to pay tribute to that contribution which is being made by the Canadian Association of Broadcasters, and to thank them publicly for what they are doing. My people appreciate it, and I deeply appreciate it; and I am sure that it is making for a better brand of democratic control.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, this afternoon we have had a comprehensive review of the purpose of this resolution and of the purpose for which this committee is proposed. In presenting the motion the Minister of National Revenue (Mr. McCann) has embraced both the resolution itself setting up the committee and legislation which is now drafted and is to be presented to the house. In doing so he has indicated fairly clearly the government's opinions in regard to certain aspects of this subject. I think that is helpful because many of the decisions which must be made will undoubtedly be basic ones in regard to policy, and it is helpful to have some indication of the thoughts the government has formed in regard to a matter so important as this. There has been a review of the historic background of the Canadian Broadcasting Corporation. I do not propose to repeat the quotations which have already been read into the record and which will appear in *Hansard*, showing the beginning of the Canadian Broadcasting Corporation in May of 1932, when the Canadian broadcasting commission was created, which later became the corporation but was in fact one continuing body. There is, however, one point that should be re-emphasized, I think.

The review of the history of broadcasting in this country, which has already been given, has referred to a statement by the then prime minister of Canada who, on May 18, 1932, said this:

> When parliament makes its appropriation for one year, it is bound then by the expected revenues of that year. If however the revenues are larger and there is a surplus of $200,000 or $300,000 and parliament comes to make appropriations in the next year, the appropriation is not limited to the expected revenue of that year but also to the revenue that accrues from the accumulated surplus of the year before.

We have come a very long way, as has already been pointed out, from that original concept of the Canadian broadcasting commission, now known as the Canadian Broadcasting Corporation. It seems to me that as we review what has taken place it is important to examine the continuity of evolution, and to go back to what was really the beginning. That is found in the motion presented by the then prime minister on March 2, 1932, when he moved that a committee be set up. In the first paragraph of the terms of reference to the committee we find these words:

> To consider the report of the royal commission on radio broadcasting, dated the 11th day of September, 1929, and commonly known as the Aird report.

That committee then proceeded to examine the Aird report and to make the recommendations which led to the setting up of the Canadian broadcasting commission. In the recommendation that the commission be set up it was made clear that it was the intention and expectation that the commission would be self-sustaining. That was the general policy; and that policy has in fact been adhered to, although from time to time—in

fact each year—it has been necessary to make substantial supporting contributions to the Canadian Broadcasting Corporation.

What we now have before us is a departure from that principle. What is now proposed is that the idea that the corporation shall be self-sustaining is to be abandoned, and that it shall look to the national revenue for the money necessary to carry on its services. When I say that, I am not overlooking the fact that apparently it is contemplated that the licence fee would be continued. In considering this whole problem I think the subject of the licence fee must be considered in the light of the fact that the proposal now before us does contemplate a clear departure from the policy adopted at the time this licence fee was originally charged.

The licence fee was intended to provide the necessary revenue. If that principle were to be followed, then of course the licence fee would be adjusted to the revenue requirements. It has not been found satisfactory to follow that course, I should think for the reason that the Canadian radio public would not welcome such a proposal. For that very reason it is now intended to look to the national revenue for the support necessary to give broadcasts of the kind regarded as necessary and desirable by the Canadian Broadcasting Corporation.

I think this is a time for the government, as a matter of policy, to indicate its decision in the matter. We know that the government's policy in this respect will be adopted by virtue of the majority supporting it. If the government is going to advocate a departure as radical as that now proposed, then I think it should go the whole way, abandon the licence fee entirely and look to the national revenue for the money required for this purpose.

There are obvious reasons why this is a good time to follow that course. First of all, we know the very high cost of collecting these licences. Last year $5,571,000 was collected. The cost of collecting those licence fees amounted to $675,779, approximately 12 per cent of the amount collected. It does not need to be argued that this is an unduly high percentage of revenue to be paid simply for the process of collecting.

There is, however, another reason why this licence is unsatisfactory, and why this would be a good time to end it. There are many areas in Canada where those who own radio sets pay a licence, yet receive no return in C.B.C. broadcasts. That is due to the fact that there are large areas where C.B.C. broadcasts do not reach the radio receiving sets in sufficient strength to give any real reception to the people who try to get those broadcasts. I do not need to describe the areas; they are known to hon. members. I am sure it is well known to hon. members that on a number of occasions there have been strong objections to the fact that in a given area people are charged a licence fee for something which was intended to give them programs, but which they cannot receive.

Now a new problem arises. At such time as television is brought out from behind the iron curtain and we get it in this country—we could have had it long ago if the simple device had been employed of giving licences to private stations which were ready to start it—a great problem will arise as to who is to pay for television broadcasting and who is not. There will be a number of places in Canada where people will be able to receive television broadcasts from the United States but will not be able to receive television broadcasts from Canada at the same point and on the same receiving set. That is going to create a sense of injustice. If the higher licence fee which has been suggested for television sets is to be charged everyone owning a television set, many people in Canada are going to pay that licence fee to the Canadian Broadcasting Corporation and then find that it is impossible to obtain any television broadcasts from that corporation, yet be able to receive television broadcasts from the United States from stations which operate as free stations.

These are only a few of the confusing problems in connection with the licensing of radio and television sets which suggest added reasons why that licence fee should be done away with. Therefore I would hope that when this committee meets the government will give an indication that it is ready to suggest that the licence fees paid on radio and television sets be abandoned; and if the government is going to give substantial support to the Canadian Broadcasting Corporation, as has been suggested by the minister this afternoon, that this then become a charge on the national revenue for whatever amount is required.

Having said that the government should provide whatever amount is required, I then come to the fact that there is reason for setting up some machinery by which the responsibility of parliament may be exercised, not only in regard to the type of broadcasts but also in regard to the financial set-up and the operation of the broadcasting organization as well. The Minister of National Revenue (Mr. McCann) said this afternoon that the Canadian Broadcasting Corporation is responsible to parliament

rather than to the government. If that proposition is to be accepted and if it is to be a reality, then there must be a committee sitting every session to deal not only with the procedure by which broadcasting and telecasting will be conveyed to the people, but so there may be an examination of the financial set-up and the possibility of economies and possible adjustment of programs so that the amount to be voted may be the amount actually required. The only way parliamentary responsibility can be exercised is to have continuous supervision by parliament. That supervision is not possible unless there is an effective body such as a committee on broadcasting to deal with these matters every year and throughout the session.

I come now to the form of the motion that is before us. I notice that in the speech from the throne reference was made to the royal commission on national development in the arts, letters and sciences. On different occasions during this session it has been indicated that a committee would be set up to deal with that report in so far as it dealt with broadcasting. For that reason I find it difficult to understand why the terms of reference of the committee now being set up do not call upon them to review the findings of that royal commission. I read the reference in the motion back in 1932 to show that on that occasion there was specific reference to the consideration of the report of the royal commission. We now have a new departure. We have before us the findings of a royal commission; yet in this case the committee is set up to—

(1) consider the annual report of the Canadian Broadcasting Corporation and to review the policies and aims of the corporation and its regulations, revenues, expenditures and development.

Having had some experience of the strict way in which the form of a motion is sometimes interpreted in committees, I hope the omission of any reference to the Massey report does not mean that this committee is not going to be in position to explore fully the subjects discussed in the Massey report, not only the recommendations made but the subjects that were brought up for consideration. If that limitation were imposed a very real problem would arise as to whether the minority report would also be before that committee. The government has to some extent indicated its intention to carry into operation the majority recommendations of the Massey commission by the legislation being brought forward. I trust that when the committee is set up it will be free to deal with all subjects referred to, not only the majority but the minority recommendations as well.

I am glad that it was pointed out by members of other parties here this afternoon that it is only natural that we should be advocating the best possible use of the Canadian Broadcasting Corporation. It was in 1932 that a Conservative government brought this organization into existence under the name of the Canadian broadcasting commission. The broad purposes of this organization were established at that time. During the years that have followed the Conservative party has been consistent in its support of the broad purposes that were laid down on that occasion by the prime minister of Canada. We believe there is a vitally important place for the Canadian Broadcasting Corporation within the framework of the broadcasting requirements of this country. However, we believe that at this time, when there has to be a general review of the policies of the corporation, it would be a good thing to deal not only with the question of licence fees and matters of that kind but the real problem which has become increasingly important, that of the division between supervision and operation.

At the time the Canadian broadcasting commission started its activities in 1932 the total of all broadcasting in Canada was only a very small fraction of what we have today. This is now a public activity of immense importance to all Canadians. We have the Canadian Broadcasting Corporation performing a wide variety of public services, and we have the information that before long it will be embarking on telecasting as well as radio broadcasting. If public ownership of a service of this kind is to operate satisfactorily side by side with free and privately owned stations, some policy should be followed such as that which has been followed through the years in the case of the railways, where we have a large national system and a number of small privately owned railways in addition to the much larger Canadian Pacific. It would be exactly the same thing we are doing now in the case of radio if we had the Canadian National Railways not only maintaining their own operation but also acting as a supervising body telling every other railway in Canada what it could and could not do. That has never been regarded as a sound course of action. This government has never indicated its belief in any such course. If the procedure followed in connection with the railways, where supervision of the railways and the regulations applied to them come under the administrative supervision of an independent body, is sound, then I submit it is equally sound in the case of this other public service

which has now assumed such very large proportions. I therefore suggest that, when this subject is being considered by the committee, the government should indicate its willingness to set up a separate supervising body as has been recommended on different occasions, a body which will be able to maintain a detached and judicial approach to the requirements of the public as well as the private broadcasting operations of this country.

I do not think we can have public and private operations working side by side on a satisfactory competitive basis unless this procedure is followed. There is a reason why that course should be followed which goes beyond its simple obvious justice. Unless there is an independent supervisory body under whose direction both private and publicly owned broadcasting operations are carried out, there is no assurance of that measure of competition which in itself is one guarantee that we have some standard by which we can test the proper cost of broadcasting in this country. In making these remarks I am not suggesting that there is any deliberate intent to prevent the proper operation of the private stations, but it would not be human if those who are responsible for broadcasting operations, as the board of the broadcasting corporation is, were not inclined to resist to some extent private operations which may encroach on their own activities. It would be asking too much of human nature to expect to find such complete detachment from the particular activity in which one is engaged.

One of the reasons that we are able to test the cost of operation of the railways, one of the reasons that the railway board is able to examine the problem with facts readily available, is that we have competing systems which carry on under similar regulations. I hope that when the committee meets it will not only give consideration to the setting up of such an independent supervisory body, but that it will also give consideration to the desirability of permitting the private stations to operate on exactly the same basis as the publicly owned stations. In the case of the railways the Canadian National and the Canadian Pacific are able to compete with each other on a fair and equal basis. If that is good for the railways, I am unable to see any strong argument in support of an entirely different system applying to this other type of public service which, while it may be unlike a railway operation in many ways, nevertheless is a national service going out to all the people of Canada in a somewhat similar manner to that of the railway services.

I hope the committee will give consideration to permitting something that is the very foundation of satisfactory broadcasts of a cultural nature. I hope the committee will give favourable consideration to permitting the private stations to organize their own networks in exactly the same way that the publicly owned organization can arrange its networks. After all, it is only when you can have networks broadcasting from a single point that you are able to arrange programs of a quality which will give to our people the very best either in cultural entertainment or in the various other programs that people want. It is interesting that the publicly owned organization, which is to be supported by such a substantial contribution from the national revenue, finds it desirable to use these services to carry to the people of Canada cultural broadcasts which emanate from the United States and are maintained and supported by privately owned stations. Those privately owned stations, which provide musical and other broadcasts given to Canadians by the Canadian Broadcasting Corporation, could not possibly pay for such programs unless they were able to arrange networks to bring into one organization stations right across the country. With that example before us I suggest that the committee give careful consideration to this question. I should hope that the government, which after all in the end will decide through the committee what it wants done, would recognize the desirability of placing the private stations on a fair competitive basis with the Canadian Broadcasting Corporation in that respect.

It has been said by the minister today that the Canadian Broadcasting Corporation is giving a very important useful service to Canada. No one will more readily support that proposition than I. Excellent programs are being carried to the people of Canada by the Canadian Broadcasting Corporation. There are religious programs, educational programs, historical programs, as well as the broad cultural programs, which are of great advantage to our people. On the other hand there are some programs that are not so desirable. I do wish to support the proposition that in a country of immense distances, such as ours, it undoubtedly is necessary to create a special organization such as the Canadian Broadcasting Corporation to carry educational and other similar programs into areas where the strictly commercial aspect of broadcasting would hardly support them.

I have had something to do with the educational programs on different occasions, and I cannot speak too highly of the co-operation which the Canadian Broadcasting Corporation has given in the provision of

educational programs to our schools and homes in consultation with the departments of education of the different provinces of Canada. One of the most valuable things the Canadian Broadcasting Corporation has been doing is providing historical programs which would not be available to the people of Canada in any other way. That would hardly be the kind of broadcasting that would be carried under any commercial system to every part of Canada that the C.B.C. reaches. I cannot think of any function of the Canadian Broadcasting Corporation which is of more vital importance than to give to the people of Canada knowledge of their own history, pride in their own traditions and a love of the different parts of the country which form one united nation. That is being done extremely well. I would hope that programs of that nature could be greatly extended. That is one of the very important functions of a system such as this. These are the special functions of the Canadian Broadcasting Corporation. I question very much whether some of the other programs that the Canadian Broadcasting Corporation carries might not well be left to the other stations. Many of the programs carried by the Canadian Broadcasting Corporation—some of them from outside of Canada—raise neither the cultural or educational standards of our people. I admit that they are entertaining, but at that point it seems to me we must decide whether the Canadian Broadcasting Corporation is going to keep as its main purpose the cultural, educational and historical features of their activities, which justify the very substantial payments from the national revenue that are contemplated.

Having said that, and having indicated my own belief that this is an organization which should receive our support, I do wish to refer to one subject that has been mentioned on different occasions, and which was mentioned again this afternoon. Hon. members are well aware that for some time very vigorous objection has been taken by the heads of all the great church organizations in Canada to broadcasts which, in the opinion of those church leaders, constitute a threat to our people in so far as they may be regarded as anti-religious teaching. I noticed this afternoon it was suggested that it would be a mistake to treat Canadians as children and to hold back from the Canadian people any material because it is regarded as unpalatable. That is a strange doctrine to propound in regard to an organization which is going to be maintained at considerable expense to the taxpayers of Canada for cultural and other similar purposes. I do not believe it is logical that we should make available a publicly owned system for the purpose of undermining the religious convictions of the people of this country. It is not just a question of freedom of speech; it is not just a question of putting two different views before the public and letting them form their judgment. Those who seek to undermine the religious convictions of our people are ready enough to avail themselves of every opportunity to carry on their very undesirable activities without making available to them the kind of speech that is being paid for by the Canadian Broadcasting Corporation in this case. We have been told that the corporation must not limit the things that go out over the air in regard to thoughts of this kind. Well, the Canadian Broadcasting Corporation is imposing a very severe limitation on what can go out at a time when democracy is supposed to be so important. One of the basic rights of democracy, namely the discussion of public affairs, is denied to the private stations by network at any time, and that is under the authority of the Canadian Broadcasting Corporation.

I submit that if it is appropriate for the Canadian Broadcasting Corporation to say that they are going to limit the use of radio broadcasting in this country in the case of the public discussion of democracy itself, they would be on much better ground if they also said they were prepared to stop this mental poison being carried over the airwaves of Canada. This has been before the public for some time. Representations have been made to the government, and the Canadian Broadcasting Corporation is well aware of the objections that have been taken. The Roman Catholic church, the Anglican church, the United church, the Presbyterian church, and I think most if not all of the other denominations, have severely criticized the action of the Canadian Broadcasting Corporation in this matter without any suggestion that one denomination was more interested in it than another. I should add to those I mentioned the Baptist church in Canada, because the leaders of that church have objected as well.

With that objection, I think that we should examine what is involved in this discussion. Over and over again it has been said that the underlying distinction between our democracy and the communist system is that our democracy is based upon religion, and upon the belief of the equality of each human being before God. The most powerful influence opposed to the spread of communism is religion itself. At a time when we are putting so much effort and so much of our wealth into the defence of our system, it seems utterly inconsistent that we should spend large sums of money on the maintenance of a publicly owned system for educational, cultural and other similar purposes, and at the

same time provide a means by which that culture and that system can be undermined. We do not pretend that we will permit blasphemy over the radio. Let anyone who has engaged in one of the free broadcasts use any blasphemous terms and he would be put off the air immediately. This blasphemy is worse than any of the more ordinary blasphemy which would immediately result in the person using it being put off the air. This is much worse because it is a subtle, dangerous type of blasphemy which sometimes is not detected for what it really is. I therefore strongly urge that one of the first things this committee discuss is the responsibility of the Canadian Broadcasting Corporation for the decency of the broadcasts. Now I am simply amplifying the remarks I have made. We do not permit indecent broadcasts when we use the term "indecent" in another way, and we should not permit indecent broadcasts when that indecency relates to religious beliefs. The arguments are all one way. I should hope that at the very first opportunity this committee would consider this subject which has been raised by church leaders in this country, and by the various lay organizations of those churches. It is a subject which should be dealt with, and before very long.

I express the hope, Mr. Speaker, that out of this committee will come recommendations which will greatly strengthen our broadcasting operations in this country. I close these remarks by expressing my belief that freedom of communication over the radio is just as important as freedom of communication through the press. It is no more in keeping with our democratic traditions that a government, even if indirectly through an agency it appoints, should in any way be in a position to limit freedom of speech over the radio any more than it limits freedom of speech through the press. We rely on the various restraints that are carried in our laws to protect the public against abuses in the press. Until we can rely on the same safeguards in regard to radio, I think when this subject is under consideration we will have taken a long step forward if we create an independent supervisory body, and under that supervisory body put public and private broadcasting on an equal and free basis in Canada.

Mr. G. C. Nowlan (Annapolis-Kings): I rise to take part in the debate, Mr. Speaker, but very briefly, and to suggest two matters which I should like to bring before the house for consideration. The other day I was struck by some observations of recent immigrants to this country who were discussing the quality of our shortwave broadcasts as beamed to Europe. They were giving praise to the broadcasts emanating from certain European stations. They said those emanating from Paris were more efficacious than any others received behind the iron curtain, largely because they were handled in a light, sarcastic and satirical fashion, and made more of an impression upon those listeners who dared to listen to them than the other types of broadcasts.

When broadcasts to Europe by the Canadian Broadcasting Corporation were first suggested, I recall that emphasis was laid on the fact that we would send cultural broadcasts, factual broadcasts, and that type of thing. I suspect, sir, that no matter how worth-while programs of that type might be in ordinary times, those who risk their lives by listening to those broadcasts today would perhaps prefer to listen to something which would more clearly portray the possibilities and differences between life as they know it and life as it exists here. I hope when the committee deals with the matters referred to it that it will pay special attention to those broadcasts we are now beaming to Europe, and will make sure they are of a nature and quality which will make a profound appeal and give the greatest assistance to those people who may hear them.

This afternoon, Mr. Speaker, we heard some reference to freedom of speech. There has been a reference, too, to the discussion which arises from time to time as to whether there should be a regulatory body supervising the activities of the Canadian Broadcasting Corporation and the independent broadcasting companies. I believe those of us who sometimes speak in favour of such an independent body are misunderstood, because certainly there is no suggestion—at least there never has been in any thought of mine—that such a body should control the programming or interfere in any way whatever with the normal activities of the Canadian Broadcasting Corporation. I agree with most of what has been said this afternoon concerning those programs. I believe the C.B.C. has been doing a remarkably efficient job. If there are news commentaries and other programs of that type which are subject to criticism, I am prepared to leave them to the good sense of the Canadian people.

When we suggest a regulatory body, I am reminded of something which once happened in which I personally participated. I should like to draw it to the attention of this house, even though I realize that personal associations should not be brought before the house at this or any other time. But in this particular instance the matter is so closely associated with free speech, and with the regulatory authority exercised by the C.B.C., that I think it is of more than academic interest. In 1949

there was a general election in this country. At that time I happened to be the president of a local broadcasting company which owned and operated two transmitters in Nova Scotia. Whether I owned the company or was simply an official, the fact remains that in so far as the record was concerned I was the head of that organization. I happened also to be the Progressive Conservative candidate in one of the constituencies in Nova Scotia. I approached the manager of the radio company some weeks before the election to book time for a special broadcast on the Friday night before the election. I realize that under the regulations of the C.B.C.—and I think these are proper—the broadcasts should stop on the Friday night prior to the election. Some five or six weeks before the election I booked the Friday night for a live broadcast emanating from a public meeting. I booked the hours from 8:30 in the evening to 10 in order to make sure that those participating in that meeting would have full opportunity to make their views known on the air. I booked that time and we paid for it, Mr. Speaker; and I thought the matter was closed. Then what happened? Speaking now from memory, since it happened over two years ago; some time before the election—whether it was a week or whether it was ten days before the election I am not clear, but it was some short period—the manager of that station received instructions from the C.B.C. to the effect that no political broadcast could emanate over a private station on that Friday night. Why? Because the Prime Minister of Canada, who happened to belong to a different political party from the one to which I belong, was speaking over the air from 9 o'clock to 9:30. There was the position of a man who presumably—or at least it might be so argued—owned his own radio station, who had bought and paid for his time some weeks in advance, who was himself a candidate, and who was denied and forbidden the opportunity of speaking over his own station for half an hour in order that the public might listen to a speaker for a different political party. That was the situation as it existed at that time.

I have no complaint about that from a political standpoint. I think actually it did me a great deal of good because when I said this would happen, no one would believe me; but they listened and found out. At 9 o'clock we left the air and supplied a musical program for those who were listening and we also said that they could listen to it on the radio. This station was not carrying the other broadcast. That broadcast was being carried by another station entirely. This private station was forbidden to carry any broadcast during such time as the C.B.C. station was carrying the broadcast of the Prime Minister.

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

Mr. Nowlan: Certainly.

Mr. Stick: Did they state the reason?

Mr. Nowlan: They said it was because there was a political broadcast.

Mr. Stick: They did not say it was because the Prime Minister was speaking?

Mr. Nowlan: Of course they did not say that it was because the Prime Minister was speaking. They said it was because a political broadcast was being given over the C.B.C. It might have been the Shah of Persia who was speaking, I suppose; but the fact remains that it was the Prime Minister. Anyone who knows anything would know that the Prime Minister, being the leader of the government party, would be the one speaking on the last occasion before the polls opened on Monday morning. I do not complain about that; but I complain about this authority exercised over private stations. At any rate, as a result of that, we had to break the meeting into two parts, have it on the air from 8:30 to 9 o'clock, leave the air from 9 to 9:30 and go back on the air from 9:30 to 10 o'clock. I am not suggesting for one moment that this was done because any individual happened to have a radio booking. It was undoubtedly arranged a long time before. There is no personal implication whatsoever in the situation. But I suggest that happenings like that create not an antagonism but some criticism of the general over-all controls exercised by the Canadian Broadcasting Corporation. I think it would be a good thing for the corporation, and that it would tend to lessen criticism such as this, if we had a competent commission which would at least prevent interference with time used on a private station.

Motion agreed to.

CANADIAN BROADCASTING ACT

AMENDMENT TO INCREASE NUMBER OF GOVERNORS, PROVIDE PENSIONS AND FURTHER GRANTS

Hon. J. J. McCann (Minister of National Revenue) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Canadian Broadcasting Act, 1936, to increase the number of governors from nine to eleven and to provide for their tenure of office; to provide for benefits from the pension fund for members of the corporation engaged full-time in

the business of the corporation and their dependents; and to provide further that the Minister of Finance may grant to the corporation out of the consolidated revenue fund the sum of four million, seven hundred and fifty thousand dollars in the fiscal year that began on the first day of April, nineteen hundred and fifty-one, and the sum of six million, two hundred and fifty thousand dollars in each of the four next following fiscal years.

Mr. Argue: Is the minister not going to make a statement at this time?

Mr. McCann: Mr. Speaker, when I made the statement with reference to setting up the committee, I thought I incorporated in it all that need be said with reference to this resolution; and it was hoped that it would not be necessary to have repetition.

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

Mr. Low: Mr. Chairman, I think I understood the minister correctly, but I just want to be sure. Was it his intention to refer this bill to the committee?

Mr. McCann: Yes; when we give it second reading.

Mr. Low: That is what I mean.

Mr. McCann: Yes.

Mr. Low: While I am on my feet, may I ask the minister if he can enlighten the committee with respect to the present pension arrangement for members of the corporation engaged full time in the business of the corporation, and their dependents? I note that is part 1 of the provisions of the resolution.

Mr. McCann: I am sorry, Mr. Chairman, but I cannot give the details with reference to the pension plan—

Mr. Low: I would just ask for a general statement.

Mr. McCann: —except to say that the Canadian Broadcasting Corporation have a pension plan of their own which covers the employees, and in the event of their death, their dependents.

Mr. Low: How long has it been in operation?

Mr. McCann: It has been in operation for a number of years. All it relates to here is the chairman of the board of governors. He was considered to be a member of the corporation rather than an employee, and on a technical point an opinion was given by the Department of Justice that he was not eligible for pension. We want to change the act so it will make it possible for him to be pensionable the same as any other employee.

Mr. Low: With provision, I assume, to make it possible for him to pay back contributions to the fund in order that he can get the benefits?

Mr. McCann: That is right.

Mr. Gibson: Will the minister say what is the purpose of the increase in the number of governors from nine to eleven?

Mr. McCann: The purpose of the extension is to widen the scope and the territory to be represented. At the present time there are nine members on the board of governors. Newfoundland, the newest province, is not represented. We also believe that probably the western provinces should be given greater representation. It was therefore deemed advisable to increase the membership of the board from nine to eleven.

Mr. Gibson: Can the minister say anything about the tenure of office?

Mr. Fournier (Hull): That is in the bill.

Mr. McCann: The tenure of office of the board of governors is a period of three years.

Mr. Gibson: Is that tenure being changed?

Mr. McCann: No. The tenure of office of the chairman of the board of governors is to be changed from three years to ten years.

Mr. Diefenbaker: In view of the fact that provision is made for benefits from the pension fund for members of the corporation engaged full time in the business of the corporation, is the minister in a position to inform the house and the country whether or not at the present time, as to the Canadian Broadcasting Corporation among other groups of government institutions, a recommendation or report has been made on the general principles of revision of salaries? Tonight the Ottawa *Journal* contains an article by Mr. Charles Lynch to the effect that the civil service commission has made a report to the government on the general principles of revision of civil service salaries. Then it goes on to say:

> The "general principles" of the salary question in the public service are that the government wants to pay its employees at the same rates for similar work paid by good private employers throughout Canada.

It goes on to point out that certain groups require a treasury board order in order to make provision for increases in salaries to levels commensurate with those paid in private industry or in private enterprise. Then it says:

> Salary revision for government agencies like the national research council and the national film board have to be approved by the treasury board.

Then it says:

> Provision has been made for salary increases for the staff of the Canadian Broadcasting Corporation, which, like the Bank of Canada and Central Mortgage and Housing Corporation, does not need treasury board approval.

Then it says that the general increase in the pending revision will run from five to fifteen per cent. In view of the fact that the Canadian Broadcasting Corporation is mentioned as one of those institutions that do not require a treasury board order, and that promises have already been made that such increases will take place, would the minister say whether that is so, and whether or not there is going to be a general revision upward. I mention that in connection with the employees of the Canadian Broadcasting Corporation because when the committee is set up there is one matter in respect of which there is always a denial of information, and that is with respect to salaries. Complaints have come to me that while inordinately high salaries are paid to certain individuals, others are being denied equality in salary levels. For that reason, in order to assure equality in salary for those doing like work, and in order as well to bring those salaries in line with those paid in private industry, I am asking the minister whether he can tell the committee and country what is being done in this connection, and whether or not salaries in keeping with the responsibilities of officials of the C.B.C. are being provided for.

Mr. McCann: I must admit I have no knowledge whatever with reference to any revision of salaries in the C.B.C. at the present time. That is just as much news to me as it is to the hon. member. The matter of salaries in the C.B.C. is a matter for the board of governors.

Mr. Diefenbaker: It has not been considered?

Mr. McCann: Not by the government, nor have I knowledge of it.

Mr. Knowles: I was hoping the minister would exercise his right to close the debate on the resolution we had before us a short time ago. However, it was recognized by the house when the debate opened this afternoon that these two matters were closely related, and that perhaps discussion would go along on the two of them. Therefore I wonder if the minister would not now make some comment in reply to some of the points drawn to his attention.

I would say I do not share the view of those who have been arguing for a separate regulatory body. I feel the Massey commission dealt with that point clearly, and I agree with their view. I should like to hear the minister tell us what the set-up would be if a separate regulatory body were established. I wonder how that body would carry out the will of parliament, which is that parliament shall have control over radio policies, so far as Canada is concerned. That being the case, would not parliament expect that separate regulatory body to call upon the publicly owned radio authority to do the very things that the C.B.C. is doing today? In that event would we not have a duplication, and perhaps some uncertainty as to where the matter stands?

Perhaps I am going ahead and answering as the minister would answer. But I suggest to him that something should be said in reply to these points. My leader, the hon. member for Rosetown-Biggar, has made the case, and made it effectively. But since that time there have been these other speeches, and I should certainly like to hear from the minister upon those points.

Mr. McCann: Mr. Chairman, coupling the debate on this resolution with the debate which took place in setting up the committee, I wish to say that it has been most interesting and I thank those hon. gentlemen who have taken part for the contributions they have made. As I listened, it did not seem to me that there was a single matter brought up which was not brought before the Massey commission when they were making their investigation with respect to radio broadcasting and television. I think most of the answers can be found in the report that has been given on these two subjects.

Let me assure the leader of the opposition that he need have no nervousness or be agitated at all with respect to the latitude of the terms of reference to the committee. I do not think one could possibly study the matters referred to in the motion without having reference to the Massey commission report, whether it be the majority or the minority report.

As I have said, I think most of the answers are given to the questions which have been asked. If hon. members would turn to page 288 they will find what I believe would be my answer, where it says:

> In the interests of the national system and of the country as a whole, we recommend rejection of the demands by private broadcasters for a separate regulatory body and for the privilege of forming private networks.

Both those questions are answered. Both those questions will be brought up again in committee. It is only a waste of time at this point for me to attempt to give categorically the answers I think should be given. I am not going to get into the position of answering the questions of the hon. member for Winnipeg North Centre, where he sets up a sort of straw case, and wants to know what I would do in a particular instance.

Mr. Knowles: It is not my straw; it is the straw of the official opposition.

Mr. McCann: No matter where it came from, I would regard it as being as much straw in one place as in the other. So I shall not get into the position of attempting to answer those questions.

However there were one or two matters brought up concerning which I have opinions of my own. One had to do with the entire abolition of the fee. I am not in favour of that at the present time. It brings in a revenue of about $6 million a year. I can say from experience in collecting a lot of money over the last few years that it does not make it one whit easier to collect it simply by transferring the collection to another department of government. If we do away entirely with the licence fee, then that $6 million that is collected will have to be obtained from some other source of taxation, either by a special tax or—

Mr. Drew: I do not wish to interrupt, but I think the minister will agree that it does not cost 12 per cent to collect national revenue of other kinds.

Mr. McCann: No, it costs about $1.66 to collect $100. I realize there is a great disparity here, in the matter of collection. But I have gone through the matter in my own mind on a number of occasions through the years, to see if we could not devise some system whereby this fee, if it is to continue, could be collected for less money and with a lot less trouble. I have not been able to devise that yet. In passing let me say there is a great sum of money in store for someone who will invent something on a radio whereby the money will be slipped in and the operator will receive in return a licence for six months or a year. So if you gentlemen want to patent some arrangement whereby that could be done, I am sure you will become multimillionaires.

Mr. Gibson: It could be collected when the set was sold, but that would cover only one year.

Mr. McCann: I do not know that there are any other points I want to deal with. I hope the committee will operate shortly, and I assure hon. members that every facility will be given to the committee to have the services of members of the corporation who will be able to answer all questions. I hope to be a member of the committee myself, and I shall be there to deal with questions of policy as we go along.

Mr. Low: There was one question raised which the minister has not dealt with and which I should like to hear threshed out briefly before the resolution passes. What does the minister think of the suggestion made by the hon. member for Eglinton with regard to the close supervision of the affairs of the C.B.C. by the House of Commons, through a committee? Does he not think it would be advisable to have a yearly survey of all the affairs of the C.B.C. before voting another grant, say of $6 million or something like that?

Mr. McCann: I have always been in favour of the annual setting up of a committee to go into the affairs of the C.B.C. My experience in this house over a number of years is that while such a committee has not been set up every year, it has been set up quite frequently. While I respect the view of hon. members with respect to having finance handled by means of a yearly vote, there are certain objections to that. One of the bugbears of financing the C.B.C. from year to year is that they do not know where they are going financially. Programming, the hiring of artists and the entering into commercial contracts have to be done a long time ahead. For instance, if we are going to cut down the programs next summer, the arrangements would have to be made now. In the same way, if we are going to expand them we would have to work six months ahead in order to make our contracts.

The amount of money is not likely to be diminished or increased. If it is on the basis of $1 per person per year, less the licence and commercial revenue, the C.B.C. will be in a position to know its financial position and to act accordingly. We will have to pay off some of our debts. We have to make some capital expenditures. We have to make some maintenance expenditures as we go along. I submit that the only way that can be done in a truly businesslike way is to have some sort of budget and some sort of assurance that we are going to get the money to meet those obligations.

Mr. Low: I am sure the minister did not do it intentionally but all the way through his remarks he was referring to "we". I suppose that he meant the C.B.C. as distinguished from the government or parliament.

Mr. McCann: I am speaking for the C.B.C.

Resolution reported, read the second time and concurred in.

Mr. McCann thereupon moved for leave to introduce Bill No. 17, to amend the Canadian Broadcasting Act, 1936.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): On Monday we will resume the debate on the address. If it is disposed of we will take up the resolution in the name of the Minister of Agriculture concerning the establishment of an agricultural products board, and later on the resolution in the name of the Minister of Labour.

At 6.15 p.m. the house adjourned, without question put, pursuant to the order of the house passed on November 2, 1951.

HOUSE OF COMMONS

Monday, November 12, 1951

The house met at 2.30 p.m.

COMMITTEES OF THE HOUSE

RAILWAY LEGISLATION—RAILWAYS, CANALS AND TELEGRAPH LINES—COMBINES LEGISLATION —CHANGES IN PERSONNEL

Mr. W. G. Weir (Portage-Neepawa) moved:

That the name of Mr. Byrne be substituted for that of Mr. Mott on the special committee on railway legislation; and

That the name of Mr. Hees be substituted for that of Mr. Higgins on the select standing committee on railways, canals and telegraph lines; and

That the name of Mr. MacInnis be substituted for that of Mr. Gillis on the special joint committee on combines legislation; and that a message be sent to the Senate to inform Their Honours thereof.

Motion agreed to.

QUESTIONS

NEWFOUNDLAND—QUESTION AS TO CONSTRUCTION OF NEW AIRPORT

Mr. Higgins:

1. Is there to be a new airport constructed in Newfoundland?
2. If so, is the cost to be borne jointly by Canada and the United States?
3. Where is it to be situated?

Mr. Rinfret:

1. No.

2 and 3. Answered by No. 1.

ST. LAWRENCE WATERWAY—EFFECT ON WATER LEVELS OF LAKE ONTARIO

Mr. Lennard:

What effect will the deep sea waterway have on the water levels of lake Ontario?

Mr. Chevrier: The construction of the St. Lawrence deep waterway will result in a reduction in the range of water levels on lake Ontario. Under present conditions monthly mean levels range between elevations 242·93 and 249·66. With the waterway constructed, the monthly mean levels will range between elevations 243·77 and 249·10.

HOMER, ONT., PROPERTY—FEDERAL EXPENDITURES

Mr. Charlton:

1. What is the total amount of all expenditure by the government on the property at Homer, county of Lincoln, leased to Richard M. Robertson, by way of purchase, repairs, construction or any other expenditure?
2. What is the estimated amount of any further expenditures by the government on this property?

Mr. Chevrier:

1.

(a) Price of land acquired when canal was constructed	$ 283.10
(b) Original cost of construction in 1932 of warehouse and loading platform	17,091.73
(c) Rehabilitation of loading platform 1946-47	4,157.78
(d) Repairs to warehouse, 1951 .	1,465.37
Total expenditure to date ..	$ 22,997.98

2. No further expenditures are contemplated.

FISHERIES PRICES SUPPORT BOARD

Mr. Stuart (Charlotte):

1. What were the total amounts of salaries and expenses of members of the fisheries prices support board, from November 1, 1950, to October 31, 1951?
2. What are the total payments made to each of the ten provinces, under the fisheries prices support board for the same period?
3. What are the amounts of total payments made to each of the counties in the province of New Brunswick for the same period?
4. What was the total amount of the fund available for the support of fish prices November 1, 1950?
5. What percentage of this total was exhausted from November 1, 1950, to October 31, 1951?
6. Were any applications for assistance from the fisheries prices support board refused by the department?

Mr. MacNaught:

1. Salaries, nil; per diem allowances, $1,925; expenses, $3,070.13.

2. The total payments from the fisheries prices support account were: Newfoundland, $275,211.28; other provinces, nil.

3. Answered by No. 2.

4. $24,900,800.47.

5. One per cent.

6. The board recommended to the minister that no support action was justified on certain applications for assistance. The Department of Fisheries is not involved in such recommendations.

FISHERIES—SUBSIDIES FOR CONSTRUCTION OF DRAGGERS AND LONG-LINERS

Mr. Smith (Queens-Shelburne):

1. In respect of subsidies for the construction of draggers and long-liners, what is the per ton basis of such payments by the Department of Fisheries?
2. In each of the maritime provinces, how many applications for such subsidies (a) have been granted; (b) have been refused; (c) are pending?

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Questions

3. Of those granted, what is (a) the name of each applicant; (b) the tonnage and the type of the boat constructed, and the amount of subsidy paid?
4. What is the total of such payments to date, in each of the maritime provinces for (a) draggers; (b) long-liners?

Mr. MacNaught:

1. Regulations respecting assistance in construction of vessels of the dragger or long-liner type on the Atlantic coast provide as follows:

The minister may make payments to a provincial government department or agency not exceeding $165 per ton, gross tonnage, for the construction of fishing vessels of the dragger or long-liner type:
(a) owned by one or more fishermen and measuring not less than forty-five feet and not more than sixty feet over-all length of main hull; or
(b) owned by any group of four or more fishermen and measuring not less than sixty feet to a maximum over-all length of main hull to be determined by the minister.

The regulations interpret "group of four or more fishermen" as including co-operatives and incorporated companies, provided that in the case of a company not less than fifty-one per cent of the stock of such company is purchased and held by not less than four fishermen who are members of the crew of the vessel.

2. (a) Nova Scotia, 6; New Brunswick, 26; Prince Edward Island, 1; (b) Nova Scotia, 2; New Brunswick, nil; Prince Edward Island, nil; (c) Nova Scotia, 4; New Brunswick, nil; Prince Edward Island, nil.

A	B		
Name	Tonnage	Type	Subsidy
Nova Scotia			
L. R. Bollivar....	37·65	L.L.	$3,765.00
Digby Trawling Co.	34·80	Dr.	5,742.00
Alex Nickerson..	37·56	L.	3,756.00
M. S. Taylor.....	39·28	L.L.	3,928.00
M. H. Rodgerson	40·20	L.L.	4,020.00
J. E. Atkinson...	39·17	L.L.	3,917.00
New Brunswick			
Hormidas Noel..	32·77	Dr.	5,407.05
Theophile Gionet	35·23	Dr.	5,812.95
Martin Chiasson..	36·17	Dr.	5,968.05
Albert Paulin...	36·17	Dr.	5,968.05
Maxime Lanteigne	36·17	Dr.	5,968.05
Albert Leger...	36·17	Dr.	5,968.05
Frank Wooster..	32·80	Dr.	5,412.00
Medard Friolet...	37·32	Dr.	6,177.60
Duguay, Hache, Mallet and G. Mallet.....	37·44	Dr.	6,177.60
Prudent Lanteigne.....	32·92	Dr.	5,431.80
Fred Chiasson...	38·31	Dr.	6,321.15
Octave LeBouthillier...	38·31	Dr.	6,321.15
Edgar Blanchard.	38·31	Dr.	6,321.15
Theophile Gionet	38·31	Dr.	6,321.15
Hyacinthe Gionet	38·31	Dr.	6,321.15
Leonard Paulin..	38·14	Dr.	6,293.10
Aurele Chiasson..	38·14	Dr.	6,293.10
Leo Chiasson....	38·14	Dr.	6,293.10
Allard Guignard..	38·31	Dr.	6,321.15
Henri Chiasson...	38·46	Dr.	6,345.90
Fidele Thibeau...	38·31	Dr.	6,321.15
R. Paulin, Emile Goupil and Cesaire Savoy..	38·23	Dr.	6,307.95
Wilfred Robichaud	39·10	Dr.	6,451.50
Allison McDonald	39·10	Dr.	6,451.50
E. O. Breau, T. Robichaud, N. Robichaud and L. T. Allain...	39·10	Dr.	6,451.50
Frank Wooster, Brentford Wooster, Douglas Wooster and Walter Wooster.....	60·18	Dr.	9,929.70
Prince Edward Island			
J. O. Gallant....	39·19	Dr.	6,466.35

4. (a) Nova Scotia, $5,742.00; New Brunswick, $153,426.90; Prince Edward Island, $6,466.35; (b) Nova Scotia, $19,386.00; New Brunswick, nil; Prince Edward Island, nil.

TRANS-CANADA HIGHWAY

Mr. Black (Cumberland):

1. What is the mileage and cost of each section of the trans-Canada highway under construction, by provinces, during 1950 and to date in 1951?
2. What have been the payments or credits by (a) each province; (b) the federal government?
3. What is the mileage and cost, by provinces, of each section accepted to date as part of the trans-Canada highway for which provinces are given credit?
4. What further sections, by provinces, have been approved for construction, stating mileage and estimated cost?

Mr. Winters:

1. The mileage under construction as at March 31, 1951, and payments made to each province for work done during the fiscal year 1950-51 are as follows:

	Miles		
Province	Grading	Paving	Claims Paid
Newfoundland ..	153	—	$ 957,843.79
Prince Edward Island	19	—	134,135.43
New Brunswick	30		—
Ontario	145	66	2,749,328.63
Manitoba	30	44	273,958.99
Saskatchewan ..	151		392,169.26
Alberta	15	42	193,055.70
British Columbia ...	29	38	2,504,392.39
Total	572	190	$7,204,884.19

The mileage approved for construction and payments made to each province between April 1, and November 3, 1951 are as follows:

Province	Miles Grading	Paving	Claims Paid
Newfoundland ..	25	—	$ 152,637.25
Prince Edward Island	13	10	—
New Brunswick	—	29	670,871.43
Ontario	95	45	1,237,292.91
Manitoba	7	29	74,403.21
Saskatchewan ..	75	73	102,795.80
Alberta	143	—	—
British Columbia ..	23	22	92,670.14
Total	381	208	$2,330,670.74

2. (a) The federal government has no record of the total payments made by each province for work on the trans-Canada highway, as there are numerous items which are not sharable by Canada, such as cost of right of way, cost of fencing, head office expenses, safety signs and other items and these are not included in the claims. The provinces are responsible for the preparation and submission of claims and each province prepares and submits claims at its own convenience. Upon receipt of provincial claims Canada contributes 50 per cent of all sharable items.

(b) Total payments made to the provinces by the federal government in respect of claims submitted up to November 3, 1951, are as follows:

Newfoundland	$1,110,481.04
Prince Edward Island	134,135.43
New Brunswick	670,871.43
Ontario	3,986,621.54
Manitoba	348,362.20
Saskatchewan	494,965.06
Alberta	193,055.70
British Columbia	2,597,062.53
Total	$9,535,554.93

3. The mileage and payments therefor made to each province for sections of highway accepted to date as part of the trans-Canada highway which were constructed prior to December 9, 1949, are as follows:

Province	Miles	Paid by Canada
Newfoundland	—	—
Prince Edward Island ..	—	—
New Brunswick	17	$148,126
Ontario	—	—
Manitoba	69	36,711
Saskatchewan	—	—
Alberta	—	—
British Columbia	59	281,379.35
Total	145	$466,216.35

Manitoba, British Columbia, and New Brunswick are the only provinces which have to date submitted claims for prior construction.

4. See answer to No. 1. Since November 3, 1951, nil.

PRINCE EDWARD ISLAND—LOBSTER FISHING

Mr. McLure:

1. Have any changes been made in the Prince Edward Island lobster fishing seasons?
2. If so, what changes?

Mr. MacNaught:

1. No.

2. Answered by No. 1.

MACQUARRIE COMMITTEE—EXPENSES INCURRED

Mr. Thatcher:

What expenses had the MacQuarrie committee incurred as at October 31, 1951, for (a) salaries; (b) travelling; (c) all other purposes?

Mr. Garson:

The expenses incurred by the committee to study the Combines Investigation Act (MacQuarrie committee) as at October 31, 1951, are as follows: (a) Fees, $11,920*, (b) travelling, $8,091.72; (c) all other purposes, none.

*Travelling expenses alone received by chairman, Mr. Justice J. H. MacQuarrie.

QUESTIONS PASSED AS ORDERS FOR RETURNS

NOVA SCOTIA—LANDED VALUE OF FISH PRODUCTION—EARNINGS IN INDUSTRIES

Mr. Smith (Queens-Shelburne):

1. What were the average landed prices received by fishermen on the mainland of Nova Scotia, in cents per pound, for the years 1939, 1949, 1950, 1951 to date, in respect of each of the following: steak cod; market cod; scrod cod; large haddock; scrod haddock; medium halibut; chicken halibut; herring; mackerel; lobsters, western Nova Scotia; lobsters, eastern Nova Scotia?

2. What was the total landed value of fish production in Nova Scotia, in the years 1939, 1949, 1950?

3. What were the average hourly earnings in fish processing plants in Nova Scotia, in each of the years 1939, 1949, 1950?

4. What were the average hourly earnings in all Nova Scotia industries for each of the above years?

Mr. Rinfret: Return tabled.

ARMED FORCES—ENLISTMENTS—EXPENDITURES FOR RECRUITING AND PUBLICITY

Mr. Fulton:

1. What have been the totals of enlistments, by months, for this year to date in the active branches of (a) the Royal Canadian Navy; (b) the Canadian army; (c) the Royal Canadian Air Force?

2. What has been the expenditure, by months, for recruiting, advertising and publicity during the same period for the active forces?

Inquiries of the Ministry

3. What have been the totals of enlistment, by months, for this year to date in the reserve branches of (a) the Royal Canadian Navy; (b) the Canadian army; (c) the Royal Canadian Air Force?
4. What has been the expenditure, by months, for recruiting, advertising and publicity during the same period for the reserve forces?

FARMERS—INCOME TAX—INVESTIGATIONS AS TO FARM INCOME

Mr. Fair:

1. During each of the years 1945 to 1950, inclusive, how many farmers operated in each of the Canadian provinces?
2. How many filed income tax returns?
3. How many of those returns showed liability for income tax?
4. What was the total amount of assessment in each province?
5. What was the total amount collected?
6. How many investigators were employed in each province each year, investigating farm income?
7. How many prosecutions were launched as a result of investigations?
8. How many convictions were obtained?
9. What was the amount of farm income in each province, in each of the above years?

GASOLINE—COST OF PRODUCTION BY VARIOUS METHODS

Mr. MacLean (Cape Breton North and Victoria):

Are figures available to show (a) cost per gallon of producing synthetic gasoline by coal hydrogenation; (b) cost per gallon of gasoline made from oil shale; (c) present wholesale price at refinery, for gasoline produced from crude oil?

BUTTER AND MARGARINE—REGULATIONS REGARDING MANUFACTURE—INGREDIENTS

Mr. McLure:

1. What are the regulations regarding the manufacture of (a) butter; (b) margarine, for human consumption?
2. What amount of each kind of oil or other ingredient is used in the manufacture of a pound of margarine?

MOTION FOR PAPERS

FEDERAL GRANT TO APPLE GROWERS IN BRITISH COLUMBIA AND NOVA SCOTIA

Mr. Anderson:

For a copy of all correspondence, telegrams and other documents, from January, 1950, to date, in the possession of the Department of Agriculture, with regard to a government grant to the apple growers of British Columbia and Nova Scotia.

Mr. Gardiner: I should like to say that the answer will be subject to some of the correspondence being provincial, for the production of which we may have to obtain consent.

ARMED FORCES DEPENDENTS

INQUIRY AS TO SPECIAL FINANCIAL ASSISTANCE

On the orders of the day:

Mr. F. D. Shaw (Red Deer): I should like to direct a question to the Minister of National Defence, notice of which was given last Friday. Has consideration been given to the provision of special financial assistance, such as that granted through the dependents allowance board in world war II, to the dependents of servicemen to enable them to meet unexpected expenses such as medical and hospital accounts?

Hon. Brooke Claxton (Minister of National Defence): Unfortunately the detailed reply prepared for me was not handed to me before I came into the house, but I will see that the question is answered tomorrow.

AGRICULTURE

INQUIRY AS TO LIFTING OF BAN AGAINST IMPORTATION OF CATTLE AND HOGS FROM GREAT RRITAIN

On the orders of the day:

Mr. A. Earl Catherwood (Haldimand): I should like to direct a question to the Minister of Agriculture. Will the minister state if it is the intention of his department at an early date to announce the lifting of the ban against the importation of cattle and hogs from Great Britain, a ban that was put into effect in August of this year as a result of an outbreak of foot-and-mouth disease in that country?

Right Hon. J. G. Gardiner (Minister of Agriculture): The hon. member for Haldimand was kind enough to give me advance notice of his question. In reply I may say that owing to the existence of foot-and-mouth disease in Scotland, and in order to prevent the introduction of this disease into Canada, the importation of all cattle, sheep, goats, other ruminants and swine into Canada from England and Scotland, either direct or through the Glasgow quarantine station, was prohibited by ministerial order of August 8, 1951. Information has been received from the ministry of agriculture and fisheries that the outbreak was successfully dealt with and all restrictions terminated as of midnight, August 15-16, 1951.

As a period of ninety days will have elapsed on November 16, 1951, since these restrictions were removed, it is considered practical to issue permits for the importation of cattle, sheep, goats, other ruminants and swine from England and Scotland, through the Glasgow quarantine station only, on or after November 17, provided no other cases of foot-and-mouth disease are reported in the interval. It is therefore proposed to revoke the order of August 8 immediately the ninety-day period from the lifting of restrictions has expired.

TRANSPORTATION

INQUIRY AS TO CONSTRUCTION OF RAILWAY LINE BETWEEN TERRACE AND KITIMAT

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Press dispatches printed in Vancouver over the week end indicate the probability of a branch railway line being constructed from the Prince Rupert line of the Canadian National to Kitimat, the site of the new aluminum plant. Is the Minister of Transport in a position to make any statement with regard to the proposed line?

Hon. Lionel Chevrier (Minister of Transport): All I can say at this time is that officers of the Canadian National Railways have been discussing with the persons involved, namely, the Aluminum Company of Canada, the question of building a line which would link Kitimat with Terrace, which I understand is on the Prince George-Prince Rupert line.

VETERANS AFFAIRS

WAR VETERANS ALLOWANCE—INQUIRY AS TO INCREASE AT PRESENT SESSION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): I should like to direct a question to the Minister of Veterans Affairs. Has the minister received letters from various Legion branches in the city of Winnipeg, the Brooklands and Weston branch, branch No. 1 on Sargent avenue, St. James branch and others, asking that the question of increasing the war veterans allowance be dealt with at this session rather than next? Can the minister say whether he is giving consideration to these requests?

Hon. Hugues Lapointe (Minister of Veterans Affairs): I have received representations from various groups in different parts of the country concerning the question of war veterans allowance. The matter has been considered and the government's policy has been announced.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed, from Wednesday, November 7, consideration of the motion of Mr. Robert Cauchon for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto of Mr. Drew, and the amendment to the amendment of Mr. Quelch.

(Translation):

Mr. Henri Courtemanche (Labelle): Mr. Speaker, according to the speech from the throne and to recent statements by the Right Hon. Prime Minister (Mr. St. Laurent), the house will be called upon, at this session, to enact legislation embodying certain recommendations of the royal commission on national development in the arts, letters and sciences in Canada.

Better known as the Massey commission, it could more accurately and more realistically be described as the royal commission for the promotion of centralization in Canada.

To be sure, protests against this investigation and the recommendations that followed are not always popular or looked upon with favour.

The Right Hon. Vincent Massey and his colleagues have sought to promote the cause of education, arts, letters and sciences, but nothing is easier than committing grave mistakes in the name of education. There is no point in trying to hide the truth: the investigation in itself was a breach of provincial autonomy, as are also the attempts to implement various recommendations inconsistent with our constitution, incompatible with the sovereignty of the provinces.

As the representative of a Quebec riding, I am able to assert that the French-Canadian population is aware of the dangers of the moment. *Montreal-Matin,* in its November 26, 1949 issue, reported the following declaration from the prime minister of Quebec:

> The province of Quebec cannot and will not give its sanction to a mandate emanating from an authority lacking the power to delegate it . . . The Quebec government is the guardian and the trustee of sacred and inviolable rights.
>
> It is our responsibility to preserve those rights especially in the matter of education, and our provincial government cannot set out along the wrong path. I must emphasize that the very principle of the commission is false. It infringes the most sacred of provincial rights, namely our exclusive jurisdiction in the field of education. No investigation like the Massey commission's can ever take place without encroaching upon that field which, it can never be repeated too often, is solely under provincial jurisdiction.

With all due respect for those who hold opposite views, I must say that, in setting up such a commission, Ottawa encroaches upon provincial rights.

The inquiry lasted three years and led to the recommendations with which we are now familiar, centralizing recommendations if any ever deserved that name, and suggesting among other things that subsidies be distributed by the federal government to Canadian universities.

We realize the Massey commission did attempt to justify its position by stating there is a difference between education and culture, the former coming under the exclusive jurisdiction of the provincial authorities while the latter could very well concern the federal authorities without infringing upon the Canadian constitution. That is a specious distinction, based on words alone and indefensible.

As long as the central government interferes with the universities—as it must because it cannot allow the taxpayers' money it will pay to the universities to be spent for any purpose—the government is making a first step that will enable it, in due course, to interfere in the affairs of the specialized schools, high schools and even primary schools.

Beyond doubt, our universities need money. Who does not feel the need for money today with the inflationary pressures tolerated and fostered by our government, especially through its taxation? But would they need money if Ottawa handed back to the provinces the taxation fields it took away from them? We do not believe so.

At all events, the province of Quebec is opposed to this subsidizing of universities. Members of the provincial cabinet have often expressed their views on the matter and the solicitor general, the Hon. Antoine Rivard, recently stated that the Massey report contained seeds of death.

In addition, recently the University of Montreal Alumni Association, following the example set by the general students' association of the same institution, officially came out against federal subsidies.

A prominent organization such as the Montreal chamber of commerce also took the same position. I could mention a great many more testimonies to the same effect. For instance, the Canadian Catholic conference, an organization grouping all Catholic bishops of Canada, stated before the Massey commission that education at all its levels is a matter that comes under provincial jurisdiction. The commission did not include universities in the fields where, in its opinion, the dominion government may intervene.

A distinguished prelate from our province, His Excellency Bishop J. A. Papineau of Joliette, stated last October 9:

> Legislation in educational matters is solely a provincial prerogative. The provinces alone are competent to deal with it. As long as we have provincial governments like the one now directing the affairs of the province of Quebec, we are assured of making giant strides in the field of education.

We seem to forget that the provinces have long been interested in the universities. Ottawa would now have us believe that the universities cannot exist without it. It so happens that the province of Quebec has created universities without federal assistance, and has kept them alive, also without federal assistance. It has subsidized them to the extent of several millions of dollars in grants of every kind so that nowadays these universities are among the greatest and best known in the country.

Mr. Speaker, is it not humiliating for the government of the province of Quebec, as well as for the people of that province, to find that the federal government is now interfering in the affairs of our very own institutions, those we have organized ourselves through our own sacrifices?

> In spite of inadequate resources, said the Hon. Antoine Rivard on September 16, 1951, we have found a way of entering the field of higher learning. True, we were the descendants of impecunious settlers, but our fathers set heroic examples. Hardship did not make them stray from their duty. In order to preserve their language, their faith and traditions they turned down large donations. They unflinchingly stuck to their principles, well aware that it was a matter of life and death.

And now again, Mr. Speaker, Quebec intends to refuse generous amounts, fearing they might cost us our language, our faith, our traditions. I know that my colleagues in the government party will hotly deny this, that they will proclaim their intention of making sure that such a thing will never occur. Unfortunately, I could not rely on their statements, however sincere they may be.

Unhappily we must recognize that we, in French Canada, were never coddled by the federal government when it came to having our language, our faith and our traditions respected in Ottawa or elsewhere in this country. If they are at all consistent, these members will admit that, although they are members of the government party, they have had to engage in Homeric battles not to secure justice but to do away with the worst wrongs in the army, in the civil service or elsewhere in the federal administration.

Mr. Eugene l'Heureux, a Liberal propagandist, commenting on a speech in which the Right Hon. the Prime Minister of Canada (Mr. St. Laurent) tried to justify federal aid to the universities, wrote the following in *Le Soleil*, of Quebec city, on November 8, 1950:

If tomorrow some federal members should try to control university training, there will also be those who will defend our universities. A people seeking to live without perils is a people that may not live at all. That is what would happen to French Canada, if it chose to be led by the makers of prejudices, of resentment and bugaboos.

There are today members of parliament who are not concerned about giving us that to which we are entitled, and those who would give us our due are unfortunately too few. "A people seeking to live without perils is a people that may not live at all", writes Mr. l'Heureux. Our compatriot forgets his history. If he took the trouble to read it again, he would see that French Canada did face quite a few perils. Bravery should never lead to temerity. Today, what is asked of Quebec is not a proof of heroism but of cowardice, it is not to show courage but to betray . . .

Besides, one of the members of the Massey commission, Reverend Father Levesque himself warned French Canada in 1935 against the Ottawa government's present policy, when, dealing with the mission assigned to the French-Canadian intellectuals, he said that in the present state of affairs centralization was becoming a great danger for our ethnical group.

He may have changed his views since, but I assure you that the majority of French Canadians have not changed theirs.

Furthermore, Mr. Speaker, it is not only in the province of Quebec that people are worried about centralization in the field of education and by the granting of federal subsidies to Canadian universities.

The Winnipeg *Free Press* openly states that, sooner or later, parliament will decide to intervene, if only to ensure efficiency of management.

We also recall a speech by the Minister of Agriculture (Mr. Gardiner) who said, in 1950, that the dominion government should not interfere in matters of education, that its subsidies to provinces should be for general purposes and not specially earmarked for public education.

And even in the United States centralization in educational matters is being violently opposed.

In brief, if really the federal government wished to foster the development of the universities, the spread of culture,—since it would now seem that at this level education becomes culture,—all they have to do is to hand back to the provinces those sources of revenue they have taken away from them. In this way, everybody would be satisfied. But this is not being done. Why? Because the true object of this federal strategy is not to help our universities but to interfere once more with provincial rights and prerogatives.

May I take up another point in the recommendations of the Massey commission? I speak now of the conclusions at which all the commissioners, with one exception, have arrived as regards radio broadcasting.

In short, the commission wants the C.B.C. to remain just as it is and what it is and, in addition, to wield a supreme and sovereign authority in the field of television.

If some day the Canadian National Railways were to force regulations upon the Canadian Pacific, people would surely and rightfully be shocked. Yet, every day, the C.B.C. competes with private stations while, at the same time, laying down regulations which these stations are required to comply with. In other words the C.B.C. is at once plaintiff and judge. The C.B.C. brings the charges and the C.B.C. also decides whether the accused is innocent or guilty. If there is any logic in that, the word is absolutely meaningless.

The Canadian Broadcasting Corporation exercises the most shameless of monopolies. All private radio stations are under its control and yet it also plays the part of a competitor. And now we are to have the same situation in the new field of television.

Yes, let us talk about television. Every country will soon have it, except Canada. Why? Because the C.B.C. is not ready. And yet, many private station-owners are ready to offer television programs at no cost to the public.

The Prime Minister has stated in the past that the socialists were after all nothing else but Liberals in a hurry. Well, in the radio field at least, it seems to me that the Liberals are as much in a hurry as the socialists. In any case, they offer us a radio system which is altogether socialist and socialistic in nature.

We recognize the necessity for a controlling and organizing body in the field of radio and television. But once more we declare that this body has no right to offer competition and we ask in what special capacity it can thus rule over radio and television.

Recently, a big scandal broke out in Canadian broadcasting. Was it a private station that had taken certain unwarranted liberties? No, it was the C.B.C., the supervisory

body, the supreme body that had been so inefficient, so ignorant, so bold as to grant time to speakers well-known for their anti-Christian ideas, to allow lectures contrary to the mentality of any Christian people to be broadcast on their network.

Had the Moscow radio allowed a George Brock Chisholm, who blames all our evils on morals—the concept of good and evil—to air his views, we should not have been surprised. Should an atheistic country broadcast the remarks of a William Line, who considers the Catholic church and other such authorities as barriers to progress, we should have found it quite natural. But all this came to us through the C.B.C., through the official broadcasting organization of a Christian country.

It is on that same unworthy and inefficient organization that the Massey commission bestows all its blessings and urges it to go ahead not only in the field of radio but also in television.

After what has happened at the Canadian Broadcasting Corporation, we cannot take seriously the Massey commission's recommendations on the subject of education, nor can we take seriously, I am sure, its recommendations on broadcasting.

We intend to oppose the measures that will be introduced in this house for the satisfaction of the C.B.C.'s ever-growing appetite and to let federal authorities interfere in the matter of education, which comes under the exclusive jurisdiction of the provinces.

Since 1944, 1,300 new schools of all kinds—rural, primary, high schools and specialized schools—have been built in the province of Quebec. We believe it would be a very great mistake for the dominion government to interfere when the provincial government has so devotedly fulfilled its duties in that sphere.

Mr. Speaker, in the province of Quebec, we do not want any change in the situation that prompted Mgr. Ferdinand Vandry, rector of Laval university, to say on August 12 last:

> Nowhere else in the world—and I do mean just that—is a government more actively interested in the Christian education of youth than in the province of Quebec.

(Text):

Mr. J. H. Harrison (Meadow Lake): It gives me a great deal of pleasure to join in this debate, Mr. Speaker, on behalf of my constituents in Meadow Lake, Saskatchewan. This debate is a rather unique feature of our national life in that it provides a sounding board for the ills as well as the good features within our country. It has run for a considerable length of time and we have heard about the troubles of the various parts of the country, as well as some of the good things that have taken place. Actually, it is a debate in which the opposition groups declare, by their amendments to the motion for an address in reply to the speech from the throne, what they believe to be the major trouble in the country. The opposition groups are apparently unanimous in stating that the cost of living and inflation is that main trouble. Most of the members on this side of the house are in agreement with that statement. We are not in agreement, however, on the methods of curing that trouble.

Previous to the opening of the session, members of the C.C.F. party stated that the government of the day should resign because it had failed to put in price controls. On that we do not agree. When an amendment to that effect was moved, we naturally thought they were going to bring up some rather heavy ammunition to support their claims. In my opinion, this has failed to materialize. As a matter of fact, since the opening of this debate we have had only one speech entirely dedicated to inflation and the cost of living, and that was delivered by the member for Coast-Capilano (Mr. Sinclair), a supporter of the government. The stand of the C.C.F. on over-all control has been made quite clear, during both this session and the last. They wish controls on the primary products, particularly food, but no control on wages. This method affects the people in my riding who are mainly farmers, because it would control the price of their primary products while letting the cost of 70 per cent of what they have to buy, namely, wages, run wild.

This is nothing new so far as socialism is concerned. The basic principle of controlling primary products was adopted in Britain while the Labour government was in office. No farmer could take a steer into market and sell it for whatever was bid. He had to have a government official come out to see it, whether or not he knew anything about cattle.

Mr. Wright: On a point of order, Mr. Speaker, the C.C.F. amendment concerning subsidies and controls has been voted upon. I do not believe the hon. member is in order in continuing the debate on that subject.

Mr. Gauthier (Portneuf): Does it hurt that much?

Mr. Harrison: Apparently the hon. member is not interested in this part of my speech. He will like it even less as it goes along. In Saskatchewan we have controls on primary products, too. I have here a timber ticket from the Saskatchewan timber board which controls all the timber in the province of Saskatchewan. If you produce timber in that province you must deliver it to this board. While I was home during the recess I travelled 11,000 miles through the riding by car and by plane, and one of my constituents gave me this receipt for lumber delivered at Meadow Lake. This man brings this stuff in seventy-five miles; the last twenty-five miles into Meadow Lake is over a fair road but the first fifty miles is unbelievable. You have to see it to believe it. For this lumber delivered in Meadow Lake he obtains $32.60 per thousand feet, and he has to pile it in the government lumber yard there. They then plane it, and it costs $10 to plane, and make it into shiplap or whatever they require. Their net cost laid down in the yard is $42.60 for finished lumber. Then his neighbour who requires some lumber to build a house cannot buy it from him. He has to go into the government lumber yard and buy it, and he pays $96 a thousand for No. 2 shiplap and $99 a thousand for No. 1 shiplap.

In the 1945 election campaign I remember seeing in my riding posters put out by the C.C.F. party. Those posters said: People, not profits. Here is a profit of 135 per cent. I have to tell you that this timber board still loses money, with a profit of 135 per cent, for the simple reason that they have to make sure that this gentleman here at South Makwa, C. Turenne, does not deliver to his neighbour next door; and in case that checker might accept a few dollars to allow delivery, they have to have some checker checking him. The result is that the 135 per cent profit is dissipated; so far as the provincial coffers are concerned there is a dead loss. That is control of primary producers.

Their suggestion that we have over-all price controls does not meet with great favour in my part of the country because they have had this sort of thing locally. We have that situation also in fur. You have to deliver your fur to the government sales board in Regina. The whole thing is controlled in a manner similar to the way lumber is controlled. I would say that it is a good thing that wheat, coarse grains and dairy products, which are sold under federal auspices, are not controlled by the Saskatchewan C.C.F. government. But that is what that C.C.F. subamendment asks for.

But enough of controls. In my opinion their arguments to support their views have been extremely weak in this debate. Along this line I should like to suggest at this time, with regard to the British people, they being in the position in which they now find themselves, with little money in the treasury and faced with a cut in the food ration—and this country, being possessed of large quantities of food; in the east we have cheese and dairy products and in the west we have cereals and grains—that some proposition should be worked out between the government of this country and Great Britain whereby we can supply the surpluses that we have today, on a deferred payment basis, if that is required, in order to maintain their standard of living over there.

I wish to pay tribute to the mover (Mr. Cauchon) and the seconder (Mr. Simmons) of the address in reply to the speech from the throne. They set the theme of the debate, one referring to the development and expansion of the north and the other to the development and the expansion of the St. Lawrence waterway. With both those things I am in complete agreement. Certainly the people of Meadow Lake will support those measures.

We have considerable development occurring in the northern part of my riding, and I will come to that matter in just a minute or two. I wish to refer to something that was said the other day by the hon. member for Three Rivers (Mr. Balcer). I do not want to castigate him particularly, but I do not agree with his views when he said that we should put an embargo on meat going to the United States. On a local basis, that action might help the people in his riding, but it is not a good outlook for someone who should have a national outlook. I understand that the hon. member is national president of the young Conservatives association. Certainly he should raise his sights beyond his own riding. He also suggested that we buy meat in the Argentine, in the cheapest possible market. I do not agree with that view, because, if that idea was carried to its logical conclusion throughout the country, we would be buying most of our manufactured products from Japan, throwing our own people out of work. Certainly the thing we must look out for is balance in our economy. We want good wages in industrial areas and we need good prices for farm products. In other words, we must be more national in our outlook.

To come to the theme of the throne speech debate, first we have the St. Lawrence seaway and power development which will cost approximately $1 billion for both the seaway and the power development; the Saskatchewan dam, irrigation and power project which is to

cost about $100 million; and the Canso causeway in Cape Breton which is estimated to cost about $23 million. There is no reason why we cannot go ahead with those projects, and I will tell you why. There is in my riding enough potential production of mineral wealth to pay for the whole thing inside of ten or fifteen years. If any of you have read *Maclean's* magazine of October 15, you will find an article there by B. T. Richardson entitled "The Hottest Square Mile in the World." This is north of lake Athabasca, at Beaverlodge lake, about five miles north of Goldfields. It is one of the hottest portions of the world in uranium content. It was discovered in 1946 by Phil St. Louis. It is mainly at that particular point where there is a break in the earth's crust which has since been named the St. Louis fault. This is encountered over an area of about ten square miles, and occurred some millions of years ago in our history when the earth erupted at that point and poured forth the product that we now call uranium. I have here a piece of ore from that area. It comes in sandstone rock and was first detected, as some hon. members may recall, by the yellow colour on the outside. In fact, that is the way La Bine first found the first uranium in this country at Great Bear lake, from the golden colour that you see there, caused by the metal oxidizing on the outside. This piece is half an inch wide and is just good for display work. In paying quantities it must be much thicker than that. But this is first-class uranium, what there is of it, and it occurs in this St. Louis fault in wide veins. In 1949 the federal government went in there to develop the St. Louis fault, and started what they call the Ace mine. By the time this comes into production in 1953—they expect to be in production on January 1, 1953—the federal government will have spent about $8 million on the project. They have sunk one shaft, the Fay shaft—it was named after the girl friend of one of the boys who worked there originally—to a distance of 400 or 500 feet, and four levels have been put in. The levels run all the way from 3 feet wide to 15 feet wide in the uranium seam with a length of 330 feet. The ore runs from $34 to $417 a ton in that one particular shaft. There are four shafts under development, and one of them is expected to be better than the Fay shaft. I should tell you something about this Fay shaft. In the first year of operation it expects to put out 500 tons a day. They are to put in the concentrator next year to handle the ore, the concentrates being shipped down here. That Fay shaft from its first level and at 500 tons per day production will produce $9 million the first year of its operation. It has been set for a production of 2,000 tons a day, and that will amount to $40 million a year for that one shaft alone. When all four shafts get into operation—two of them are expected to exceed the value of the Fay—we should have in excess of $150 million a year from this one operation alone. This amount will be paid directly into government coffers, since it belongs to the federal government, and it will realize that amount of United States dollars for the country.

When this mine gets into full operation, ten or fifteen years production will be more than enough from this one mine to pay for all the projects that have been asked for and mentioned in the speech from the throne, namely, the Canso causeway and the Saskatchewan dam and irrigation project as well as the St. Lawrence seaway. If we can do that from the production of one small riding of Canada, what have we to fear in going ahead with a matter of this kind?

At the present time transportation into that area runs up the Athabasca river from the head of steel at Waterways, and that is run by the Northern Transportation Company which is a subsidiary of Eldorado Mining and Refining, and they run even to lake Athabasca and serve all the ports on the north side of it, including Goldfields in the Ace lake area.

Last year the federal government put an airport in there. I was in there about six weeks ago on my annual trip around the north country. Over a year ago I looked over the land and wondered where they would build the airport in that district. It is very mountainous and rocky. Yet they have a lovely airport there that can be used by seaplanes as well, as it runs right down to Ace lake which is used by aeroplanes there—even the largest land aircraft can land and use it.

In addition to the output in that part of the country, which comes down this waterway route, we should have in the not too distant future a continuation of the line now running to Lynn Lake. In my opinion that should be continued along the north end of Reindeer lake and Wollaston lake and Black lake, and around the north shore of lake Athabasca, which would take you past Stony Rapids to the most concentrated uranium ore there is in Canada at Beaverlodge lake.

There is also a development of uranium at lake Charlebois, which is in the riding of the hon. member for Prince Albert (Mr. Helme). It is not as far advanced as at Beaverlodge. This will have to be tapped in the course of time. I do not think we shall live too long before we see that the Pre-Cambrian shield will have to be developed in

that area by the continuation of the line that has now been put into Lynn Lake.

Mr. Green: How many miles would that be?

Mr. Harrison: About 300 miles. In addition to the mineral wealth in my riding, which I frankly say can pay for all the development that this country requires, both in the east and in the west, at the present time, we also have a large production of agricultural products. Meadow Lake town is the largest inland receiver of grain on the North American continent. About 4 million bushels of grain will be marketed there this year. The whole agricultural area of the riding of Meadow Lake will this year produce about 20 million bushels of grain. This, together with the cattle, hogs and dairy products, will bring this year's contribution to the national income to about $40 million, excluding the minerals. That is not exactly a small contribution. Therefore we should have no hesitancy in going ahead with the projects I outlined. In other words, let us have an end to parochial looking at the national situation. Let us look at it in a national way. Let us construct these projects forthwith. Meadow Lake, the greatest riding in the country, Meadow Lake, the nuclear heart of the nation, will pay the whole bill.

Mr. William Bryce (Selkirk): Mr. Speaker, I want to take this opportunity to support the hon. member for Acadia (Mr. Quelch) in his amendment to the amendment. The hon. member for Melfort (Mr. Wright) moved a motion in the house the other day on the same subject and you, Mr. Speaker, said at that time that it could be discussed on the address in reply to the speech from the throne. I want to congratulate the hon. member for Acadia on taking this opportunity again to bring before the house the plight of our veterans. I do not think it is necessary that I should go into all the details again. The last time I spoke in the house I said that the veterans' request was a reasonable one when they asked that single burnt-out men should have their pension increased from $40 to $50 and married men to $100. I was disappointed this afternoon to hear the minister's answer to the question asked by the hon. member for Winnipeg North Centre (Mr. Knowles), who asked about the representations which had been made by the different legions regarding something being done about the pension. I feel quite sure that the minister's answer will be a keen disappointment to the veterans organizations which have asked us to try to get some action to consider the plight of the veterans at this time. Even yet I hope that the government will see fit to bring down some legislation during this session—and I mean this session—to give these veterans some relief, as the cost of living still continues to go up, and makes it very difficult for not only the veterans but anyone who is on a fixed income to live like an ordinary human being.

When speaking a couple of weeks ago I asked that an inquiry be held into the sale and distribution of meat. I tried to show how the people in the low-income brackets were subsidizing the people in the high-income brackets. At that time I said that I did not have sufficient time to deal with pork, and I should like to do so now. The recent drop in hog prices has not been of any benefit to the consumer and certainly has been a great loss to the producer. Perhaps at this time I should review the marketing of hogs over the last twenty-five years. The *Manitoba Co-operator* of November 1, 1951, contained an editorial entitled "The Butcher's Boy", which reads as follows:

> For some years past packing companies and many PSV truckers in Manitoba as well as in other parts of Canada have been working hand in hand to destroy the farmer's bargaining power in marketing his livestock.
>
> By "under the counter handouts" of bonuses to truckers the packers have wooed deliveries away from public markets. Fifty cents per hog bonus on a truckload of one hundred hogs or more is a good day's pay for a trucker. Or when these same hogs could quite often be sold for as much as two dollars per cwt. more at a public market this is a poor deal for the unsuspecting farmer.

And again:

> Unfortunately prairie farmers too often listen to the freely given advice of some truckers on marketing livestock. These men are essentially haulers of groceries and know little or nothing about livestock marketing problems. Just so long as the truckers can persuade the farmer to let him unload the livestock at the packer's back door so that he can collect his fifty cents per hog bonus, and goodness knows how much per head for cattle, he is little concerned with the size of the farmer's cheque.

I remember when I took my hogs to Winnipeg by team twenty-five years ago to sell them at the stockyards, I would be met by half a dozen buyers a few miles from the stockyards' gate. They would be bidding for my hogs before I got to the stockyards. Then we had deliveries by trucks, which has increased. The tendency of truckers is to deliver to the packer's gate. Sometimes the farmers wonder why the truckers are so anxious to patronize the packers and ignore the public stockyard where you can still see some signs of competition in the purchasing of livestock. In many cases the trucker is not the best man to sell livestock as he is not a livestock salesman. Hence the return to the farmer from his livestock was not as good as it might have been.

Perhaps the other provinces will consider copying the procedure followed by Alberta and Ontario in selling livestock by public auction and in that way get some competition in the marketing of livestock. These troubles are aggravated by the system we have today of compulsory hog rail grading. I want to make it perfectly clear to hon. members and to the Minister of Agriculture (Mr. Gardiner), who I believe knows this perfectly well, that I am not against hog grading. This system has done a wonderful job in improving the bacon hog.

Mr. Gardiner: The hon. member is referring to rail grading.

Mr. Bryce: My complaint is that it is definitely in the hands of the packers. I am quite sure that 90 per cent of hogs are delivered to the packer's gate with perhaps 10 per cent reaching the public stockyards. When the packer has 90 per cent of the hogs delivered to his plant he is not interested in the other 10 per cent going to the public market. He can practically pay what he likes, no doubt in agreement with the other packers.

The argument has always been used that hogs are permitted to stand around the stockyards resulting in a certain amount of shrinkage, and another argument advanced is that when they are sent in from some distance there is a feed bill. The farmer has always wanted to avoid both these situations, but at the same time when he delivers direct to the packer's gate by truck he loses all the competition in the sale of his hogs that he ever had. Today farmers have nothing to say about the price they will receive for their hogs. They are just loaded up at the farm, delivered to the packer's gate, and the farmer waits at home until the cheque comes. If the cheque or the grade is not satisfactory, what can he do about it? He can do absolutely nothing. The farmer has to take it and like it.

While the consumer is paying high prices for pork and in many cases blaming the farmer for making too much money, the fact is that the farmer has not been getting more for his hog. Here are the monthly averages at Toronto and Winnipeg markets:

	Toronto	Winnipeg
July	$39.26	$37.75
August	35.88	36.52
September	32.65	32.75
October	29.88	28.95
Last week	29.75	28.00

It should be noted that I am referring to only grade A hogs which is the top of twelve grades. These twelve grades sell on the Winnipeg market from $28 down to No. 2 sows at $19.50.

Mr. Gardiner: Why does not the hon. member start quoting prices in March instead of July?

Mr. Bryce: Because these figures suit me. I am only learning from—

Mr. Knowles: The minister.

Mr. Bryce: The minister, yes. I have great respect for the minister but I repeat that he is a born orator and can make the other fellow think that black is white. I am trying to do the same.

Mr. Knowles: The hon. member for Selkirk is honest about it.

Mr. Bryce: For the information of hon. members who are not interested in hogs but who might like to read something about them and perhaps appreciate that there is considerable logic in what I am putting on the record, I should like to give the latest Winnipeg prices for the different grades, as follows:

A	$28.00
B 1	27.60
B 2	27.35
B 3	26.75
C	26.50
D	26.00
Lights	27.00
Heavies	26.00
Extra heavies	19.50
No. 1 sows	20.50
No. 2 sows	19.50
Feeders	20.00

At least ten of those grades go into the domestic trade. The minister may want to remind me that there is a floor price for hogs. I know there is a floor price of $32.50, but that is for Wiltshire sides, not for hogs. The Wiltshire side is not the complete hog and the price paid for the hog on the basis of this price of $32.50 differs with the technical efficiency of the packer who buys the hog. The great complaint is about the drop in the price of hogs and the rise in the prices of pork products. Hogs are scarcer and fewer are coming to market. Hog marketings in the first quarter of this year amounted to 1,201,304, in the second quarter 1,190,499 and in the third quarter 953,273. Fewer hogs are coming to market and yet the price to the producer is lower and the price to the consumer is higher. If I were to quote the figures the minister wanted me to quote it would make the situation look worse still. It certainly upsets the argument about the law of supply and demand. With fewer hogs coming to market, lower prices to the producer and higher prices to the consumer, surely everyone will agree it is high time that we had an investigation into the prices and trade practices of the meat industry.

The fluctuation in hog prices this year has been very bad, with a difference of $10 per

hundredweight in 120 days, while in the United States hogs have only varied $3 per hundredweight in a year. In the Winnipeg *Tribune*—

Mr. Gardiner: During all of which time they have been lower than ours.

Mr. Bryce: The processor in Minneapolis was buying our hogs, processing them and selling on the Winnipeg market at cheaper prices than the local packers. It is no argument to point out how cheap they were in the United States. We can send them there and get more for them. We would never have sent them there if we could not get more for them. The minister knows we have the best bacon hogs in the world. I will have something more to say about that later on. There was an article in the Winnipeg *Tribune* concerning rising prices and they compared the price of pork chops in Minneapolis and Winnipeg. The price in Minneapolis was 51 cents a pound and in Winnipeg 68 cents a pound, where the hogs were raised. I also have an article from the Saskatoon *Star-Phoenix* of November 5, 1951, with the heading, "Pork Chops So Popular Price High". The article reads:

Pork chops are now selling here at 10 to 14 cents per pound more than they were two months ago when hogs were bringing $10 more than today's market price. The explanation, according to both packers and retailers—the volume of supply and the extent of the demand for certain cuts or part of the carcass.

Mr. Knowles: Sounds crazy to me.

Mr. Bryce: Here you have the same thing happening as I pointed out in connection with beef. You have the housewife in the low income bracket buying the cheaper cuts and subsidizing the housewife in the higher income bracket who wants the better cuts, including loin pork. It has been shown that the drop of $10 per 100 pounds never made any difference to the consumer. I know that the storage position of pork products was extremely low. I also know that there was very little imported pork in Canada, and realizing that there was a very strong consumer demand, with pork marketings up to that date in 1951 below the same period a year ago, I am strongly of the opinion that some understanding must have been arrived at among the larger Canadian packers to depress hog prices drastically. Inasmuch as right across Canada there was an identical depression by the big packers, I along with many other farmers felt that this could not possibly occur without some understanding between Canadian packing plants. The drop in prices may have been caused by the anticipation of the packers of a sharp increase in hog marketings, or it may be that the freezers were empty and needed refilling.

When controlled prices were taken off in 1947, the packers immediately raised prices to the wholesalers although the packers' freezers were full of meat, both beef and pork, bought under ceiling prices. They argued then that they needed this profit as they would take a loss when prices went down. At that time it was estimated that the packers made $4·3 million. I have here the report of the royal commission on prices, and I should like to refer to page 98 of volume 3, where it reads:

Three large packing firms and Wilsil, among themselves, held over two-thirds of the total holdings of beef and pork. Although Canada Packers held 14·8 million pounds of pork, only 1·5 millions were for the account of the meat board and the firm would stand to make very substantial inventory gains on over 13 million pounds. Although this firm held 10·1 million pounds of beef, only 2·2 million pounds were held for the meat board and for customers; the firm would sell the remainder at the higher prices prevailing after January 1. Burns and Company held a similar small proportion of their total pork inventory for the meat board. If the other firms were holding as small a part of their total inventories for the meat board as were Canada Packers, they all made substantial profits on their holdings of beef and pork.

Then there is a passage on page 100 of the same volume which reads as follows:

The three largest packing firms in Canada submitted accounts to the special committee which showed that they made a combined net profit of $4·3 million in the four months following the simultaneous removal of price controls on meats and the settlement of the packing house workers' strike in late October, 1947. Market conditions following the strike probably had greater effect on these profits than the removal of controls. Profits for the corresponding period in 1946-47 were less than $1 million. Those firms owning beef and pork in cold storage at the end of 1947 made substantial fortuitous gains as a result of inventory appreciation, as market prices advanced with the increased United Kingdom contract prices. No such inventory profits were made on meat consigned to the meat board. Although complete data on the quantity of such consignments were not furnished to the special committee, the information available indicates that it was a very small percentage of total holdings. The four firms, Canada Packers, Swift Canadian, Burns and Wilsil held over two-thirds of the total cold storage stocks. The inventories of beef as of January 1, 1948, were at record levels; those of pork, while not a record, were relatively large.

Packers' net profits may be only a fraction of a cent per pound, but because of their extremely large volume, these profits may be a high percentage of the capital invested in the firm. One firm submitting accounts to the special committee made net profits in excess of 23 per cent of its capital investment during its fiscal year ending in March, 1948. Firms tend to disguise these high profits in their annual reports by making such deductions as corporation income taxes, additions to "inventory reserves" and bonuses to employees before calculation of "net" profits. However, it is still a fair statement that, even by taking no profits during late 1947 and early 1948, packers could not have made any great contribution towards lowering the price of meat to consumers.

On page 104 there is another quotation which reads as follows:

> There is evidence to indicate that the buying and selling prices of the smaller firms are patterned upon those of the larger firms. There is competition among the larger packing firms but it is not "perfect" competition, such as prevails in the primary livestock industry or in the retail industry. Farmers and retailers are able to exert little or no influence upon the price which they receive for their products in open markets . . . Although the combined margins taken by meat processors, distributors and retailers normally amount to upwards of 50 per cent of the retail value of this meat, relatively little research has been undertaken in Canada on ways of reducing these marketing costs.
>
> A convenient place to start would be in calculating the farmers' share of the consumer's dollar for some, at least, of the more important farm products.

In the recent drop of $10 per 100 pounds, the producer is taking a loss of $15 per hog and the consumer still pays the same. It was during the Martin prices committee that we heard one of the prominent Canadian packers say, "We buy cattle as cheaply as we can and we sell beef for as much as we can get". With a code like that, what justice can the producer or consumer expect? Everyone knows the packing companies must make profits or go out of business. You will note there is no consideration of a fair price to the producer or a reasonable price to the consumer. Both producer and consumer are of no concern to the packers, but the packer seems unable to distinguish between fair profit and plunder and, unfortunately, does not care either.

Today the farmer is convinced that he is not getting enough for his hogs, when you take into consideration the price of feed. On the other hand, the consumer is being asked to pay prices he cannot afford. Drops in price similar to what the hog raiser has just experienced—a drop of 25 per cent in 120 days—will never build up the hog industry or inspire confidence in the farmer to keep hogs. The situation is now so bad that I think the only remedy is the establishment of provincial marketing boards for hogs and have a central selling agency. If the farmer or hog raiser wants to remain an independent person and maintain his place in society instead of a slave of the packing industry, he must handle his own business. The handling of farm produce by farmer co-operatives has been successful in Canada and many other countries. Marketing hogs and controlling them until they reach the retailer will help not only the farmer but also the consumer who will have a product at a steady price.

We all know what Canada can do when she makes up her mind, whether it is in connection with producing pork or anything else. I have been fortunate in visiting other countries and examining the conditions under which bacon is produced. I saw and have tasted Australian, British, Dutch, French, Irish, New Zealand and American bacon, and I am still convinced that the Canadian bacon is best. When we have conditions and feed that can produce bacon better than anyone else, it should be encouraged. First, the hog producer must set up his own marketing machinery under a marketing board. Then, in co-operation with other provinces, have a central selling agency.

In closing I want to appeal to the Minister of Justice (Mr. Garson) to have an investigation into the sale of meat, both beef and pork, under the Combines Investigation Act. I think it is long overdue. Conditions are deplorable.

I would also ask the Minister of Agriculture (Mr. Gardiner) to establish forward prices for hogs, say for the next three years or less if he likes, based on the cost of production. I would suggest that the next time a price is set, it should be on the hog and not on Wiltshire sides as it is at present. A forward price guaranteed by the government would give stability to the industry and confidence to the farmer, and use a lot of low grade grain.

Mr. A. J. Brooks (Royal): Mr. Speaker, I wish to say a few words at this time. I took the opportunity to speak on the main motion, and at this time I shall confine my remarks to the amendment of the hon. member for Acadia (Mr. Quelch). May I add that this would seem to be a most appropriate time to discuss the amendment, coming as it does immediately after Armistice day which, we all know, was yesterday. At that time the minds of all of us were turned to the sacrifices made by our men and women in two wars.

At the outset let me say that I concur fully in the amendment offered by the hon. member. It is in these words:

> That the amendment be amended by adding thereto the following words:
>
> "Furthermore we regret that Your Excellency's advisers have failed to compensate the recipients of war veterans allowance for the increase in the cost of living by an appropriate increase in the amount of the allowance."

The word "regret" is a mild one indeed, when used to express the feelings of many hon. members in the House of Commons and, I am sure, of the great majority of people in Canada. I have no doubt that the veterans themselves were greatly disappointed when some provision was not made to look after the interests of the recipients of war veterans allowances at this session of parliament.

It is not necessary for me to discuss the matter at great length, because my views, as well as those of my leader and our party, are well known on the subject. It will be recalled that last session when the motion was

before the house to set up the committee on veterans affairs, and when the terms of reference were made known, I realized at once that matters connected with war veterans allowances would not be considered. With that in mind I offered an amendment whereby the war veterans allowances would be included as a subject for discussion in the terms of reference. Unfortunately, however, my suggestion was turned down at that time.

During the different sittings of the committee we repeatedly asked that the terms of reference be referred back to the house so that they might be broadened, and thus afford an opportunity for discussion of this very important subject. This did not meet with the approval of the majority of members on the committee, and again the matter was pushed to one side.

At the beginning of this session I asked again that a special committee be set up so that we might discuss not only war veterans allowances but other matters concerning war veterans. However, the government did not see fit to accept this suggestion. Might I add that this serves only to emphasize to me, as it has on many other occasions, the great necessity for having a permanent committee on veterans affairs. I have urged this repeatedly over the years I have been here. The necessity for such a committee must appear obvious to all hon. members, because there is not a year in which some matter of great concern to veterans is not brought up, and should be made the subject of discussion before a veterans committee.

Since 1936, when I first came here, we have had a great many committees. To my mind a permanent committee on veterans affairs is a necessity. Why do we say the matter should be discussed at this session? Surely the reason must be obvious to everyone. Surely there should be no doubt as to why grants to war veterans should be increased. One need scarcely refer to the great increase in the cost of living. It is not necessary to point out to the house the inadequacy of the small amount being paid to these men to meet even ordinary subsistence. In our country it is much easier for the men to get along on a small amount during the summer months, but when they are faced with a long, cold winter the necessity for an increase in their allowance becomes more urgent, and certainly must be more evident to all members of this house.

Again, there is the question of a ceiling on the amount that single and married war veterans are allowed under the War Veterans Allowance Act. If the amount these men were allowed to earn were raised, even though their war veterans allowances were not increased, it would be some improvement. They are handicapped in every way. As I say, I am sure that the reason for increasing war veterans allowances must be obvious, and must appeal to all members of this house. Among the many considerations that would probably come before a war veterans committee, if it were set up, is the subject of the grant to war veterans who served only in England. This question has been discussed time and time again. Up to now those men who served on Salisbury Plain have received no consideration. Anyone who knows anything about the first war realizes that the winter those men put in there was as difficult as many of the hardships faced by the men at the front.

The nurses who served in the large hospitals in England during the first war, who today are advanced in age, have received no consideration. They were not allowed to go out of England. We know that there were hospitals in England and hospitals in France. Many of these nurses were told that their service was in England, and they had to stay there. The nurses who went across the channel to France, and served in the back areas there, are entitled to receive war veterans allowances, whereas the nurses who served in England are not. There is no reason why these two groups should not receive the same treatment. I could go on and quote instance after instance, Mr. Speaker, but it is not my intention to do so.

I should like now to quote briefly from the brief submitted to the federal cabinet by the dominion executive council of the Canadian Legion, which met in Ottawa last week. This brief is dated November 9, 1951. This is what the representative of the Legion, representing many hundred thousands of returned men across Canada, has to say with reference to these war veterans allowances:

> This means unless some emergency measures are taken that many recipients of war veterans allowance will be facing a very grim winter.

I have mentioned that.

> . . . Retroactive legislation passed next spring cannot feed and clothe and keep them warm this winter.

They are pointing out that even though the government may increase the war veterans allowance next spring and make it retroactive, that is not going to do these men any good this winter. The brief goes on to say:

> We feel that something should be done to ease the situation and would suggest as an emergency provision that the present supplementary grant be increased and its basis so broadened that it be granted without a means test to all those living on W.V.A. This could be done, we believe, by an administrative directive and would not require new legislation.

They have suggested to the government a means of solving this problem easily. I believe it is the duty and responsibility of the government, if they are not going to increase the war veterans allowance at this session, to adopt the suggestion of the Legion as expressed in this brief.

There is another matter, Mr. Speaker, which I believe is to receive consideration during this session. It is to be dealt with without reference to a veterans affairs committee. We will not know how it will be dealt with until the legislation is brought before this house. The last issue of *The Legionary*, November 19, 1951, in an editorial entitled "Pension Increases on the Way", mention the fact that a letter was received by the dominion president of the Canadian Legion, Mr. Watts, from the Minister of Veterans Affairs (Mr. Lapointe), which stated:

> The government's decision, arrived at after a great deal of thought, was that basic rates under the Pension Act should be revised—

Now, that is a very surprising statement, Mr. Speaker, that the government should have to take a great deal of thought to arrive at a decision that the basic rates of pension should be increased. This was obvious to every returned soldier across this country, and I believe to the great majority of people. It would not have been necessary for the people of Canada to take a great deal of thought to come to that conclusion. I am surprised that the minister makes such a statement. The letter continues:

> —and I am glad to be able to inform you that I propose to introduce at this fall session the necessary legislation to implement the government's decision.

We are all glad to know that this consideration has been given. There is one point about which we are a little dubious, and that is whether the consideration will be such as will meet the requirements of the veterans. I was concerned, too, after reading a headline in the Montreal *Gazette* of Saturday which stated, "Rise in veterans' basic pension expected to be 15 to 20 per cent."

Mr. Knowles: They had better give it some more thought.

Mr. Brooks: As the hon. member says, they had better give it some more thought. The minister is not in his seat, and what the basis for the item in the *Gazette* is, I do not know. I want to say to the government that a 15 or 20 per cent increase is not enough. If they are only considering an increase of that amount, they are not doing justice to the veterans nor to themselves.

It is not necessary, as I have said on other occasions, to point out the two norms upon which the soldiers' pensions in this country were based. The first one was the cost of living in 1925 or 1926, and the other was the rate of ordinary wages at that time. The pensioner received one increase of 25 per cent in 1948. Since 1939 the cost of living in this country has increased about 190 per cent, and the wages paid ordinary labour in this country 260 per cent. In all reason, Mr. Speaker, if the pensions of veterans are based on those norms, how can this government justify an increase of only 15 or 20 per cent? How can this government justify themselves if they should only offer the pensioners an increase now from 15 per cent to 20 per cent? I hope that it is not true.

In his letter quoted in *The Legionary* the minister also mentioned the war veterans allowance, and I should like to quote from it:

> It was agreed, however, that a parliamentary committee on veterans affairs should be set up as early as possible after the 1952 session opens in order to deal with this act. Changes subsequently could be made retroactive to the first of January, 1952, which is the general date for the putting into effect of the provisions of the new Old Age Security and Old Age Assistance acts.

What I wish you to follow carefully, Mr. Speaker, is the opinion of the editor in regard to that statement, and I quote his remarks:

> It is regrettable that the government did not see fit to have a parliamentary committee set up to deal with war veterans allowance during the current fall session so that the increase, whatever it may be, could have helped to tide the recipients over the coming winter months when expenses are heaviest. The government having announced its decision, however, *The Legionary* can only express the fervent hope, which it feels sure all ex-servicemen and women will share, that when the amount of the increase is determined, it will be sufficient to enable these gallant old defenders of Canada's freedom to spend their remaining years in reasonable comfort, free from the fear of want or outright poverty. Nothing less than that will satisfy their younger or more fortunately placed comrades—nor, we firmly believe, the citizens of this country generally.

In closing, Mr. Speaker, I should like to mention an article or an advertisement which I saw in the Ottawa *Journal* a few days ago. It was a request for the purchase of poppies. The wording of this request appealed to me and I think it outlines extremely well the situation of the disabled veteran. I have one objection to the advertisement, if I may call it such. In it there is a picture of our war memorial at the top and it is called "the Ottawa war memorial". I am not going to quarrel greatly with that wording, but I would point out that this war memorial, of which we across Canada are all so proud, is not Ottawa's war memorial but is the national war memorial of Canada. We all across Canada helped to contribute towards its cost and, as I say, we are all extremely

proud of it. Personally, I think it is a beautiful memorial. Underneath the picture the wording in the advertisement is as follows:

> Standing silently amid the tumult of the busy streets, the Ottawa war memorial is a tribute to those who gave their lives on the field of battle . . . day after day it stands as a silent reminder of Canadian valour and heroism . . . daily our busy lives surge back and forth with scarcely a thought for the disabled veterans, many suffering a lifetime of pain, but all struggling for existence in this world they fought to free from oppression.

The words which particularly appealed to me, Mr. Speaker, were: "but all struggling for existence". Surely those men are entitled to more than a bare existence. That is one of the reasons why I rose in my place this afternoon to appeal to the government to do something now—for I believe it could be done —for these men who are recipients of war veterans allowance. Do not wait until next session or until next year, 1952. With this cold, hard winter before us, these men need this help now; and I think it is unfair, unjust and unnecessary to defer action at this time. There is still plenty of time during this session; and I believe that some legislation can be enacted or that something can be done by the government so that these men will be placed in the position in which I feel they should be placed.

Mr. A. J. Bater (The Battlefords): Mr. Speaker, in joining in this debate for just a few minutes this afternoon, I should like at the outset to express my pleasure in associating with other hon. members who have expressed gratification with regard to the reports we get of the improvement in His Majesty's health. I should also like to join with others who have spoken about the visit of Her Royal Highness and the Duke of Edinburgh. In connection with their trip throughout our land, I should like to pay tribute to the radio, to the camera men and also to the press. Had it not been for the radio, the films and the press there are hundreds of thousands of our people who would not have had such a good opportunity to see Her Royal Highness and the Duke of Edinburgh, to hear their voices or to read what they said. I wish to compliment these organizations for the grand job they did in connection with the tour.

Their Royal Highnesses made a short trip across the line into the country of our great neighbour, and visited the President of the United States. On their short visit they took time out to journey out to Mount Vernon and to Arlington cemetery, to lay a wreath upon the tomb of George Washington and the Unknown American Soldier. I would say that, on that trip, they were truly commonwealth ambassadors of good will and understanding.

I should like to associate myself with those who have congratulated the mover (Mr. Cauchon) and the seconder (Mr. Simmons) of the address in reply to the speech from the throne, with which I am quite in accord. The mover covered considerable territory, and I was in agreement with him in his remarks about the great role played by our Prime Minister (Mr. St. Laurent) in bringing about the relations existing within our nation and also the great effort he has made to bring about international peace.

The seconder of the motion, the hon. member for Yukon-Mackenzie River (Mr. Simmons), in a splendid way described the north country, which he so ably represents. In the interval between the two sessions I was privileged to attend the official opening of the St. Mary dam, which is some thirty-five or forty miles south of Lethbridge. The dam was officially opened by the Minister of Agriculture (Mr. Gardiner). On that occasion I was pleased to meet a few people from eastern Canada. I will mention two or three of them: Mr. McCubbin, the parliamentary assistant to the Minister of Agriculture; Mr. McLean, president of Canada Packers; and Mr. Hannam, president of the Canadian Federation of Agriculture. I think it looked well when these men took such a great interest in that project that they would journey out to witness the official opening.

Speaking of the St. Mary dam of course recalls to my mind the South Saskatchewan dam, the opening of which I hope I shall have the privilege of attending in the near future. The mover of the address in reply mentioned that project. I would suggest that all members of this house and all members of all governments at all levels in Canada look at these projects—the St. Lawrence seaway, the Canso bridge, the South Saskatchewan project and any others that might be contemplated—not through the dim glasses of sectionalism or provincialism but through the brighter lenses of nationalism.

I should like to say a word or two in connection with something that has given us in western Canada a great deal of concern in the past few months. I refer to grain storage. The system of harvesting in western Canada, and particularly in Saskatchewan, is different from what it used to be. Because of the shortage of farm labour and the bringing in of the swather and the combine, the system of harvesting our crops has undergone quite a transformation. I think it is here to stay for quite some time. With this new method of harvesting has come about con-

siderably more tough grain. More tough grain is being brought into the elevators than we used to have when we harvested with the binder in the old days. I would suggest that throughout western Canada more drying facilities should be installed, more internal storage facilities. In connection with internal storage facilities, I hold in my hand a memorandum which I should like to place on *Hansard*. I will not take the time to read it, but with your permission, Mr. Speaker, I should like to have it included in my remarks. It is entitled: "Memorandum re grain handling in northwestern Saskatchewan".

Mr. Deputy Speaker: Is it agreed?

Some hon. Members: Agreed.

Mr. Bater: The memorandum is as follows:

Memorandum re Grain Handling in Northwestern Saskatchewan

Practically every fall prior to the last few drought years and again in the year 1939 farmers of north-western Saskatchewan have been faced with the problem of congestion of grain and with embargoes. Railway officials have done everything possible with the facilities at their disposal to cope with the situation and conditions have been relieved from time to time, but the opinion is strongly held that a more permanent remedy should be effected and that storage facilities should be established at a nearby central point in order that grain can be expeditiously moved from country elevators to an internal storage elevator during the threshing season.

In the southern part of the province harvest is usually two to three weeks earlier than in the northern part, with the result that when the bulk of the crop in the north is ready to be moved congestion and car shortage have already developed.

Modern methods of harvesting have speeded up delivery of grain to such an extent that it is impossible for the railways to move the grain to the head of the lakes and other ports as fast as the farmers deliver it to the country elevators. Now that the Hudson bay route is in operation it is desirable that the larger portion of the crop be retained within the province, in order that exporters may have the option of moving the grain to any one of the three chief grain routes. As North Battleford, in addition to being the logical centre to serve north-western Saskatchewan, is the most centrally located city in western Canada from a railway standpoint, being 1005 miles from the head of the lakes, 1017 miles from Vancouver and 883 miles from Churchill, it would be a decided advantage to exporters to have grain stored here, as it could then be forwarded to any one of three ports without incurring the expense of a back-haul.

In addition there are delivered to country elevators large quantities of coarse grains (particularly oats which are raised extensively between North Battleford and the Alberta boundary) for which the principal market is within the province and it is desirable that such grains should be stored as near to the area of production as possible, in order that they may be delivered economically to the purchaser.

Another important consideration is that of retaining in the district the by-products of the internal storage elevators, thereby making available to farmers a larger quantity of cheap feed.

[Mr. Bater.]

The city of North Battleford is well served by railways and highways from all parts of north-western Saskatchewan. The railways which converge here are as follows:

Canadian National Railways

(a) From Radisson in the southeast.
(b) From Lloydminster, west-northwest.
(c) From St. Walburg and Frenchman Butte in the northwest.
(d) From Medstead, north.
(e) Loop line via Rabbit Lake and Speers.
(f) From Blaine Lake, northeast.
(g) From Biggar, south.
(h) From Carruthers, west.

Canadian Pacific Railway

(a) From Meadow Lake in the north.
(b) From Ravenhead and Redfield, north-east.
(c) From Marsden and Cut Knife, west.
(d) From Wilkie, south-west.

The highways leading into North Battleford are:

(a) No. 4—from the north and south.
(b) No. 5—from the south-east and west-northwest.
(c) No. 26—from the north-west.
(d) No. 29—from the south-west.
(e) No. 40—from the west and from the north-east.

Much of the agricultural development of recent years in Saskatchewan has been north and north-west of the city of North Battleford. According to the 1936 census the population between 1931 and 1936 in what is described as the "prairie" portion of Saskatchewan decreased by 7·8 per cent, while the population in what is described as the "park" portion of the province increased by 10·8 per cent, the larger population now being in the "park" portion, namely, 483,090, as against 447,887 in the "prairie" portion. In the North Battleford federal riding the population increased from 41,513 in 1931 to 55,350 in 1936, an increase of 33·33 per cent. In The Battlefords federal riding in the same period the population increased from 45,064 to 48,913, an increase of 8·54 per cent. The movement to the north is still in progress.

Agricultural development extends many more miles farther north on the west side of the province than on the east side and the need of more facilities for handling grain in the north-west is very urgent.

As the Hon. J. G. Gardiner, federal Minister of Agriculture is reported to have stated on April 24th, 1940, at Melville, Sask., "that 1940 would be one of the toughest years in history for disposing of agricultural surpluses," this would appear to be an added reason for erecting an internal storage elevator at North Battleford in which to store some of the surplus grains of the north-west part of Saskatchewan.

The city of North Battleford serves a sufficiently large territory to warrant the erection of an internal storage elevator of three to five million bushels capacity. It is estimated that even in years of light delivery an interval storage elevator of the size stated would be used to full capacity, and there is every indication that such an elevator would be self-supporting.

A suitable site on trackage would be available at reasonable cost. Electrical energy and adequate supply of good water would be available at favourable rates. In the event of a pipe line being installed to supply North Battleford with natural gas from Lloydminster (which is probable) or other natural gas fields which may be subsequently developed a very cheap supply of power would be available and there would be a tendency to lower the already low cost of providing electrical energy.

The time is ripe for something to be done in northwestern Saskatchewan in this connection. The point I have in mind is North Battleford. This memorandum touches on that, but I will not take up the time to go into all the details.

Again this fall western agriculture suffered a severe blow. We had a good crop. We grew a crop, but because of a large amount of rain and snow we were not able to harvest it. Many farmers have the bulk of their crops under the snow yet, and perhaps it will be there until next spring. This calamity struck not only the grain grower in western Canada but also the farmers who are active in diversified farming. I mean those engaged in mixed farming. The weather caught many of them with their cattle feed out under the snow. Because of that they were not able to turn their cattle out on the stubble as in normal times, and consequently they have had to dispose of a considerable number of their cattle.

Speaking of cattle, I should like to concur in what the hon. member for Meadow Lake (Mr. Harrison) had to say about cattle. I was surprised to hear one hon. member suggest that one of the things that he thought should be done to ease inflation in our country was to prohibit the exportation of cattle to the United States. In that connection I should like to quote something that I quoted before coming in this house. To him I would say this:

> We should abandon the fallacy which teaches that we can become prosperous by limiting production and restricting trade, because political co-operation and economic isolation cannot exist side by side. This does not involve some new and untried scheme of social relationship or fantastic economic theory; it is simply the removal of those artificial barriers between men and nations that have been at the root of all our international differences, and the restoration, to all the people, of that most valuable privilege of organized society—the right to trade freely with one another. Freedom of trade and intercourse between men and nations go hand in hand with understanding and goodwill, and provides the only way in which all can be assured that equality of opportunity that should be the inherent right of citizenship.

With respect to those out west who have been caught with their crops under the snow, I hope and urge that the government do something to relieve the situation. It can be truly said that the farmers of the western provinces are possibly the most vulnerable primary producers in the Dominion of Canada. Not only are we vulnerable so far as weather conditions are concerned, but we are also vulnerable in our markets. To any who would suggest the restricting of markets I would say that the very life blood of the economy of our country is derived from the land, forests, mines and the sea. That is the very life blood of our economy, and the arteries that carry that life blood are our markets. I am pleased to see that something is to be done about freight rates. A committee is being set up. We all hope that something will come out of that committee's work.

I am concerned about our young men and our returned soldiers who might desire to go back on the land. Out in Saskatchewan we are suffering from a diminishing population. I think I have an idea whereby that might be checked, and perhaps put intc reverse. To our federal and to all governments across the country I say this: If they own or control any improved lands of any kind, be they fruit farms, grain farms or any other kinds of farms, give our young boys and our returned men an opportunity to purchase these farms. Do not rent them or lease them, but let them purchase them. I contend, Mr. Speaker, that with ownership goes greater responsibility, greater interest and greater stability.

I enjoyed listening to the hon. member for Mackenzie (Mr. Ferrie) when he was speaking about the lands in the far north and also the hon. member for Cariboo (Mr. Murray). They both spoke a great deal about the lands that are left in our last great northwest. In connection with those lands I would like to turn back the pages of our history a few years and suggest that we go back to the old homestead days, Mr. Speaker. By that I do not mean that we should go back to the oxen and to the walking plow with which many started their homesteads. I would suggest that the lands that are still left in the northern areas owned by any government be thrown open to our young men and our returned soldiers for homesteading. I would suggest that a little larger fee be charged today. It used to be $10 and we got 160 acres. Perhaps today the fee might be increased to $25. I suggest that they be given a section of this land. Under the old rules and regulations they were given three years to comply with certain residence qualifications and so forth. In that time they had the privilege of proving up and getting title to their land. I contend that something of that kind should be done with the lands that are still left in the northwest about which we have heard so much from the hon. members that I have mentioned.

I should like to concur in what the hon. member for Mackenzie had to say about the evergreen highway from Winnipeg to Edmonton. I have spoken on this before, and I just wish to reiterate what I have said previously. I would urge the Minister of National Defence (Mr. Claxton) and the Minister of Resources

and Development (Mr. Winters) to get together and consider assisting the governments in western Canada to build this highway from Winnipeg to Edmonton along what is termed No. 5 highway. Make this highway into a real defence highway, and also a real link between the southeast and the great northwest. Highway No. 5 follows from the city of Saskatoon right through Battleford and North Battleford, then through the oil fields at Lloydminster and on to the great city of Edmonton, where there is also considerable oil. If you were to lay down a rule on the map of Canada from Edmonton to Winnipeg you would find that your straight line would pass through Battleford and North Battleford. Right at that point highway No. 4 crosses, coming up from Malta, Montana, through Swift Current, Biggar, Battleford and North Battleford, the gateway to the north, and on to Meadow Lake. This highway link is needed, not only for defence purposes but because of the great oil developments in this area.

I mentioned that something was being done about freight rates. Some of the opposition members from Saskatchewan have asked on different occasions what the Liberal members from that province have been doing in connection with this matter. I would remind them that the Liberal members from Saskatchewan have not been asleep. We have been quite active in connection with matters pertaining not only to western Canada but to all Canada, and we were active long before we ever came to Ottawa.

Since coming to Ottawa we have been very vocal about these things. Speaking of freight rates in particular, I remember that not long after the election of 1949 when we came to Ottawa, the first time for many of us, we got together about freight rates. The result was that a petition was forwarded to the board of transport commissioners asking them not to accept any recommendation that a change be made in the Crowsnest pass rates. That was the first thing we did on coming here to Ottawa for the fall session of 1949. That petition was sponsored and headed by the hon. member for Portage-Neepawa (Mr. Weir).

Before concluding I should like to say that I was advised yesterday by letter that one right hon. minister who is in the chamber at the present time has just completed thirty-seven years of continuous public service, not only for Saskatchewan but for Canada as a whole. I refer to the Right Hon. the Minister of Agriculture (Mr. Gardiner). I sincerely hope that he will continue to serve us for many more years.

While our ship of state no doubt will encounter many storms on the national and international seas in the days that lie ahead, I have every confidence in our Prime Minister (Mr. St. Laurent) as its commander, for I know he will chart a course through the storms which will bring her safely into port.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, I am thoroughly in agreement with the wording of the Social Credit amendment concerning veterans affairs. I believe our veterans ought to be receiving a better deal than most of them are receiving at the present time. Sometime later I hope to go into more detail in respect of this matter, but today I trust that I shall be pardoned if I refrain from speaking on veterans affairs, in order to talk about another matter which I consider to be of urgent public importance to the people of Canada.

In my judgment the recent announcements concerning Britain's economic position justify considerable alarm on the part of all Canadians. That situation sets for Canada a challenge of the first magnitude. Canada's security is gravely threatened. Her future, her well-being is in serious danger, economically and in a military sense. Britain is in peril both economically and in a military sense. Peril to Britain is peril to North America, particularly to Canada—imminent peril. Britain is the keystone of the arch of security which Canada seeks to build up to shelter her; to shield her markets and to safeguard her shores.

Britain is the advance base of America's front line of defence. Upon Britain we must anchor our armies to the left and to the right, all across the world. Whatever threatens our advance base threatens our whole defence position. We must therefore attend to this matter with all our might—without hesitation or delay.

To those familiar with the facts this impending economic break-down of Britain has not been unexpected or unpredictable. It has been the inevitable result of several factors at work systematically, and I fear in large measure designedly, since as far back as 1890. I say designedly because I believe, as I said the other night, that there is a group of evil men exercising influence throughout the world who have for over sixty years been aiming at the destruction of the British commonwealth.

The rapidly growing industrialization in many parts of the world, in Germany and the United States particularly, the hot commercial rivalry and conflict emanating relentlessly from those two great nations, brought on disastrous world war I, with all its effects upon Britain, direct and indirect. Not the

least of those indirect effects was the unconditional most-favoured-nation clause which was forced upon Britain by the United States in 1922. That was one of the most mischievous measures ever advocated by a people in the history of the world. Its effect upon Britain and other nations of the world has been incalculable in dire results.

The continued improvement in the use of machines, solar energy and technological skills ushered the western world from an age of scarcity into an age of abundance about 1928. By an age of abundance I mean an age in which people were able to produce more goods than they were able to sell under the financial system under which they operated. This fact, resulting in failure to distribute the world's abundance, precipitated the great depression of 1930, again emanating from the United States. The effects of this upon Britain were catastrophic.

World war II then broke upon Britain, with results, direct and indirect, disastrous beyond description. From the date of the onset of that unprecedented misfortune, Britain has been victimized by all her foes and most of her, on the face of it, friends. The treacherous devices of these false friends have been well-nigh unbelievable, not only by reason of their diabolically mischievous effect upon Britain, but also by reason of their abject stupidity when judged by considerations of enlightened self-interest of even the perpetrators themselves. Surely the nations that had to do with causing these difficulties, that today are almost screaming about the inability of Britain to discharge responsibilities which she would have discharged had those nations given Britain a chance—

An hon. Member: Who are they?

Mr. Blackmore: I will name them some time; I do not feel disposed to do so now. I could give them easily. Thanks for asking the question. I will give the hon. member the answer off the record any time he cares to come around to my room. I will enlighten him in a way that will startle him. For the present benefit of the hon. member, one example is Bretton Woods. If he can find out who initiated Bretton Woods and who jammed it down Britain's throat, he will be able to get the clue to the whole situation. Finally we come to the so-called post-war period. Throughout the feverish years since 1946, Britain has heroically striven to carry her full share of the load. Statistics establish that, in the absolute, she has borne far more of the burden than even her population could warrant. Considering Britain's wounds during the war, inflicted by her foes, and those during the war's aftermath, inflicted by her false friends,—or should I say foolishly selfish friends?—Britain has carried, and has been expected to carry, a weight of effort utterly beyond her capacity to endure, for long.

Something must be done to reinforce Canada's advance base, Britain. It must be done soon. What shall it be? What part shall Canada play in the matter? This is a question which I submit is of the most vital interest to every Canadian breathing today.

Britain has men, well trained, brave, unbeatable. But Britain needs materials desperately, goods for human needs, goods for military needs. Canada has the goods. Canada has extensive resources to produce more goods. Hardly a Canadian commodity could be named as to which Canada probably could not double her production in a few years if she deliberately set herself to do so.

The Minister of Trade and Commerce (Mr. Howe) estimated our 1951 production at $20 billion worth of goods. Unquestionably we can produce much more goods in 1952 if our normal rate of increase of productive capacity continues and we are afflicted with no major calamity such as befell the prairie provinces this fall. Why not advance Britain enough credit to enable her to buy, and Canadians to sell, all the goods that Canadians can produce in 1952 over and above those goods required to supply our people's needs and enough goods to fill our present commitments to other nations? It will be impossible at the present time to tell just how much that will be, but, whatever the amount may be, why not, almost in a blank cheque sort of way, undertake to advance to Britain enough credit to buy such of those surplus goods as Britain needs? Why not promise to Britain a corresponding amount of credit in each of the years 1953, 1954, 1955 and 1956?

If a thing like that were done, immediately you would strengthen the confidence of all producers across Canada. With normal intelligence in the government in the way of guaranteeing prices and other necessities, you would greatly increase production and the productive capacity of Canada. Take hogs as an example. Think of the number of hogs we were producing in 1944. We could produce that number again, and more, and so on through practically the whole list of our agricultural products.

Why not let Britain have these goods on a thirty-year credit basis without interest and with no strings attached, except that there be yearly token payments, until the United Kingdom economy justifies larger continuous payments? It would be understood of course that Britain would use the credit advanced

to buy surplus Canadian goods both for human consumption and for military needs.

To give an idea how desperate is the plight of Britain today I should like to read into *Hansard* a statement which appears in the *United States News and World Report* of November 9, 1951. It is on page 31. It reads as follows:

Why England Needs More Dollars

What Britain Owes Outside of Britain	
Due other countries in pounds.....	$13,258,000,000
Due other countries in dollars and other non-sterling currencies.....	6,143,200,000
	$19,401,200,000
What Britain Holds to Meet These Debts	
Gold and dollars	3,269,000,000
Other currencies	400,400,000
Overseas investments	5,703,600,000
	$ 9,373,000,000
What the British empire still holds in gold and dollars	3,269,000,000
Average annual drain on gold and dollars since world war II, had no loans or gifts been received	1,340,000,000
What Britain apparently needs—At least 1 billion dollars a year in gifts or loans from the U.S.	

I imagine Britain needs a good deal more than that to accomplish what she can do in the way of fighting if she were enabled economically to do the best she can.

I come now to some of the details as to why Britain is in the perilous position in which she now finds herself. I have here a document which I had prepared for me by an authority today on Great Britain's post-war predicament. With respect to wartime losses, her physical losses were 18 million tons of shipping, one out of three in housing and 950,794 casualties both civilian and service. She suffered monetary loss by way of reduction in gold and dollar resources, growth of overseas indebtedness, especially sterling balances, and sale of overseas investments. As to trade in wartime, her overseas markets were lost with a need for heavy reinvestment by advertising, a condition of lend lease. Her exports were cut to one-third pre-war volume, and her exporting industries lost their labour force to war industries. Hence the original estimate, before price rise of raw materials, was that Britain would have to export twice as much as pre-war in order to be able to pay for only the same amount of imports as pre-war.

Dealing with her post-war problems, first of all there is her full share in international agencies such as the U.N., UNRRA, etc. Then there are her gifts and grants to overseas countries. In all a greater amount was given away than was received. I shall introduce some figures later on to show how true that is. Then there is also her full share in defence of democracy with a higher proportion of population devoted to defence than any other western power. I hope that gets right home to the United States people, every one of them.

A million men and women in uniform, 300,000 stationed overseas; full contribution of 25,000 to Korea; a single-handed war for four years in Malaya, involving 40,000; unsupported responsibilities in the Middle East, Austria, Trieste and Germany. In the past five years, civil production has been doubled, exports multiplied five times in volume. Yet there has been misdirection of exports because, first, there has been no control of exports in Britain, and secondly, excessive releases from sterling balances. Then, again, there has been overgenerous liberalization of trade with Europe under United States pressure as a condition of Marshall aid—for example, free imports from Europe now have to be cut.

If the part played by the United States in that list were to be detailed at the present time, it would strike members with astonishment. However, we shall pass on to some further details as to why Great Britain is in difficulty.

I wish to give sales of overseas investments, showing what Britain lost as sources of revenue as a result of war. I am reading now from a document entitled "Statistical Material Presented During Washington Negotiations." At page 9, appendix 3, I find this:

Loss of Overseas Investments

1. Repatriations and Realisations During the War. The proceeds realised from the sale overseas of U.K.-owned investments requisitioned or otherwise repatriated during the war (i.e. September 1939 to June 1945 inclusive), so far as known, were as follows:

Table 4

Proceeds of Sale or Repatriation of Overseas Investments during the War

Sterling Area	$ millions
Dominions (Australia, New Zealand, South Africa and Eire)	810
India, Burma and Middle East	1,400
Colonies and other sterling area countries	60
Total Sterling area	2,270
North America	
U.S.A.	820
Canada	905
Total North America	1,725
South America	385
Europe	55
Rest of world	65
Total all countries	4,500

The important thing for those out in the country who may be reading these remarks to realize is that while Britain had those investments in all those different countries, she was able to draw the interest on them in goods produced in those countries. Thereby she obtained very precious raw materials, without exporting goods to pay for them. And with the wide variety of material, and the great quantity she was able to obtain thereby, she was able to trade with the United States for American dollars, and then with those American dollars she could pay Canada for goods she bought from Canada.

The bald fact Canadians have to face is this, that Britain no longer has available to her those sources of supply. Now, where is she going to get American dollars to pay for Canadian goods? We have to ask ourselves that question. Suppose she cannot get dollars, what are we going to do about it? Are we going to allow our vast production machine to lie more or less idle? Or are we going to supply Britain with our own Canadian dollars to buy our surplus Canadian goods? Are we by that means going to stimulate our production to the optimum and build a mighty power out of Britain—the mighty power she once was, and can be again? Are we going to encourage the British dominions to do as we do and, as the result of the activities of all of us, build up that mighty force for good in the world, that force which God evidently intended the British commonwealth to be?

The problem is right here before us, right here in the parliament of Canada. We are able to make the deciding move; it lies within our power, if we are just equal to the occasion. We can do it, if we just have the statesmanship, if we just have the ability to make what Graham Towers called in the quotation to which I referred last Thursday night, page 846 of *Hansard*, unprecedented adjustments—adjustments of "unprecedented magnitude" in our ways of thinking and doing.

And now for some further details. These details show how Britain, despite the difficulties confronting her at the close of world war II, did not shrink from doing more for her neighbours than her neighbours did for her. I hold in my hand a document containing many details. I am sure it will constitute a revelation—and once again, I hope it gets right home to people in the United States, as well as right home to everyone in Canada. This shows what Britain has given and received from the end of the war to December, 1949. She has built a considerably greater record, may I say, since that time. This table states:

A. Given by Britain	£ million
(i) Gifts (about)	400
(ii) Loans and recoverable aid about	493
(iii) Drawing rights exercised on U.K.	65
(iv) Withdrawals from sterling balances	319
(v) Colonial loans	65
Total	1,342
(vi) Military expenditure overseas	860
Grand total	2,202
B. Received by Britain	
(i) Monetary gifts	38
(ii) Loans	1,199
(iii) E.R.P. aid from U.S.A.	393
(iv) Drawing rights exercised by U.K.	17
Total	1,647

That is, £1,647 million as against £2,202 million, giving Britain a tremendous edge over all other nations put together in this matter of helping the world. It is a little difficult to see why Egypt cannot get this fact into her head—and Iran, and a whole lot of the people who go running around in those countries, fomenting trouble. Then I go on:

A. Post-war relief and similar aid by U.K. (up to end September, 1949)

(1) Gifts	£ million
U.N.R.R.A.	155
I.R.O.	11·2
Civil affairs (not recoverable)	49
Greece, armed forces initial equipment, maintenance, etc.	31
Greece, surplus stores and relief supplies	2
Poland, welfare and social services June, 1946-March, 1947	5
Poland, surplus stores	6
Austria:	
Before 1st April, 1946	10
Post U.N.R.R.A.	7·5
Surplus machine tools	0·125
Hungary: Surplus machine tools	0·2
Italy: estimated value of surplus stores in excess of payments under financial agreement	55
Netherlands: Military equipment and surpluses, estimated portion in excess of payment under debt settlement	16
Roumania: Medical supplies and surplus army foodstuffs	0·02
U.N. fund for Araby refugees in Palestine	1
Ex-Italian Colonies: Cost of administration	12
Burma:	
Cancellation of debt	15
B.M.A. expenditure (cancelled claim)	23
Total (say)	400

Gifts, outright, by Great Britain, in those trying times—three years.

Loans and recoverable aid	£ million
Civil affairs (recoverable)	50
France:	
Financial agreement	100
Private credit	15
Denmark: Financial agreement	35
Germany: Cost of supplying German civil economy	207
Netherlands: Military equipment and surpluses—estimated relative portion of total payment agreed under debt settlement	25
Greece: Stabilization loan	10
Burma:	
Loan and credits since 1945 (less amounts forgiven)	27
Stores supplied against later repayment	9
Miscellaneous (say)	15
Total	493

Those are loans and recoverable aid. They are not quite gifts, but a lot of them will be, before we see the last of them. Does it not strike anyone as perfectly amazing that a nation in Britain's condition could do this thing, and did do it, regardless of the cost to her people in terms of lowered income, terms of a lowered standard of living?

Drawing rights exercised on U.K. during June 1948—September 1949.

Drawn by:	£ Million
Austria	6·3
France	46·4
Greece	8·3
Bizone	0·9
Turkey	2·9
Total	64·8

Aid to U.K. up to end September, 1949

Now, we have the other side. How many monetary gifts has Britain received? They are as follows: From Australia £28 million; New Zealand £10 million, or a total of £38 million.

In addition, a further £8 million has been received from Australia this month.

Loans (excluding drawings on international monetary fund)

U.S.A. line of credit under 1945

	£ million
Financial Agreement	931
Canada credit under 1946 financial agreement (amount drawn)	268
Total	1,199

Note:

This excludes the £154 million loan under lease-lend terminal settlement of 1945.

Assistance to the U.K. by the U.S.A. under the European recovery program

	£ million
Total receipts	393

Drawing rights exercised by U.K. during June 1948-September 1949.

	£ million
Drawn on: Belgium	16·5

Net sales and redemptions of U.S. and Canadian securities, £53 million.

[Mr. Blackmore.]

I must confess, Mr. Speaker, that a contemplation of those figures positively astounds me.

Here is Britain. By reason of all the various difficulties through which she has passed, she seriously needs assistance. Shall we deny her aid, even when giving it does not cost us anything in the way of a lowered standard of living?

The question will be asked, shall we ever get our money back? People in the country as well as members of the house will be glad to have put on record this quotation which comes from the November 12, 1951, issue of the Montreal *Gazette*. It is an article written by Arthur Blakely and reads as follows:

> Governments of 11 other countries which had borrowed heavily here at one time or another, still owed Canada $1·9 billion at the end of last March. The biggest borrower, Britain, had reduced the balance outstanding on her loans to $1·4 billion by paying off better than $40,000,000 during the last fiscal year. Total repayments from the eleven governments were $63,600,000. Three accounts were being watched with particular interest. Russia, which still owed a modest $8,992,000, repaid $2,866,000. Czechoslovakia made payments totalling $3,354,000. Chinese payments during the fiscal year were $757,000. By the end of March, China was $2,446,000 in arrears in the repayment of principal and interest and the Canadian government had agreed to defer payment to December 31, 1952. On the other hand little Norway, which still owes $21,000,000, pre-paid an instalment months ahead of schedule.

The question is, is Britain's honour bright? Surely, she has still the will to pay her way. She has still the ability to pay her way if we will only give her a fighting chance.

The question will arise, will the proposal which I have made cause inflation? In the first place, I wish to repeat what I have said already several times, and what I am sure every member of this house will know within a few years, that this high price structure which we have was not the result of actual inflation at all. It was not the result of a scarcity of goods. It was the result of a deliberate and selfish manipulation of costs upwards.

Will this proposal cause inflation? In the first place, it is well to bear in mind that Canada advanced goods to Britain during world war II. The Minister of Finance (Mr. Abbott) informed us on November 8, *Hansard* page 855, of one of the measures used to advance goods to Britain in 1942. There were hundreds of millions of dollars' worth of goods sent to Britain in 1942 when we were supposed to be short of goods. We were supposed to have too many dollars chasing too few goods. We did it then without any serious inconveniences. Of course, some people would say, we had controls. I do not know that

the Divine Creator has issued any edict forbidding us to use controls now. I am not here advocating controls, but if there is no other way whereby we can keep these hoggish people in check, we should at least resort to some means which would enable us to help Britain in a time of need.

I should like to discuss another matter which is of vital importance. What does Britain's economic trouble mean economically to Canada, and the Canadian market? The other afternoon the member for Melfort (Mr. Wright) asked a question of the Minister of Trade and Commerce (Mr. Howe), as to how the minister expected to sell Canadian wheat next year. The minister made a statement which I believe he will have a difficult time justifying. He seemed to indicate to the house that all was well and we had nothing to fear. I am not so sure about that. I should like to have the Minister of Trade and Commerce establish the truth of what he said. In the meantime, it is important to remember that Britain is our greatest potential customer. She has been the one upon whom we have been able to rely throughout the generations, and she is the one upon whom we can rely throughout the generations yet to come if we will just keep her in a sound financial position so that she can be that market.

Not so long ago we had some rather enlightening figures. Between April 3, 1948, and March 31, 1950, Canada sold, in United States dollars, $955,860,000 worth of goods. Of this amount $829,100,000 worth of goods went to Britain, and Britain paid for those goods with money which the United States granted to her under the Marshall plan. Suppose there were no Marshall plan, how would Britain pay for those goods? If she were unable to pay for those goods in United States dollars, how would Canada sell them? The question needs to be answered by just a little bit more than a brush-off. Where will Canada sell such goods in case the British market collapses?

I desire the consent of the house, Mr. Speaker, to put on the record a table showing the details of those goods which Canada sold. May I have that permission?

Mr. Speaker: Has the hon. member leave of the house to put these details on *Hansard*?

Some hon. Members: Agreed.

Mr. Knowles: From where does the information come?

Mr. Blackmore: It comes from the *Economic Record* issued by the United Kingdom Information Office, 10 Albert street, Ottawa.

Mr. Blackmore: The details are as follows:

Canada, Britain and Marshall Aid

Figures published by the Reports and Analysis Branch of the Economic Co-operation Administration show that, during the period April 3, 1948 to March 31, 1950, paid shipments totalling $(U.S.)6,786,047,000 were made to receiving countries. Of these, Canada shipped $(U.S.)955,860,000, the remainder being from the U.S.A., Latin America, and participating countries.

Canada's shipments were made under the "off-shore purchase" arrangements approved for E.C.A. "Off-shore purchases" are not authorised for any commodity declared by the U.S. government to be "in surplus". So far as Canada was concerned, by far the biggest of these off-shore purchases were for bread-grain shipments.

Of Canada's total paid shipments of $(U.S.)955,860,000 no less than $(U.S.)829,100,000 went to the United Kingdom. Food and agricultural commodities totalled $496,208,000 and industrial commodities $332,892,000. The following is a breakdown by commodity:

Paid Shipments from Canada to United Kingdom under E.C.A.
April 3, 1948-March 31, 1950
(in round figures)

	$(U.S.)
Food, feed and fertilizer	496,208,000
Bread grains	413,162,000
Wheat	344,747,000
Wheat flour	68,410,000
Rye	5,000
Beef, veal, pork, lamb and mutton	66,305,000
Cheese	9,996,000
Fish and fish products, ex. fish oil and meal	6,637,000
Miscellaneous agricultural products	109,000
Raw materials and semi-finished products	327,674,000
Nonferrous metals and products	204,887,000
Aluminum	82,523,000
Copper	64,786,000
Zinc	28,393,000
Lead	28,651,000
Precious and other metals	535,000
Pulp and paper	59,860,000
Lumber and lumber manufactures	36,534,000
Metallic ores and concentrates	4,539,000
Iron and steel mill materials and products, including ferro-alloys	11,906,000
Non-metallic minerals	6,805,000
Chemicals and related products	2,678,000
Hides, skins and leather	466,000
Machinery and vehicles	4,489,000
Machinery and equipment	4,033,000
Electrical appar. excluding generators and motors	99,000
Industrial machinery, N.E.C.	626,000
Agricultural machinery, ex. tractors	3,308,000
Motor vehicles, engines and parts	455,000
Miscellaneous industrial and unclassified commodities	730,000
Total	829,100,000

"Everything else" (foreign and commonwealth relations, colonies, broadcasting, research, etc.)	(£559 million)-2s.11d.-	(15 cents)
Surplus ("Helps towards financing house building, school building, war damage claims, etc.")	(£443 million)-2s. 3d.-	(11 cents)
Total	(£3,898 million)-£1.0.0.-	($1.00)

Trends in Britain's Overseas Trade

A survey of Britain's overseas trade*, just published by the United Kingdom Board of Trade shows that while the volume of both imports and exports are increasing, the greater rate of expansion is recorded by exports.

Raw materials have shown the biggest proportional increase for any group in both exports and imports, although on the export side manufactured goods still account for by far the largest share in the increase in values.

Changes in Exports

During the period covered by the survey—the first four months of 1950—exports showed a general rise of 12 per cent in value compared with 1949. Manufactured goods exported increased by 11 per cent, raw materials by 35 per cent and the exports of food, drink and tobacco by 23 per cent.

The largest percentage increase in manufactured goods exported was shown by jewellery, with an 82 per cent rise on 1949. Private cars rose by 58 per cent, plastic materials by 45 per cent, refined petroleum products by 41 per cent and leather goods by 40 per cent.

Among the main groups of manufactured goods exported only three had declined on 1949. They are: cotton goods—down 8 per cent, non-ferrous metals—5 per cent down, and electrical goods—1 per cent down.

Changes in Imports

Imports in the first four months of 1950 showed an average proportional rise of 7 per cent compared with 1949, with manufactured goods up by 4 per cent, raw materials by 15 per cent, and food, drink and tobacco by 3 per cent. The effects of devaluation and of the 25 per cent cut in Britain's purchases from North America were reflected in changes in imports of raw materials. Wood and timber imports declined by 42 per cent, paper-making materials by 19 per cent, and non-ferrous ores by 5 per cent.

The biggest increase in the food import group was 50 per cent for meat, but tobacco imports fell by 35 per cent from £52·5 million in 1949 to an annual rate of £34·2 million this year. On the other hand, tobacco imports from Canada rose sharply from £2 million in 1949 to an annual rate of £6 million this year.

Balance of Trade

Britain's trade with the world during the first quarter of this year has shown a further trend towards balancing. Out of 68 territories listed in the survey, only 9 show an excess of trade with the U.K. greater than £3 million (monthly rate), while 44 show an unbalance of less than £1 million.

Total trade showed an excess of imports over exports equivalent to an annual rate of £280 million. This compares with £429·5 million in 1949, so that the decline of excess of imports on last year is so far approximately 35 per cent.

Trade with Canada

Comparative figures of U.K. exports to Canada, and of overseas trade with Canada, are provided in tables 13, 17, and 19. They show that U.K. exports of vehicles and woollen goods continue to preponderate in trade figures, though Canada's purchases of U.K. machinery show encouraging rises.

*Available from H. M. Stationery Office, London. Price 1s. 0d.

The great Creator has put into the hands of the British commonwealth all the cards with which to win the stupendous game now in progress among men. It is for us, right here in this parliament, under divine guidance, to play our cards with wisdom—and likewise to play to win!

[Mr. Blackmore.]

Mr. W. Ross Thatcher (Moose Jaw): On October 16 last, Mr. Speaker, the Minister of Resources and Development (Mr. Winters) made a statement concerning Canadian housing. I desire to say a few words about his statement, and housing in general. In his report to parliament the minister more or less summed up the activities of his department in this way, as found in *Hansard* at page 79:

> . . . during this very difficult period, the government, by adjusting its policies to meet conditions, has lived up to its obligations, . . .

Further along in his speech the minister said: "... a great effort is being made." Certainly, Mr. Speaker, those are the words of a man who is highly contented with the achievements and well satisfied with his departmental accomplishments. But is his satisfaction warranted? Is his contentment justified? I suggest today that it is timely for this parliament to look at the hard facts.

About two years ago Mr. D. B. Mansur, president of Central Mortgage and Housing Corporation, told us that Canada was short 425,000 houses. I think it is generally admitted by members of all parties that today there are more than 600,000 Canadians who lack adequate housing accommodation. By the end of this year we are going to have a population of 14,500,000; that is, roughly, 400,000 more than we had on January 1. I think that every hon. member realizes quite well that heavier immigration, natural population increase and defence industries have all contributed to creating in Canada a housing problem which has long since reached fairly desperate proportions.

Today we have literally hundreds of thousands of our fellow citizens jammed together in dismal quarters with little or no privacy. Overcrowding, dirt, poor ventilation and bad lighting are breeding disease, mental strain, frayed nerves and broken families. Many young couples in Canada today are unable to have children simply because they dare not under existing housing conditions. Mr. Speaker, I say that the unworthy conditions in which many of our citizens are living should appal every member of this house. I regret to say that the housing situation in Canada has become worse with every successive week that the present minister has headed the department. Yet on October 16 he came to parliament and told us that a great job is being done. Every month thousands of immigrants are being brought to Canada, and I support that policy. But I should like to know this. Where are they going to live?

Where are they to get homes? The demand for housing has never been greater in our history. What about the supply of new houses? Even the minister, in his remarks on October 16, was forced to admit that the supply of new homes was disappointing. Referring to section 35 of the National Housing Act, as reported at page 79 of *Hansard*, he said:

. . . the results . . . have, in the over-all, not been as great as might have been hoped.

What an understatement, Mr. Speaker! According to the dominion bureau of statistics, in the face of the greatest demand we have ever had for new houses, starts are falling off sharply and drastically. I refer hon. members to the latest report of the dominion bureau of statistics on new residential construction. In May of this year, according to page 9, 11,699 houses were started as against 13,647 for a year ago. In June there were 9,514 starts as compared with 12,065 a year ago. In July the figure was 6,123 as compared with 10,245 a year ago—a 40 per cent drop. In August there were 7,461 as against 9,306 a year ago; and in September, the last month for which figures are available, there were 5,538 as against 10,245 in 1950—a drop of 46 per cent. Yet the minister tells us that a great effort is being made!

I wish today categorically to deny his assertion. I do not see how any government supporter, even a real friend of the minister, can defend the inertia, the indifference and the complete ineptitude which his department has shown in getting houses started in Canada. In view of the staggering need for houses, what did the minister offer us earlier this session? I think that once again even his colleagues would admit that about all he offered Canadians were platitudes and generalities. I quote from page 79 of *Hansard*:

"The government is well aware of the continuing need . . ."

"Flexibility has been the keynote to the government's approach to this important problem . . ." "the problem is being kept under continuous review . . ."

I respectfully suggest that there is not much boldness, much imagination, or much pioneering spirit in those statements.

I know that the minister is a kindly and well-meaning gentleman, but I think it is my duty to say that his inaction should stir up the wrath of every hon. member of this house, regardless of his politics. The taxpayers of Canada this year are paying the minister $22,000. His chief and all-important job, as I understand it, is to try to provide decent houses for Canadians. I say that he is falling down on that job. Why are so few houses being built in Canada? Last spring the minister told us that it was because of a shortage of materials. That may be partly true, but I cannot accept it as the main factor. Certainly I can tell the house that, in the hardware line, there are not many housing materials in short supply. There are plenty of nails, lock sets and building paper. As a matter of fact, during this past year most merchants have been plagued by inventories which have been too heavy. I have talked to many lumber dealers, who also denied that there were shortages in lumber. As far as material shortages are concerned, I think the fact of the matter is that the minister and his department once again erred in appraising the situation last spring. The minister admitted as much a few weeks ago, as reported at page 78 of *Hansard*:

. . . and the defence construction program was not absorbing all the materials anticipated . . .

But even if there have been shortages, Mr. Speaker, then I say it is the full and complete responsibility of the Minister of Resources and Development; because last spring he told this house that housing would receive a priority for essential materials second only to defence industries themselves. In fact, as every hon. member knows, housing has received almost no priority for materials within the past six months. The minister admitted that fact in reply to a question asked by the hon. member for Eglinton (Mr. Fleming) a few weeks ago. As reported at page 80 of *Hansard*, he said:

At the present time, no system of allocations or priorities has been planned for other than defence workers' houses.

No priorities for houses! Can we wonder if the program is lagging? We are all conscious of how necessary it is to get the defence effort well under way. But surely, in times of peace, even defence industries should share materials with housing. During these past months I have seen bank buildings going up, office buildings and buildings for commercial enterprises of various kinds. Where did they get materials? Here in Ottawa I have seen the Central Mortgage and Housing Corporation build a spacious and costly building out on the Montreal road. I suppose enough material to build one hundred houses went into that building. What kind of priority did that building have?

Many Canadians today are beginning to wonder if the minister is deliberately taking steps to impede and discourage housing in Canada. Certainly every time he takes a step, it seems to have such a result. Hon. members will recall that last February the minister announced that the down payment on houses, under the National Housing Act, would be increased from 10 to 20 per cent; and that

the loan balance would be based on January 1950 costs, rather than on current costs. At today's prices, almost $3,000 is required for a man to make a down payment on a small house. Such an amount would have bought a whole house a few years ago. The net result of the action of the department last February has been that only people in the higher wage income brackets can buy a house in Canada today. Surely a common-sense approach for parliament to take at this session is to restore the 10 per cent down payment.

I should like to tell hon. members what happened in the province of Saskatchewan this past year as far as houses are concerned, not because it is different from what happened in other provinces, but rather because it typifies the inaction of the Department of Resources and Development as far as new housing is concerned.

Last June the minister of social welfare, Mr. Sturdy, who has charge of Saskatchewan housing, came to Ottawa to negotiate for houses with the Minister of Resources and Development, under section 35 of the National Housing Act. He asked for 2,000 homes, which was only a drop in the bucket, I may say. The minister immediately cut the figure of 2,000 to 500. After agreeing in principle to this number he deliberately and specifically left the allocation of those houses to the provincial government. When the 500 houses were decided upon, the provincial authorities decided to divide them among all of the larger centres of the province. Houses were allocated to Regina, Saskatoon, Moose Jaw and such smaller centres as Weyburn, Swift Current, Indian Head, Estevan and so forth. But when the time came to settle details, the Minister of Resources and Development refused to agree to houses being built in points such as Estevan, Indian Head, Weyburn and others. I might say that he refused to allow houses to go up in those areas despite the plea of hon. members on his own side of the house, such as the hon. member for Qu'Appelle (Mr. Dewar) and the hon. member for Moose Mountain (Mr. Smith). What are we to assume from that ruling? Are we to assume that here in Canada only the larger points are to be given housing? I think the Prime Minister (Mr. St. Laurent) came from a small centre. What does he think about such a ruling?

However, negotiations continued between Central Mortgage on the one hand, and the provincial government and the city councils of Regina and Moose Jaw on the other. These two cities along with Saskatoon held a plebiscite to see whether their taxpayers wished to finance the necessary 12½ per cent to enter the project. Regina and Moose Jaw voted overwhelmingly to go into the scheme. That was almost three months ago. Following the plebiscite the city council of Moose Jaw got in touch with Central Mortgage which thereupon cut the allocated figure of 125 to 75. For almost three months the city council has been trying incessantly to get Central Mortgage to get construction started.

In the west snow has come; winter is upon us. Five hundred houses were approved for Saskatchewan five months ago, and not a single house has yet been started under section 35. Seven other provinces in this dominion have had precisely the same experience. I say that such inaction can only be described as bungling in a national emergency.

On October 9, when the house met, the Minister of Resources and Development did announce a few minor changes in his housing legislation. I ask hon. members to note the timing. Snow had come to many sections. Winter had pretty well arrived, and it was impossible to start construction in most parts of Canada. What were the modifications he offered parliament? Were they bold changes? Were they changes that would have any material effect? They were a step in the right direction, but they will have about as much success in solving the housing problem as a man would have in trying to level mount Eisenhower with a pick and shovel. What were those modifications? The minister eased the down payment required, for defence workers. How will that help the other 95 per cent of Canadians who want to build houses? They still have to raise the 20 per cent down payment.

The minister also belatedly decided to take a more sensible approach to the loan balance on the new houses. He decided to base the loan on current values instead of January, 1950, values. These were minor advances in housing legislation. But the Department of Resources and Development, with its usual ineffectiveness, managed even to neutralize these changes. I do not ask hon. members to take my word for it. I quote the *Financial Post* of November 10 at page 1. Talking about these modifications the *Post* says this:

> Defence area house policy bogging down in red tape.
>
> Hopes that restoration of the 10 per cent N.H.A. down payment on new housing in defence areas, announced by the government a month ago, would bring a speed-up in housing programs for defence workers are fading fast.
>
> Stalling the program, according to builders, are "unrealistic" sales prices set by Central Mortgage and Housing and serious delays and uncertainties in the designation of defence areas.

Canada needs houses, but the department seems to be giving us only timidity, a cautious approach, and a lack of action.

It is a well-known fact, Mr. Speaker, that recently many insurance companies have refused to lend money in some sections of Canada for housing. The department for some time now has had the privilege of lending the money directly where it was desirable. In this house opposition members have repeatedly urged the department to adopt such a course. According to a Canadian Press dispatch of last Friday the minister finally got around to dealing with the problem. I quote the Canadian Press:

> Resources Minister Robert Winters in a telegram to the National Builders' Association said yesterday that the federal government and the Dominion Mortgage and Investment Corporation had ironed out difficulties which held up building programs in the past.
>
> Mr. Winters said loans will be available to would-be home owners by next Monday or Tuesday.

I say to this house, if they can be available next Monday or Tuesday, why on earth could they not have been available all during the building season? The patience of Canadians on this difficult subject is being sorely tried. By its lack of leadership, by its handling of material priorities and by its procrastination on financial assistance, the Department of Resources and Development has actually done much to discourage the building of houses in Canada. By curtailing new construction it has pushed up the prices of older houses higher and higher. The policy of the department today means that people in the lower income brackets simply cannot buy houses. I think that this inertia in the department is going to continue just as long as hon. members are willing to permit it to continue. I realize that there is no easy solution to this problem, but I think the first step should be for the Prime Minister to call in his young colleague, and tell him the facts of life. Tell him that we must have some action on this problem. If I may be colloquial, tell him to get the lead out.

We in the C.C.F. group believe today, as we always believed in the past, that a subsidized low-rental program is the only real solution to our housing problem. Only thus are dwellings going to be made available to those in the lower wage categories. We call upon the government to tighten up sharply on non-essential building and give housing whatever priorities are necessary. As I said a moment ago, we also urge the government to reduce the down payment to all Canadians to 10 per cent; or lower if the minister can find the money. In localities where the insurance companies will not go in to lend money under N.H.A. we urge the department itself to finance the balance. If labour is short in some areas I think it would be reasonable for the department to approach the Trades and Labour Congress of Canada and say: "We cannot build enough houses for Canadians on a forty-hour week. In this emergency will you agree temporarily to work longer hours?" I think if congress members in most centres knew that houses were being built for some of their fellow workers they would temporarily agree to suspend the forty-hour week. Mr. Speaker, something has to be done about housing. Parliament cannot countenance further delays or excuses.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I am availing myself of the opportunity to speak again in this debate because the very nature of this session and the absence of a budget which makes it impossible to introduce subjects in the usual way. There are one or two subjects that I wish to discuss this afternoon simply because no other procedure is available to me. Before I take up the subjects that have led me to enter this debate again I should like to discuss something which has been very much in the mind of every one of us for some weeks past.

The royal visit of 1951 is now history. We can only hope that the Princess Elizabeth and her husband carry with them across the Atlantic the same happy recollections of their visit which Canadians will always carry with them in the years ahead in their hearts and minds. From the time of their arrival five weeks ago until the moment of their departure today there has been warmth and friendship in all the gatherings that have met them during this most crowded trip. They have felt the unity of Canada. They have seen also the vast diversity of the nation which has the third largest land area in the world but a population which is still very small in relation to that immense area.

In each province they have received evidence of the affection of the people of that province for its history and traditions. The last song they heard this morning before their departure was "Ode to Newfoundland" when the children gathered in old St. John's expressed their love of that rugged sea-girt island in the lovely words of that song which has for so long been associated with the empire's oldest colony which is now Canada's youngest province. It was fitting that from the warm-hearted people of Newfoundland they should receive such a truly royal send-off as they did today.

There can be no better proof of the loyalty of all Canadians to the crown and all that it represents than the genuine enthusiasm

with which our future queen has been welcomed in every part of Canada. These were not merely formal parades and celebrations. This was a welcome from the hearts of a people who were expressing their love as well as their respect for the human beings who symbolize the continuity of this great tradition.

At a time of so much uncertainty throughout the world, of so much despair and unhappiness, this royal visit has had a profound significance, not only for Canadians but for all the peoples of the world. To those who share with us the privilege of democracy it has offered encouraging proof of the strength of democracy itself. To those nations which are deprived of democracy it will offer very convincing evidence of the fact that far greater than the strength of any regimented dictatorship is the strong love and affection that the people of our nation and other democracies have for the traditions of democracy and the form and symbol of that democracy.

I hope that many hon. members heard the broadcast this morning from St. John's of that eventful departure which followed so closely the farewell message of the Princess Elizabeth last night when the last words of her message to the people of Canada were "not good-bye but simply au revoir." I think that in those words she was expressing her own hope and her own conviction that she will be with us on other occasions. I am sure that we all share that hope.

I take this occasion to raise a point which I think it is fitting to raise at this time. I noticed a few days ago, as I am sure other hon. members of the house also did, editorial comment about the fact that technically neither the Princess Elizabeth nor other member of the royal family are citizens of Canada. When they are so much a part of Canada in the affection and thoughts of our people this may not seem of practical importance in itself, but nevertheless it does raise a question which I think should be raised at this time.

A few years ago there could be no question about the king, the queen or any other member of the royal family being a citizen of Canada or of any other nation within the commonwealth because there was a common citizenship within the commonwealth. Since January 1947 when the Canadian Citizenship Act came into force there has been a real question as to the status of the king, the queen or any other member of the royal family in so far as technical citizenship is concerned. I do not raise this for the purpose of causing any contention whatever.

I have before me an editorial from the Ottawa *Journal* which raised this point in most moderate and careful words, and it has been raised elsewhere. It does seem to me that this is something which might be given consideration at this time when the princess, her husband and other members of the royal family are so much in our thoughts. It would appear that with the passing of the citizenship act in January, 1947, apart from that special relationship which is created through our expression of loyalty to the crown, there is in fact no status of citizenship so far as the king, the queen or any other member of the royal family is concerned. I noticed that, while the Princess and Duke of Edinburgh were visiting Washington and were in fact being received in the Canadian embassy, Ambassador Hume Wrong had this to say:

> In response to the President's friendly invitation, Princess Elizabeth has come to Washington. She has come from Canada and she is returning to Canada, and I think it is not arrogant for me to claim that she is here primarily as a Canadian Princess.

I think that all Canadians would be quite happy to join in approval of those words. However, if she is a Canadian princess I think that not only in her position as a member of the royal family but also from the technical point of view she should be a citizen of this country. I would submit to the government for its earnest consideration at this time the desirability of introducing at this session of parliament amendments to the citizenship act which introduce a declaration at the very outset of the act that the king, the queen and the other members of the royal family are all citizens of Canada. I believe it would be a happy gesture, and I also believe it would have another significance.

I like to think that Canada has a great role to play not only as a friendly neighbour of the United States but also as an interpreter between the United States and the other nations of the commonwealth. Living side by side with the people of the United States, using the same colloquial expressions, pronouncing the English words we use more as they do than as many people living in other parts of the commonwealth, we are very fortunately placed to convey to them something of what the crown means to us and something of this wider unity within the commonwealth which has immense importance for them as well as for us. I think that it would not only be a gracious and popular gesture to make them citizens of Canada but that it would also be a rather impressive thing for the people of the United States to know that Princess Elizabeth is not only princess of Canada in name but princess of Canada as a citizen of Canada under the laws of this country.

I propose to speak now of something else which relates more particularly to our own daily affairs. As I indicated before, I shall deal with three different subjects because of the fact that this debate provides the only opportunity of which I am aware to introduce these subjects at this time. On different occasions in this house an effort has been made, by means of questions and other devices under our rules, to bring before parliament the very real urgency of the situation in western Canada. I claim no special knowledge of the situation there beyond that which can be obtained by anyone who visits western Canada at this time. Like some other members now in the house, within comparatively recent days I have had the opportunity of seeing something of what the conditions are in western Canada. This is not a subject for indefinite and uncertain debate. This is now a subject calling for immediate and vigorous action. I am certain that members of this house from every part of Canada will commend the government for vigorous and positive action if it will take proper steps to give assistance to the farmers of western Canada at this most critical time.

The point has been raised about the difficulty of moving the crop because of the shortage of box cars. Assurances have been given that what can be done is being done to move the grain as quickly as possible. Nevertheless movement is not taking place on the scale that it should. On top of that problem is the very grave problem raised by the weather. In recent weeks a very real disaster has occurred in western Canada. After the promise of one of the finest crops in our history, snow has made it impossible to harvest a considerable part of that crop, and at this very time as much as $200 million worth of this year's grain is lying under snow. Much of what has not been cut and harvested will be reclaimed in some way next spring but it will undoubtedly be of low grade, and much of what has already been harvested has been greatly reduced in grade because of the weather conditions.

Just at a time in the middle of October when it seemed that the weather was once again turning for the better, and that there was a real hope of harvesting the crops after all, snow came again. Sub-zero weather hit the whole of the three prairie provinces, and the result is that in many parts of those provinces practically none of the grain has been harvested. This applies equally to wheat, oats and barley in proportion to the crops of these different grains. Because of very rainy and continued wet weather a considerable part of the hay crop was also spoiled. This brings to the attention of all of us the problem that the farmers now face in connection with their livestock. Most cattle are in the hands of small or comparatively small operators. Ranchers are dependent on their herds for a considerable part of their revenue. If they are forced to dispose of their livestock they are not only going to reduce their herds greatly but they are going to reduce substantially the possibility of production for at least another two years, and this coming at a time when we are all warned that production of livestock and other agricultural products is one of the really important parts of Canada's activities in the maintenance of our free system throughout the world.

It is not merely a problem of lost crops and the necessity of disposing of cattle and other livestock because of the shortage of feed. There is the problem of what is going to happen next year because the farmers have not been able to realize on their grain owing to the difficult times. Because of the very great expense of harvesting and producing what has been harvested and produced this year, the credit position of many farmers in the three prairie provinces is not good at the present time. The banks and the other creditors of the farmers are seeking payment, and the farmers therefore are in a position where many of them will have great difficulty in financing their requirements for the next year.

This is a situation which affects every one of the three prairie provinces. It has attracted attention particularly in the case of Saskatchewan, but it also affects Manitoba and Alberta as well. However, because Alberta has so many other resources, there may be some tendency to ignore the fact that the condition of crops there is quite as bad as, if not worse than, in other parts of western Canada. While oil, coal and other products may give Alberta a widely diversified economy, the fact remains that agriculture is still the basic and most important activity in that province.

Therefore I am raising this point today for the purpose of urging upon the government, and particularly the Minister of Agriculture (Mr. Gardiner), that they and he act without further delay to meet this emergency, with the knowledge that members in all parts of the house will support them in any effective steps which can be taken to keep the three prairie provinces on a sound basis in connection with the production of those agricultural products that Canada and the rest of the world need at this time. I urge the Minister of Agriculture without delay to call a conference in western Canada to be

attended by himself, and the ministers of agriculture of each of the prairie provinces, to see what can be done to meet this situation.

This subject should be discussed from the point of view of dealing with the transportation of grain as an emergency, an emergency just as important to the people in the three western provinces as though this were a situation which might have arisen in a time of war.

Also I think the credit position of the farmers in the three prairie provinces should be examined, and that very quickly arrangements should be made so that those farmers who have been seriously affected this year, and whose credit position is difficult through no fault of their own but because of unusual weather conditions, combined with difficulty in moving the crop, can get credit so that they may make their plans for the next year, and so that their production will be fully maintained.

Furthermore I say that such a conference, frankly and without reserve, should discuss the type of production next year, which is indicated through the known demands throughout the world, and also having regard to any changes of which the government may be aware concerning the consumption of our products in any of our larger markets. In making that statement I have no desire to be an alarmist, but I do not think that any of us should disregard the possibility that the British market may be affected by some of the austerity measures indicated within the past few days. If those measures are going to have an effect upon our markets, then let us know, and let the farmers in western Canada know. That would help them to plan their production on a basis and in a manner that would give them the most effective production next year from the point of view of financial return and certainly of markets.

I recognize there is no procedure by which I can place a motion before the house that will indicate to the minister that members of the House of Commons do want action—and action right away—to deal with this emergency. I would hope however that he has received sufficient indication from members on both sides of the house that they would support immediate and positive action. He may take their expressions as reflecting the views of the people, that this calls for drastic measures, in keeping with the nature of the emergency with which the three prairie provinces are confronted.

I wish now to speak about another subject which, while not directly related to what I have been saying, on the other hand is not entirely unrelated. On different occasions in the house there has been discussion of the South Saskatchewan river project. I raise the subject again because, once more, I have had the opportunity to discuss that project in Saskatchewan. I do wish to raise once again the need for an early decision to proceed with this great venture. On different occasions during the present session, as well as on earlier occasions and in earlier sessions, the hon. member for Lake Centre (Mr. Diefenbaker) has emphasized the fact that this is no longer a speculative project, but that the evidence is available upon which to base a decision to proceed with something which should be open no longer to any doubt.

I raise the matter, not only because I have had further opportunity for discussion of this subject while in Saskatchewan, but also because it is referred to in the speech from the throne—and in a way that I think raises a very real question as to what the intention of the government is in this matter. I think many hon. members must have been struck by the fact that two projects which have some similarity are mentioned in the speech from the throne. There is reference in it to the St. Lawrence power and waterway development as well as to the South Saskatchewan power and irrigation project.

It must have been noticeable to hon. members that the St. Lawrence power and waterways project is to be pressed forward—alone, if necessary, but preferably in co-operation with the United States—without the government waiting for the advice of any committee or commission. The government has been able to make up its mind on this matter by examining the evidence of its engineers in the usual way. To me it seems very strange that, while the government is prepared to act in regard to a project very much larger in scope, it appears to be unwilling to act on the advice of the same engineers when they advise that the South Saskatchewan project should be proceeded with. When I say "the same engineers" I am not saying that the individuals are the same. I am speaking of the engineers available to the government, through its engineering service.

Mr. Diefenbaker: And also P.F.R.A.

Mr. Drew: Yes, and also P.F.R.A., as well as the excellent and comprehensive reports which have been prepared by that organization.

I wish every member of the house could see the site of that project. It is a very large development. Nevertheless it is one of the simplest engineering developments awaiting the vigour and initiative of the people of Canada. It is a project that is of importance not only to the people in that

immediate area but to every Canadian. It should not be necessary to repeat that the economic improvement of any part of Canada is of benefit to every other part of Canada. We are one family in this country. Long ago we asserted the proposition that we shared the responsibility for the maintenance of the people of every part of Canada, and we certainly must recognize that the improvement of production, the improvement of communications or the improvement of the general economy of any part of this country benefits the people of every part of Canada.

In that great area in central Saskatchewan there have been crop failures for many years. Churches have been closed; schools have been closed; families have moved away. At a time when there is a housing shortage, there are empty homes. It is something to challenge the vision, the spirit and initiative of a young and vigorous people. Yet we all know, from the representations which have been presented year after year, and anyone who has had an opportunity of examining similar developments elsewhere can quickly see, that it only needs a positive decision to bring a great area of six hundred thousand or seven hundred thousand acres of prairie farm land into profitable production. This is no longer open to doubt, as the Minister of Agriculture (Mr. Gardiner) knows so well, because he has spoken on this subject often and has visited the site. The minister knows also the experiments which have been carried out which have proven beyond any uncertainty that profitable crops can be produced in that area if it is properly irrigated.

On the South Saskatchewan river there are great walls sloping upward at an angle which makes filling, at the point which has been chosen, a comparatively simple engineering operation, huge though the undertaking is. I mention these things because I would hope that in this house the government would find there is a sufficiently strong sentiment in support of immediate action to warrant not waiting until next year to come to a decision. If the government waits until it gets some report next year, then there will be no beginning of this venture until the spring of 1953. This work should be started in the spring of 1952. It should be started, not only for the advantage of the people living in that area and not only so that this large area would be irrigated, but also so that the surrounding area would be improved from an economic point of view. That area could then welcome large numbers of people from outside of Canada and from other parts of Canada as well. It could become a prosperous, populous and extremely sound area economically which would take its place in the forward march of Canada in these stirring times.

There was no committee needed for the St. Lawrence development involving hundreds of millions of dollars. Yet we are told that we need a committee now to advise the government on the recommendations of past committees concerning a large but simple engineering project which awaits decision by the Canadian government. I am raising this, Mr. Speaker, because I would hope that the members of this house on both sides would indicate to the government that they believe the people of Saskatchewan, who have suffered so greatly from the weather this year, need the encouragement which something of this kind would give; that they may have a decision now so there will be that measure of confidence that would come from the announcement that as soon as the weather makes it possible in the spring of 1952, a real beginning will be made on that great undertaking which I have heard discussed ever since I first visited Saskatchewan as a youngster.

This is a good time to undertake it for several reasons. First, the fact that it would improve a great area of Saskatchewan; second, the fact that it would bring into production a great area of land that could be put to profitable use; third, the fact that it would give heart and spirit to brave people, who have fought on under difficult conditions; fourth, the fact that this is a good time to undertake it when the very difficulties to which I have been referring this year may make people available for work next spring who might otherwise not be available for that type of work which is undertaken in the first year of an undertaking of that kind; fifth, there is the fact that this would be another step in the development of those resources of power across Canada which would take its place in the increasing productive capacity of a country which is now engaged in the common cause of freedom.

I have mentioned irrigation, but over and above the power that would be required for irrigation there would be a large amount of power available for industry, for rural electrification and for the general improvement of conditions throughout a wide area of Saskatchewan. Actually, the amount of power that would be produced by that development would be close to the amount now being used in the whole of Saskatchewan at this time. It would be the core of a great power development which would incorporate all the smaller opportunities for power development in a grid which would embrace a large part

of that province. With the new units for steam production which can be tied into that grid to maintain power in the off-peak periods when the reduction in the flow of water made that necessary, I am sure that Saskatchewan could become electrified in a way that would make the situation there comparable to that of any province in Canada.

Mr. Coldwell: You could utilize the oil, too, for these steam plants.

Mr. Drew: It has been suggested to me that the use of oil makes this a desirable feature, and I am happy to have that suggestion. Actually, with the development of oil in western Canada, the conversion of that oil to electric power through steam plants has now become an economic possibility at a relatively low cost. Tied in with a basic source of electric power, as is now being done in Ontario in certain portions of their electric grid, this power grid in the province of Saskatchewan would change the whole home life of the people of many parts of that great province. I can only hope that the members of this house, in every way they can, will indicate to the government that they would support any action that would mean there would be a decision to proceed with this great project as soon as that is possible next spring.

In the few minutes that remain, Mr. Speaker, I wish to deal with the subamendment. The subamendment raises the question of war veterans allowances. I believe that there is a reason why it is a good thing this point has been raised at this time. Earlier in the session, we might have hoped to have been able to deal with this in some other way. As soon as this session started, hon. members of this house raised the point that veterans were placed in an adverse position because they were being dealt with on a different basis from that adopted in connection with others whose wages were being adjusted in some way because of the greatly increased cost of living. It has been said over and over again that if there is one part of the Canadian community that deserves justice and the real consideration of every member of this house, it is those Canadians who, through their service to Canada, have been deprived of their physical capacity and who, because of that fact, are in a position of need and are dependent upon pension.

The veterans of this country receive a pension not as a matter of right, on an equal basis to every veteran. That pension is adjusted in relation to the impairment of the physical condition of the veteran because of some disability. Therefore the pension does not go to anybody who has not had his physical capacity limited in some way as a result of his war service. The veteran who has not been injured or who has not had his physical capacity lessened does not get a pension. The veteran who has had his physical capacity limited gets a pension which is intended in some ways to be related to the measure of that disability. For that very reason we cannot regard any pension as being more than the basic amount required by the veterans. The basic amount that is being paid now is a basic amount that was settled sometime ago. There has been no over-all proportionate change which has attempted to take care of the increased cost of living, although the government has taken such action in many other cases. I am not raising any question as to what was done in other cases; it has not been done in the case of those who most deserve it. That is therefore a reason why it is a good thing that this subamendment has been introduced at this time. It was on October 19 that the Minister of Veterans Affairs (Mr. Lapointe) said belatedly that in spite of the absence of any reference to this subject in the speech from the throne the government intended to deal with this subject. These were his words, as reported at page 197 of *Hansard*:

> The government has come to the conclusion that it is advisable to have this legislation studied by a special committee on veterans affairs before submitting it to the house. Accordingly it is intended that such a committee will be set up as early as possible after the regular 1952 session opens in order to deal with the War Veterans Allowance Act.

Mr. Speaker, that does not meet the situation in any way. The government, however, indicated that it was intended to introduce some legislation during the present session. From the very fact that the minister has stated that there will be a committee of this kind next session, and that legislation will be introduced following the discussions in that committee, I think that indicates that we may not expect the kind of over-all legislation we would wish now. He said, however:

> I now wish to inform the house that it is the intention of the government to introduce at this session legislation dealing with this matter.

That was on October 19 and this is November 12. This is the day after Remembrance day, and it is an appropriate time for us once again to remind the government that these are the people who most deserve the consideration of every hon. member of this house. I think it is a shameful thing that we have had to wait this long for any indication from the government as to what it intends to do. It is now a matter of weeks only before it seems likely that this session may come to an end. The veterans all across this country are in a desperate position. They

are waiting for some word that will give them some measure of confidence and hope throughout the winter. I propose to support this subamendment for the purpose of calling to the attention of the government, by this means, the fact that we must wait no longer not only to deal with this matter but to give to the veterans evidence of the fact that we remember those who have done most for the freedom of all the people of Canada.

BUSINESS OF THE HOUSE

DISTRIBUTION OF COPIES OF BILL NO. 17

Mr. Coldwell: Before the house rises for the dinner recess, may I ask the Minister of Public Works (Mr. Fournier) if it is possible for members of the house to get a copy of Bill No. 17, to amend the Canadian Broadcasting Act, 1936. I have been trying to get the bill. I understand that it is printed and in circulation. I understand that people outside of this house have copies of this bill, but we members of the house are told that it is not available to us.

Mr. Fournier (Hull): I will ask my colleague the Minister of National Revenue (Mr. McCann) about the matter, and I will do my best to have the copies distributed as soon as possible.

At 6.15 o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, in view of the remarks made by the leader of the opposition (Mr. Drew) before the dinner hour, I could scarcely do otherwise than rise at this time to make some comments upon the suggestions which he made. At the beginning I wish to say that I have no criticism to offer on his having made the suggestions which he did; and to state that they were made in a spirit which seemed to indicate a desire to co-operate in having a number of matters settled in a reasonable way. I hope I shall be able to deal with the questions raised, which, as he said, were three in number, in the same spirit.

The debate which has now been going on since the beginning of the session has been commented on by all those who preceded me. I am sorry that I was not able to be here on the day on which the mover (Mr. Cauchon) and the seconder (Mr. Simmons) spoke, but I did have the privilege of reading the speeches in *Hansard*. I want to join with all those who have congratulated the two speakers upon the very able manner in which they presented the question to the house. Then, I want to join with all those who have been congratulating those who have been associated with the debate from the beginning. I am sorry that my time does not permit of my going into detail with regard to the different matters that have been touched upon.

I will come at once to the three questions which were raised by the leader of the opposition before the dinner hour. He asked a question with regard to the South Saskatchewan project: Why was it so easy to decide upon the St. Lawrence project as a result of reports which had been made by engineers, and so difficult to decide with regard to the South Saskatchewan? I would recall to the minds of hon. members that the discussions with regard to the St. Lawrence have been continuing over a very long period of time. I suppose in my lifetime and in the lifetime of most hon. members at least a score of reports have been made on the possibility of constructing the St. Lawrence seaway. It is one of the first major developments that I can recall having heard of in the Dominion of Canada, and only at this time are we undertaking to proceed with it. Therefore I would suggest that there is very little reason for saying that the decision was reached with much greater ease than any decision has been reached with regard to the South Saskatchewan.

On the other hand the South Saskatchewan project is one which I think was mentioned almost as long ago as the St. Lawrence. In the first instance, I think the records indicate that something in the nature of a South Saskatchewan development was mentioned as long ago as 1854 or 1856. But one can scarcely say that there was any practical decision as to the possibilities of constructing a dam on the South Saskatchewan—a dam of the nature that we are now discussing—until a very much later period, as a matter of fact a period that is well within the memory of all hon. members who are sitting in this house now.

The old original project that was spoken of in relation to the development of the area that we are speaking of was one which eventually resulted in what was known as the Pearce report. The Pearce report suggested bringing water down from the northern branch of the Saskatchewan river and the Red Deer river, over the open country from Hanna to the South Saskatchewan river, and then siphoning the water under the South Saskatchewan river and irrigating some land on the south side of the Saskatchewan. That was the project which

was in the minds of a great many people when I came to Ottawa sixteen years ago, and it was the question that I first discussed when I went to Alberta in the first year that I was here as minister to discuss the question at Hanna with the people who were concerned with the project. We then spoke of irrigating a million acres of land as a result of a development that was going to take place first on the Red Deer river, and then on the North Saskatchewan and so on, a part of which was to fill the Tramping lake, with the storage of water to be utilized in that area. At that meeting—it was the first meeting that I attended in relation to these developments—it was suggested by someone —without looking at the records I am not in a position to say who, and I have not had time to look up the records since before lunch—that such a development was almost impossible, and that we should be considering in that area a much smaller development, the possibilities of which could not be questioned. And so a little later we took on discussing what is known as the Red Deer project, and that project has not been proceeded with up until now although practically all of the engineering necessary to proceeding with it has been done, and it would be possible, with a very little more work, to undertake construction work on that project.

Out of that decision there grew the possibilities of the development of the South Saskatchewan. Therefore beginning back about 1938 or 1939 we began to investigate the possibilities of building a dam on the South Saskatchewan river. The nature of the possible dam and the location have changed from time to time in accordance with the reports that have been made by engineers. The first suggestion of a rather conclusive kind that was made was that we ought to build the dam not very far east of a point directly north of Swift Current, and that by building a dam there we could raise the water up to a level where it would run by gravity out on the north side of the Saskatchewan and make possible considerable irrigation there. Well, we investigated all the possibilities of that and found out finally that it would be impossible to build a dam at that point. I am not going into the details as to why the engineers reported that the construction of a dam there—a dam that could be kept there—was an impossibility; and therefore that project was dropped.

Then we moved down the river from that point and investigated all of the possible sites for a dam until we finally got to what is known as the Coteau creek site. To make a long story short, the engineers eventually reported about 1946 that there was a possibility of building a dam at that point. We provided them with funds to go on with their investigations and make absolutely certain of that fact.

I do not think anyone questions the possibility of building a dam near Coteau creek on the Saskatchewan river. As the leader of the opposition said this afternoon, a site has been chosen there which could be utilized if it is thought wise to spend the amount of money required in order to develop a project for that purpose. I am speaking from memory now but I do not think I am far out when I say that the dam would be about 210 feet high and would provide for the storage of water to a depth of about 190 feet. It would create a lake 145 miles long extending some miles west of the bridge which was built last summer by the Saskatchewan government across the Saskatchewan river north of Swift Current. If created, that lake would be the largest body of water in the settled portion of the prairie provinces and as such would be no mean lake as compared with many lakes in the Dominion of Canada. In other words, in the very centre of the area known as the drought area there would be created a large lake in the valley of the South Saskatchewan river.

I recall we were discussing the possibility of building a weir only twelve feet high at Saskatoon. The matter was discussed in this house for some days and then we finally determined that it would be all right to build the weir. The suggestion was sent over to the Senate where it was discussed and it came back that the suggestion was not receiving the required support. I recall an old friend of mine with whom I served many years ago in the legislature of Saskatchewan, on the Liberal side, and who later became a Conservative. He was then in the Senate as a Conservative, and as assistant leader—I refer to Senator Calder—got up on the floor of the chamber and said something which is very true with regard to western Canada. He said that he had driven all over western Canada in the early days as a school inspector and that he knew the country from one end to the other. He said that any project which would retain water or delay the flow of water out of that area was a worth-while project and should be considered by any government. Those may not be his exact words, but that is their effect. So from that time on the matter went through without any further objection.

I say now that the placing of a lake in the centre of Saskatchewan could have nothing but good results no matter what else might be considered in relation to it. That is the position taken by the P.F.R.A.;

that is the position taken by myself as minister; that is the position taken by a great many others in western Canada; that is the position taken by a great many others in eastern Canada, those who are supporters of this government and those who are not. If the project is carried out it will be the largest project of its kind north of the United States boundary. This is different from the St. Lawrence river project and never can have the same kind of earning power. There will be a few projects south of the United States border larger than this, but not very many.

That was the position down to not very long ago. About two years ago there was some discussion as to whether or not the federal government would assume the whole cost of the project. I do not think there was ever any misunderstanding, from the time the project became a possibility, between the premier of Saskatchewan and any member of the government at Ottawa. It was always anticipated that probably some part of the cost would be paid at Ottawa and some part would be paid by the provincial government and the farmers. The provincial government did not proceed without getting a report. I have in my hand the Cass-Beggs report which was completed in March of 1950, from which I should like to read one or two paragraphs. This contains the evidence placed before the government of Saskatchewan and before this government through that government.

Mr. Coldwell: That was not the irrigation report?

Mr. Gardiner: This was the general power report made by Mr. Cass-Beggs. The paragraph I should like to read appears on the second page of the report. This is a letter from David Cass-Beggs, the engineer, to Mr. J. W. Tomlinson, general manager of the Saskatchewan Power Corporation at Regina, presenting the report. He said:

> I am not able to recommend that the Saskatchewan Power Corporation make any contribution in respect of hydro-electric sites below Coteau creek, which might be economically developed as a result of the regulated flow from the main dam. The criterion that must be applied if development were considered at an early date is the same as that now used to estimate the investment justified at Coteau creek, namely they must compete with cheap fuel stations on fuel and operating costs alone. None of the sites, requiring as they would, the construction of a dam as well as the power plant could be built for the figure assumed for the plant at Coteau creek.

I read only that one paragraph but there are other paragraphs bearing upon the same matter. I shall not take the time to read them all, but they could be read. I read that paragraph in order to suggest that the results from the building of the dam were questioned. The suggestion was made that there was a possibility of developing power from coal at a cost which might be less, but I understand that that question is now entirely removed. After examining into all the facts in relation to it Mr. Tomlinson of the power board in Saskatchewan and the government of Saskatchewan are satisfied that that would probably not be the result, that the cost would not be higher. But I do suggest that there is some reason given in that for the suggestion being in the minds of some people that probably we ought to have further information on the whole matter and at least a further examination made into the reports made by eminent engineers, both those experienced in irrigation and those experienced in the development of power, before proceeding to spend over $68 million to put in a dam and then depend upon the province and the farmers spending another $33 million in order to carry out the power and irrigation developments.

Mr. Coldwell: The province has agreed to that, has it not?

Mr. Gardiner: If the dam is put in and paid for by the dominion government, the province has indicated that they will be prepared to proceed with the development of the power and irrigation projects, whatever the cost may be, and the estimated cost is $33 million.

Mr. Coldwell: The minister quoted from a report. I have not seen that report. I wonder if he would table it.

Mr. Gardiner: It has been tabled as a part of the commission's report. I think it has been on the table for about a year or more, but I can make the full report available. That is the history of the early stages of the project. The government stated last session that they would appoint a committee, and as I stated to the house at the time I immediately agreed. The reason that I immediately agreed is because I have been the promoter, so to speak, of this project. Everyone admits that, both east and west. As a matter of fact I listened to the premier of Saskatchewan, standing on the floor of this house just about in front of where I am standing now, make that suggestion a year ago and say that he did not care whether the dam was called the Gardiner dam or the dam Gardiner, but in any case he thought it should be recognized that I had had something to do with the promotion of it.

Mr. Harris (Danforth): The dam is damned.

Mr. Gardiner: That is all right as far as it goes, but I want to repeat that I was the promoter of the project from the time I came to Ottawa, and I will have something to say a little later, in dealing with one of the other

questions, as to why I became the promoter of it at that early date. Being the promoter of it, I would not care to stand up in the house and say that, because I am absolutely convinced the project is a good one, it ought to be proceeded with. I was convinced before we started that we ought to find something that would be absolutely satisfactory. I have been trying to find it for the past sixteen years, and personally I am satisfied it has been found. But I am quite sure that every member of this house would agree that when it comes to proposing to spend $68 million out of the treasury of Canada we should at least ask three men who are experts to examine the records upon which I have based my opinion, and upon which others have based theirs, and to say whether or not they agree with it.

I have the feeling in the bottom of my heart that after they have made their examination they will agree, but nevertheless that again is the opinion of one who is promoting the scheme and not one who might be critical of it.

Mr. Coldwell: When may we expect the report of the commission?

Mr. Gardiner: They are three practical men, as everyone will agree. Dr. Hogg is the chairman; Mr. Gaherty has been very prominent in power matters throughout Canada for a number of years; and Dr. Widtsoe is well known in the United States as an outstanding irrigation engineer. These three men have been reading the reports. In a clipping from the press that was handed to me tonight I see that they have already arranged to be in Regina on the 22nd of November to discuss the question with the government of Saskatchewan, P.F.R.A. officials and others. I am unable to say when they will be ready to make their report, nor would I care to say that they ought to make it at an earlier date than they themselves determine will be possible in order to obtain whatever information they need to make a finding. But I am as hopeful and desirous as anyone in this house that the date be a very early one.

I am sure that the members of the government agree with me in that view, and there will be nothing done to delay the report so far as the government is concerned. I hope as a result of their investigation we will get a report which is satisfactory, and that we will be able to proceed; but at the moment I cannot say anything more than that. I hope that the leader of the opposition will accept my statement when I say that the government is just as anxious as he and others in the west that it will be possible to construct a project in the central part of the province of Saskatchewan, which will bear comparison with the irrigation project that has been developed in the southern part of Alberta. Whether or not the South Saskatchewan project is found to be feasible, whatever the decision of the commission is with regard to it, we will still have proposals to make in connection with the Red Deer project in the province of Alberta, but we think this project should be cleared off the records before we start considering a third large project.

The other question raised with which I wish to deal is the crop condition in the west. I am quite prepared to accept the proposition which was made before dinner by the leader of the opposition to the effect that the Minister of Agriculture should take some interest in this matter. I do not think that he was suggesting that I had not been doing so, but I am quite sure that he was suggesting that if I had been doing so the house ought to know something about it. Therefore I decided that immediately he sat down I should say something to the house with regard to this matter. The leader of the opposition referred to the fact that we have been experiencing crop difficulties in western Canada over a long period of time. May I suggest that in that long period of time we have spent at least fifty years trying to produce a wheat which would ripen in ten days less time than the old red fife with which we started. We finally succeeded in producing the Marquis variety. I say "we" but the experimental farms under the Department of Agriculture had more to do with the experimental work than perhaps any others. They were associated with our university staffs and others.

Eventually we developed Marquis wheat. We had the assistance of individual farmers here and there who were carrying on cross breedings of wheat with other plants in some cases in order to get a wheat which would ripen at an earlier date. I am going to suggest at the beginning of what I have to say tonight that, while we accomplished the task which was given to us as a department of agriculture, I am glad that the practices we are following with respect to the seeding of crops and harvesting have done away with much of the time saved by the experiments carried on with regard to wheat varieties. In other words, I am afraid that the late seedings of the last two years have not been altogether due to the weather. They have been partly due to the kind of equipment that we are using now.

It is true that when you get a large tractor and equipment out on the field and get them moving you can do a lot more in twenty-four hours by that means than you could in any

other way, but it is also true that under certain weather conditions some of that equipment will not function properly. Therefore you many not get any more done in the first ten days when seeding is possible with the kind of equipment we are utilizing now than we got before with much smaller horse-drawn equipment. Those who are producing this equipment are already experimenting with changes in it in order to make it possible to operate to greater advantage and to get the crop in at an earlier date. But I did want to say that much, not as a suggestion that the farmer should or that he is going to change back from the system he follows to the system that was followed before. Someone mentioned that this afternoon. They are not likely to do that.

But it does devolve upon all of us, both those of us conducting experimental farms and those of us who are producing equipment that is going to be utilized on the farms, to try to give back the whole of that time to the farmer, so that he can get his crop in at the earliest possible date. That is the first thing that has to be done.

Then, after that has been accomplished, we come to the harvest time. And I must say that during the last two seasons we have had experiences which have come to us, first by the fact that we seeded late, and secondly by the fact that our harvest started late. Last year our crop was frozen. This year our crop, or a very large part of it, is still out under the snow. I am not going to contend that had we been still cutting it with a binder and stooking it, that much of it would not still be out under the snow. I recall that in 1919 winter came on the tenth of October, and it came to stay on the tenth of October. Some of my crop was out under the snow that winter, and much of the crop of other farmers was out under the snow, too, during that winter. So we cannot say that if we had had some other system this would not have happened.

But still I think we should do everything possible including improvements in equipment to see to it that it does not happen any more often than we can help. But over the period that I have known something about farming in western Canada I can say that we had our crop frozen in the same way in 1907, when we did have red fife wheat—and frozen much worse than it was last year.

Then in 1914 we had a drought very similar to the drought which we have had recently. Governments had to go and help the farmers out in 1914. Then hon. members will all recall that from 1930 to 1938 we had the longest drought, the longest dried out period in the west, that we have ever experienced.

Now, all I wish to say with regard to that is that in all those cases, on every one of those occasions, the problem was handled by provincial governments. The handling of it was carried out by provincial governments. Now, it is true that at certain stages the federal government was called upon to assist. In the case of homesteaders who were still under lease and had not claimed their titles the federal government took care of the assistance that was necessary in relation to lands that were still held under homesteading regulations, and the provincial government took care of those who owned their land.

It is true that in 1908 and again in 1914 some adjustment was made as between the two, to make it easier. Nevertheless the principle was that the federal government took care of those who were still on government land and the provincial governments took care of those on the land for which they held title.

This brings us down to the big occasion upon which a very considerable amount of assistance was required, namely, in the thirties. We had seven years without crops, in many areas. And on that occasion all I can say is that the federal government did come in with money and help. This government paid out $186 million in that period in order to assist with distribution of, first, the seed, then distribution of feed and then distribution of food. In other words, in order to make it possible for the farmers to stay there, that was done.

Now we are face to face with a problem which confronts us as a result of a frozen crop last year, and a crop which we are having difficulty with, not because of drought but because of too much moisture. That has carried our crop into the winter season, and it is now lying under the snow.

Well, I suppose if we follow the practice that we always have followed, the proper thing to do at this time would be for the provincial governments to work out some plan and present it, and if they are not able to take care of the financing of it themselves, they might present some method of taking care of it through the federal government. They might consider that they have done that, in the light of the changes which have taken place since we last dealt with this problem.

Wheat now must be delivered to the wheat board. During the thirties that was not so. No one had to deliver wheat to the wheat board in the thirties. But now all wheat is delivered to the wheat board. And so it is suggested that probably some plan should be worked out by the wheat board, which

naturally would be done through the Department of Trade and Commerce, and that plan should be presented as soon as possible.

Prior to the dinner hour the leader of the opposition suggested that I should call together all the ministers of agriculture in the western provinces, along with all others concerned, and have this question, along with another one he mentioned, discussed at the earliest possible date. Well, before he had made that speech I had already arranged to be in Regina next Friday to meet with the Saskatchewan wheat pool. The wheat pools handle about half the grain marketed in western Canada. I am going there because every year since I have been in Ottawa it has been my custom to go there to their annual meeting of delegates. When this year I suggested it might be difficult for me to go I received a message from them to the effect that they thought it was important that I should go. Therefore I expect to be there on Friday.

At that time naturally we will discuss this problem which is confronting members of the house; and when it has been discussed with them I am sure that anything I do not know now with regard to the situation existing there, I will know after I have attended the meeting. The government has been giving consideration to the whole question, as to how the problem should be dealt with. I know that they are in a position to discuss it finally with the governments in the west, and those who handle wheat, and I know that that is being done. Beyond that I am not in a position to go tonight, other than to assure the house that everything which can be done under the circumstances —in view of the fact that one does not know from week to week just what conditions are going to be—everything that can be done under the circumstances is being done. And I am quite satisfied that when the method of dealing with it is finally worked out, the house will be fairly well satisfied with what is done and with what is suggested.

The leader of the opposition dealt with one other matter. I know my time is almost expired, but if I could have only five minutes more I could deal with it.

Some hon. Members: Go on.

Mr. Gardiner: The other matter was the fact that we are not producing quite as much food of some kinds as we were producing during the war. That in itself proves the fact that we can produce more, and I on many occasions have made the statement that we could produce more bacon than we are producing, if it were essential that it be done. We can produce more dairy products than we are producing, if it were necessary to do so—and so on.

The point raised by the leader of the opposition confronts us with this question: If we did raise any more, what are we going to do with it? Now, I realize this, that there are a great many people in the world who could make use of it.

An hon. Member: India.

Mr. Gardiner: It is not enough just to say that we are not producing it. Farmers are not certain that they should produce it, in the circumstances. We must find out all the facts in relation to that question. I had no intention whatever of taking a trip out of Canada within the next two or three weeks, until recent events brought persons onto the scene that we have not been meeting for some time. It is my intention to go to Rome to attend the FAO meeting. I shall be leaving a week from today for that purpose, and will be discussing matters about which the leader of the opposition and others are concerned with the persons who are there from the different countries in order to satisfy my own mind as to the situation. I hope to be better able to satisfy the government and others as to the position when I come back.

In relation to the suggestion that we should call the provincial ministers together to determine what we should produce next year, as well as what ought to be done generally in connection with the difficulties of harvesting the crop this year, I would only remind the house that ever since 1939 we have been holding at least annually, and in some years two or three times, meetings of the very type suggested by the leader of the opposition. The meeting for this year was called about a month ago, and is to be held on December 3, 4 and 5. I expect to be back from the conference which I am attending on November 29 or 30 in time to attend that meeting. At that meeting we have not only the provincial ministers of agriculture from the three prairie provinces, but we invite the ministers from all the provinces. Most of the provinces have appointed their deputies as advisers to that conference. Then, they bring along with them a sufficient number of their officials to be able to give us all the information concerning conditions in the different provinces. When we are discussing markets for feed wheat, for example, we are concerned as to what the ministers of agriculture and officials of the different provinces think, whether east or west. When we are discussing the question of whether or not we are going to continue paying freight on feed grain coming from the western provinces to

the east, and going into British Columbia, we desire to have all the ministers of agriculture present. The meeting is all arranged and information is being gathered, not only by federal officials but by the provincial officials right across the country. The federation of agriculture and the pools will be represented. They will all be here during the first week of December, and there will be a complete discussion of the requirements.

In conclusion, I should like to say that I agree with the leader of the opposition that the time is going to return—I am not a prophet and I am not in a position to say when, but I am just as sure as he is that it is going to return—when we are going to need markets other than the Canadian markets, and the market that we will be able to retain in the United States for our farm products. I agree with him, too, that when the time comes we shall again find that the best market available is the British market. The main reason we are not in the British market to the extent we might be at present is that everybody thinks it is the best market in the world. When everybody thinks that, they are right because after all there are fifty million people living in the British isles, and they are only able to produce a little more than 50 per cent of the food they require. There is one of the finest markets in the world for food products. Our advantage is that we are one of the nearest countries to Britain producing the kind of food they require, and we can produce it in very much greater quantities than we are producing it now.

Just as soon as we can be assured that over a period of one, two or three years we are going to be able to market products, I agree with those who say that we both provincially and federally ought to be out encouraging the farmers to produce much more than they are producing. I am sure when we are in a position to do that we can get better results than we are getting now. I hope it will be agreed that we have been giving some thought to the matter, and we have been making some arrangements to deal with it. We have changed our arrangements to meet changed conditions in different places, and I hope that before the end of this session we shall have a full report of what took place at the meeting in the first week of December.

Mr. Harris (Danforth): In the meantime, they are all hungry.

Mr. Gardiner: Some people have been hungry much longer than that. The difficulty is, of course, that even after you have produced the products in surplus, you have trouble getting them distributed in the manner in which they ought to be distributed. In the meantime, everyone is doing the best job of that they can.

Mr. Graydon: May I ask the minister a question arising out of what he said? Is it his intention, when he is on his visit to Rome, to discuss with the United Kingdom government in London the matters to which he referred in the latter part of his speech?

Mr. Gardiner: From communications I have had, I understand that the minister of food and the minister of agriculture will be at Rome, and that is one of the reasons I shall be there. They are both new men. I hope to stop off in London on the way back to discuss the matter with others.

Mr. Howard C. Green (Vancouver-Quadra): The hon. members of the house have had the privilege, Mr. Speaker, of hearing two excellent and interesting addresses today dealing primarily with agricultural problems, and with our great province of Saskatchewan. This evening I am not in a position to follow up on those subjects, so I intend to speak on the subamendment which, as members know, deals with war veterans allowances. I should like, however, to add a word in support of the South Saskatchewan river project. During the present parliament my seatmate the member for Lake Centre (Mr. Diefenbaker) has been a strong and consistent advocate of that measure. In the last parliament my seatmate the late John R. MacNicol, who represented Toronto Davenport, was also an advocate of this plan. I am sure that if he had been here today he would have been greatly heartened by the speeches made by the leader of the opposition (Mr. Drew) and the Minister of Agriculture (Mr. Gardiner).

In the last few years British Columbia has been blessed with an influx of many thousands of people from the province of Saskatchewan. The main reason for the increase in our population figures in the recent census is that every city, town and village in British Columbia has received people from that great province of Saskatchewan. They have made and are making a fine contribution in all fields of endeavour in our province. They of course know of this South Saskatchewan project. It is therefore not entirely new to those of us who represent British Columbia in this house. With the leader of the opposition I hope it will be possible, during the year 1952, to have a start made with this project.

The subamendment moved by the hon. member for Acadia (Mr. Quelch) adds to the

amendment which was moved some weeks ago by the leader of the opposition, the following words:

> Furthermore we regret that Your Excellency's advisers have failed to compensate the recipients of war veterans allowance for the increase in the cost of living by an appropriate increase in the amount of the allowance.

That subamendment is timely, and I hope that it will receive the earnest consideration of every member of the house. It is timely not only because of the great need of these men but also because today is the day after Remembrance day; we have a somewhat clearer vision today than we shall have in a few weeks' time, or than we had a few weeks ago, of the merit of the men who are eligible for this war veterans allowance.

These men are in a restricted category, for several reasons. In the first place they must have served in a theatre of war, unless they happen to be small pensioners. There are a few who were injured in England or even in Canada and who, as a result of injuries or of an illness, are in receipt of a pension. Those men also are eligible for the war veterans allowance but the main group of veterans who can qualify for the war veterans allowance are those who have served in a theatre of war; and that applies both to the first world war and the second. We are dealing with front-line troops. This question raises the needs of front-line troops, men who have had battle experience. There is also provision for the widows both of the front-line men and the pensioners who did not serve in a theatre of war.

The veteran must be of the age of sixty years or he must establish that he is incapable of self-maintenance. The widow of a veteran need be only fifty-five years of age. The greater number of these men are sixty years of age or over. That age was set because it was considered that front-line experience had pre-aged them to the extent of ten years. That is why the war veterans allowance is commonly known as the "burnt-out" pension. It is in effect an old age pension paid to the front-line veteran ten years in advance of the age at which payment is made to the civilian. But even when he becomes seventy years of age, and in some provinces can get larger payments under the Old Age Pensions Act, the veteran prefers to take the war veterans allowance. I am sure the Minister of Labour (Mr. Gregg), who was for some years minister of veterans affairs, will agree with that statement. These older veterans have always considered that they received the war veterans allowance as a matter of right, that it was something that they had earned.

They have a pride which arises from their front-line service. I was impressed yesterday, as I am sure the other hon. members of the house must have been, by the bearing of the older veterans—and by that of the younger veterans as well, of course—in the parade which took place out here in front of the parliament buildings. There was something in the way they carried themselves that showed clearly their attitude; showed their pride in what they have done for their country.

They are a responsibility of the dominion government. The provincial governments and the municipalities have never accepted responsibility for the veteran. They have always taken the position that he is the charge of the dominion government. I think that stand is perfectly proper. The dominion government must at all times recognize the fact that these men who served in the forces of the nation are the responsibility of the dominion government.

The war veterans allowance is based on a means test, as the old age pension was and will be until January 1, 1952. The allowance was supposed to be high enough to enable the veteran to live. It was never meant to be just a handout to help him along. It was supposed to be high enough to enable him to carry on. The figures at the present time are $40.41 per month for a single veteran, which amounts to $485 a year. Over and above that figure he is allowed to earn an additional $125 without forfeiting any of his allowance. If he earns more than the additional $125, then his war veterans allowance is cut accordingly. Hence at the present time the ceiling of the income of a single veteran receiving the war veterans allowance is $610 per year. I am going to ask hon. members to keep that figure in their minds, because I intend to deal with it again later in my remarks.

For the married veteran the monthly allowance is $70.83 which makes a yearly payment of $850. In addition to that he can earn, or receive, for example, by way of a small disability pension, an additional $250, making the total income he can get, and still receive the full allowance, the sum of $1,100.

Those are the figures as of today: $485 a year allowance for the single man, with total income of $610; the sum of $850 for the married veteran, with total income of $1,100. They were set in the year 1948, a little over three years ago. As the cost of living has gone up there has been great suffering among these veterans and the widows of the veterans. It was not long after 1948 that many of us found it necessary to plead in this house for an increase in the amount of the allowance. Finally the government made an investigation, and discovered that we had been telling the truth about the position of the

recipients of war veterans allowance. In 1949 provision was made for an assistance fund, which has been called the war veterans allowance assistance fund, under which the recipient of a full war veterans allowance can get additional help up to a total of $10 a month for a single man and $15 a month for a married man.

That was not an automatic additional payment. The help was given in the shape of perhaps money to buy a suit or money to buy blankets. It was in effect a handout, not a direct increase in the amount of the war veterans allowance. There still is a fund of that type. It carries with it the humiliation of a second means test, because each time a veteran applies for this help he must prove that he is in need, and he must apply year after year. There is no such thing as applying one year and getting the payment for two or three of the following years. The money itself, from which these payments are made, is contained in an annual vote in the estimates. There is no statutory foundation; it is simply contained in an annual vote. But the fund has had one very good effect. It has proved beyond the shadow of a doubt that an increase is needed in the amount of the war veterans allowance. The very fact that there has to be this assistance fund clearly proves that there should be an increase in the allowance itself. Mind you, only a small percentage of the recipients of war veterans allowance are able to qualify for this extra assistance.

Now here we are in November, 1951, the day after Remembrance day. The cost of living has gone up to 190·4, as compared with the years from 1935 to 1939. The cost of food and the cost of clothing have gone a great deal higher than that figure. I think the situation was very neatly put in an editorial in *The Legionary*, which is the magazine of the Canadian Legion, in the edition of May, 1951. There we find these words:

> To all the burnt-out men on war veterans allowance the "cost of living" actually means the cost of keeping alive.

How true those words are. Then the editorial goes on:

> Whereas rising living costs to the majority of Canadians have meant skimping a bit and doing without certain luxuries, to many disability pensioners and all—

And I mark that word "all". I continue:

> —and all war veterans allowance recipients the result has been a deplorable lowering in their already low living standards.
>
> The men and women in these two categories are not concerned with the jump in automobile prices, or the higher cost of electric washing machines. They were already leading a marginal existence before the price increases and were never able to afford such luxuries. What they are vitally and desperately concerned about now is the price of bread and butter and milk and wheat, of everyday clothes and other essentials that are needed to exist. To them, the cost of living increase does not mean the official, over-all 79·7 per cent,—

And incidentally, since that editorial was written it has gone up from 179·7 to 190·4. The editorial continues:

> —but the considerably more than 100 per cent rise in basic food and commodity prices.

I suggest to you, Mr. Speaker, and to hon. members that for a very existence these men need at least $50 a month. For the veteran and his wife the amount should be at least $100 a month, $50 per person. Let us not try to hedge on that question. I do not believe there is an hon. member who dare deny the statement that that amount is needed. It is recognized in some of the provinces. For example, it has been recognized for some years now in British Columbia and in Alberta, because an additional sum of $10 has been paid to the old age pensioners in order that they may get $50 a month, rather than $40 which was the official figure, the payment of which was shared by the dominion and the provinces. Even with the new old age pension, which is to commence at the first of next year the province of British Columbia is adding $10 to the amount received by the senior citizens who are in need, and is doing the same thing for those men and women from 65 to 69. Those who need that help will get an additional $10 from British Columbia.

Certainly, the war veterans allowance should be as high as the old age pension. I pointed out a few minutes ago that it is in effect an old age pension for veterans, payable ten years earlier because of their front-line service. I hold in my hand a letter from a veteran which I think sums up the picture very neatly. You know, usually we get the real facts in letters from men and women out in the ridings, the men and women who are doing the suffering. They have a way of painting the picture so that there can be no difficulty seeing what it is. Here is what this veteran says who wrote to me on the 2nd of this month:

> As you know the old age pension is down to 65 with a means test and a possibility of $50 a month.

Of course that has since been made so by the British Columbia legislature. I continue:

> Many of us veterans here are not getting that much and some of us are at the 65 mark and are thinking of making application for old age pension but the medical attention and hospital are good here.

He means the Shaughnessy military hospital, which can treat the recipients of the war veterans allowance. The letter continues:

> And I do not see why we have got to get the old age pension in order to get the $50 per month. Why cannot they give us veterans $50 a month too? We have got the right to eat as well as anyone else.

The Legion in their brief to the cabinet last year, and again to the special committee on veterans affairs which sat in the spring session, recommended that the war veterans allowance be made $50 to the single veteran and $100 to the married veteran. They were supported by the National Council of Veterans. There has been unanimity in the request for an increase in the allowance to those figures, and I believe that the time has come to bring about that increase. It can only be done by the government. The government must make a decision. With all the earnestness of which I am capable I urge that attention be given to this matter now; that the war veterans allowance be increased to $50 for a single veteran and $100 for a married veteran, with a similar increase for the widows.

In addition to increasing the pension a further step should be taken without any more delay. The ceiling on permissible income must be raised. Earlier in my remarks I pointed out that the single veteran on war veterans allowance had the ceiling set at $610. He can only earn or get by way of disability pension an additional $125. For the married veteran the ceiling is $1,100, as I said, and in that case the small pension or earning can be only $250 a year.

But we find that in the case of the Old Age Assistance Act passed by this parliament in June and applying to senior civilian Canadians between the ages of 65 and 69 years a ceiling of $720 is provided for single persons and $1,200 for married persons. In other words, the ceiling for the single civilian is $110 higher than that for the single veteran under the War Veterans Allowance Act. For the married civilian it is $100 a year higher than for the married veteran. I do not understand how any government can allow that condition to exist. I do not see any justification for the difference in the figures.

The raising of the ceiling would mean a good deal to the veterans of 70 years of age and over. The other day they were advised by the Minister of Veterans Affairs (Mr. Lapointe) to apply for the new old age pension. He said that the single veteran would get $40 per month under the new old age pension and his war veterans allowance would be cut down to $10.83, which would bring his total income up to $610 per year. If the ceiling were raised to $720 a year, which is the figure for the civilian of 65 years, the veteran would benefit by that additional $110. His war veterans allowance would be cut by that much less if he received the new old age pension.

Then there is the small pensioner. Many recipients of war veterans allowance receive also a small pension but they cannot get more than $610 with the pension and war veterans allowance combined. The two must not go over that figure. The Minister of Veterans Affairs has announced that there is to be an increase in the basic pension. That means to the recipient of the war veterans allowance who is also a small pensioner that there will be no change because his war veterans allowance will go down as the pension goes up. He will not be one cent better off than he is at the present time. There is a crying need for the raising of this ceiling.

In addition, these veterans should be given the chance to earn more money. One of the recommendations of the house committee on old age security was that the ceiling for civilians from 65 to 69 should be raised so that there would be more incentive to earn, and the ceiling was placed at $720. The same thing applies to the veteran. This is a third reason why the ceiling for the war veterans allowance should be raised.

I come now to the attitude of the government toward this question of war veterans allowances, and I do not intend to go farther back than 1951. At the spring session a resolution was brought into the house to set up a special committee on veterans affairs but the terms of reference were so restricted that the committee could not deal with the war veterans allowance. My colleague and friend, the hon. member for Royal (Mr. Brooks), moved to have the terms of reference widened so that the committee could deal with it, but he was ruled out of order. The government refused to accept that suggestion. The Prime Minister (Mr. St. Laurent) led in backing up the ruling of the Speaker that the terms of reference could not be so amended and the amendment was ruled out of order.

When we went into committee we were urged by the Canadian Legion and the National Council of Veterans to recommend to the house a widening of the terms of reference so that the committee could consider war veterans allowances. That motion was made again by the hon. member for Royal, but it was voted down by all the Liberal members on the committee with the exception of the hon. member for Fraser Valley (Mr. Cruickshank) who voted with the opposition members in support of the

motion to widen the terms of reference so that we could deal with war veterans allowances. In effect there was a curtain drawn in front of the war veterans allowance at the spring session and we had no chance whatever to deal effectively with it.

At this fall session there was no word in the speech from the throne with regard to an increase in the basic pension or war veterans allowances. The government has been forced by the pressure of the opposition parties and veteran organizations across the country to give in on the question of the basic pension and the minister has announced that there is to be an increase. Whether it will be an increase of 33⅓ per cent, as has been asked for, or whether there will be another case of chiselling remains to be seen, since we have not had the figures. But we are told that nothing is to be done at this session with regard to the war veterans allowance; that a committee will be set up next year to deal with the whole matter and if it finds that there should be an increase, any increase will be made retroactive to January 1. That means that these older front-line troops will have to wait until next April or May before they get any increase in their allowance.

Mr. Fair: Live old horse and you will get grass.

Mr. Green: The hon. member for Battle River (Mr. Fair) is always able to make the apt remark because of his Irish ancestry. This change in the war veterans allowance should be made at this session. This problem should have been dealt with at this session and I urge upon the government that some action be taken now; that this matter be not put away for another six or more months.

Some provision could be made for interim payments. The regulations governing the war veterans assistance fund could be extended by order in council without the necessity of passing legislation. Something could be done to see that these men get an automatic increase in payments during the winter months. These recipients of war veterans allowances must be taken care of now and not be compelled to wait until next spring.

I suggest to you, Mr. Speaker, that very shabby treatment is being meted out to these old front-line veterans; treatment which does not fit in with the fine words that so often have been uttered about the men who have defended this country. Over the week end I happened to run across a reprint of the statement made by the king's prime ministers in May of 1944. If you will recall, there was a gathering then in London of all the prime ministers of the commonwealth, and they issued a joint statement which was called a statement by the king's prime ministers. In it we find these words about the men in our armed forces:

> To all our armed forces who in many lands are preserving our liberty with their lives . . . we express our admiration and gratitude.

Admiration and gratitude are very nice to get but they do not fill many stomachs. I urge that the government and the House of Commons see to it that at this session these front-line Canadian veterans get more than admiration and gratitude. See that they get a proper increase in the amount of the war veterans allowance and that there be a proper raising of the ceiling on their income.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I rise to support the amendment to the amendment moved by the hon. member for Acadia (Mr. Quelch), which reads as follows:

> Furthermore we regret that Your Excellency's advisers have failed to compensate the recipients of war veterans allowance for the increase in the cost of living by an appropriate increase in the amount of the allowance.

I read that in case we should forget the exact words of the subamendment. I must say that it gives me great pleasure to follow my former comrade in the 54th Kootenay battalion, a very famous battalion which, I might say, always gained its objectives. I have the idea that finally we are going to gain the objectives of those on this side of the house with respect to their proposal concerning war veterans allowance.

An hon. Member: The good old 54th.

Mr. Herridge: I am not going to speak at length on this question. The arguments in support of it have been placed before the house very clearly by the hon. member for Acadia. I suggest that anyone who wants to read a most convincing argument, supported by logic and accurate figures, should read the hon. member's speech at page 805 of *Hansard*. I thought he made a most convincing and unanswerable argument when he was speaking in support of the amendment that he moved. This evening the hon. member for Vancouver-Quadra (Mr. Green), who preceded me, has very neatly extended and concluded that argument and has rounded it out so that I cannot see how any government can fail to act on this matter without simply being blind to the facts, to argument and to the realities of the situation.

All speakers who have supported the subamendment have clearly demonstrated that the war veterans allowance has not kept pace with the cost of living. That is the major argument from this side of the house. Because of that, war veteran recipients in this country

are suffering gross injustice. Thousands of these men, their wives, and in some cases their dependents, are vitally concerned at this time about the cost of living, the cost of bread and butter, milk, meat, clothes, fuel and all those things that are so necessary for the maintenance of life.

I said in commencing that I was not going to speak at length or repeat the arguments so excellently made by the preceding speakers, but I want to read two short paragraphs from two organs representing the two great veterans groups in this country. First of all I wish to refer to the November, 1951, issue of *The Legionary*. In an editorial on this question it has this to say:

> It is regrettable that the government did not see fit to have a parliamentary committee set up to deal with war veterans allowance during the current fall session so that the increase, whatever it may be, could have helped to tide the recipients over the coming winter months when expenses are heaviest. The government having announced its decision, however, *The Legionary* can only express the fervent hope which it feels sure all ex-servicemen and women will share, that when the amount of the increase is determined, it will be sufficient to enable these gallant old defenders of Canada's freedom to spend their remaining years in reasonable comfort, free from the fear of want or outright poverty. Nothing less than that will satisfy their younger or more fortunately placed comrades—nor, we firmly believe, the citizens of this country generally.

We completely agree with the sentiments expressed in that editorial, but we also believe that now is the time for the government to consider the position of our less fortunately placed comrades. I should also like to read one paragraph from the *Veterans Advocate* of June 1, 1951. This paper is the official organ of the Army, Navy and Air Force Veterans Association. In dealing with this question it has this to say:

> We don't know how good our own advice is. But we are offering some to the Canadian government. This is it: Please remember that veterans are not a political bloc. They do not wish to become one. They have able spokesmen, men like Baker, Watts, Wickens, Lumsden, Lambert—to name a few. But these men are Canadians, first, last and all the time. They don't want to lead pressure groups or lobbyists to Ottawa. But you are going to force veterans into a pressure group unless you relieve some of that pressure and give the veteran a little of the justice he believes in and fought for. It is still not too late.

That paragraph of the editorial is very well phrased. Veterans organizations are not pressure groups in the accepted meaning of the words. Pressure groups are groups that always imply some political punishment if members of parliament or political parties do not take certain action in their favour. The veterans of this country, as represented by the two major groups, have placed their requests fairly before the cabinet, the veterans affairs committee and the country as a whole. Because of their responsible and fair representations, because of the need that exists at this time, we wholeheartedly support the amendment to the amendment. I am quite sure, as the hon. member for Vancouver-Quadra said, there is not a single member in this house who dares to rise and say that these veterans do not require an increase in the rate of war veterans allowance and are not entitled to a raise in the ceiling for earnings, as suggested by the hon. member who preceded me.

Mr. Knowles: At this session too.

Mr. Herridge: I have been ardently supporting the amendment to the amendment moved by the hon. member for Acadia. I regret I find that duty requires me to bring to the attention of the house some of the remarks of his leader on a certain occasion and to do my best to correct the false impression he may have created. I am speaking of the hon. member for Peace River (Mr. Low).

Mr. Johnston: Don't spoil a good speech.

Mr. Herridge: I want to refer to page 55 of *Hansard*. At that time the hon. member was speaking in this debate. The hon. member for Fraser Valley (Mr. Cruickshank) interrupted and said:

> What about peaches in the Peace river district?

Then the hon. member for Peace River replied:

> By George, I am going to tell you something about that. The British Columbia Fruit Growers Association attempted to take me to task because I had decried the stupidity of people who would allow peaches to go to waste, tons and tons of them, at a time when the people on the prairies were not able to get them. They wired me to the effect that they had incontrovertible evidence to show that 30,000 packages of fruit had been distributed in my constituency, the Peace river, of which 10,000 were peaches. I have determined that a package of peaches is a crate containing approximately three dozen.

I am glad the hon. member at least found that out.

> There are 17,000 families in the Peace river country and the Fruit Growers Association of British Columbia were sufficiently interested to see that each family in the Peace river country got about 24 or 25 peaches. Does that sound like decent distribution? At the same time I saw with my own eyes perfectly good fruit going to waste at Summerland and in various parts of the Okanagan.

Now, in addition to that I saw a dispatch from the Vancouver *Daily Province* which reads as follows:

> Kelowna—B.C. Fruit Growers' Association has demanded that Solon Low, federal leader of the Social Credit party, either substantiate or withdraw statements to the effect that B.C. fruit is unavailable to consumers on the prairies and that peaches were unobtainable in the Peace river country.

In a telegram sent to Mr. Low Saturday night, A. R. Garrish, president of the B.C.F.G.A., stated the association "takes a most serious view of your charges regarding fruit distribution in the prairie provinces".

Mr. Low, speaking at a Social Credit meeting in Summerland last week, criticized the B.C. fruit marketing set-up.

Mr. Low referred to a fruit industry "gestapo" or "gestapo-like fruit inspectors" who prevent persons from taking fruit from this province into Alberta unless it has been purchased through the proper channels.

In demanding that Mr. Low either substantiate his statements or withdraw them, Mr. Garrish stated in his telegram that "incontrovertible evidence" shows that close to 30,000 packages of fruit were distributed to Peace River, of which 10,000 were peaches, and that approximately 2,000,000 packages were shipped to the prairie provinces, of which 785,000 went to the province of Alberta.

I have been asked by a number of members of the Fruit Growers Association of British Columbia, to which I belong, to bring this matter before the house to correct the false impression created by the hon. member's remarks. I will be generous enough to say that I think the hon. member for Peace River spoke without thoroughly examining the situation, and without a full knowledge of the facts.

I want to say before proceeding further that I speak with some little knowledge of the question, as I have been closely associated with fruit growers associations in British Columbia for some forty odd years. I have played some small part in my own constituency, and in the association—with thousands of other growers— to build up the excellent co-operative fruit association that exists in British Columbia at the present time.

It is because of that that I feel I must correct my hon. friend. In 1900 there were possibly from 600 to 700 boxes of fruit produced in the interior of British Columbia. In 1950 we produced over 8 million boxes of apples. That is a very short number of years to see an industry develop from such a small beginning to such vast proportions. I remember very well its early days. I can say that, on this question, I speak with a certain amount of sentiment. I have lived closely with the problem throughout the years, and I know of the early struggles of the people who developed the fruit industry in British Columbia. I know of the great investment in both wealth and labour that was required to bring that industry to its present stage of development. They have built this great co-operative, one which all fruit organizations of this type in the rest of the world recognize as the leading example of a first-class fruit co-operative marketing organization.

I remember seeing hundreds of settlers coming in, most of them with no experience, and many with very little capital. They came in to clear the land, to provide irrigation, and to prepare the land for fruit growing purposes. In my own case we had a most interesting experience. I remember that my father was confronted with some difficulty in connection with the clearing of small brush from the area. Someone recommended that he get a herd of goats, and said that the goats would eat the small trees, those up to six inches in diameter. So, off he went to buy a herd of goats. He heard there was a herd available somewhere. We were told to tie up the goats in the woods, where we had a clearing, and to leave them there for about two days, after which we could release them. Then they would eat in an ever-widening circle, and in that way the small brush and small trees would disappear, while in addition we would have the milk.

We did all this. My father went about a hundred miles away, purchased a herd of goats, brought them home, and tied them up for two or three days, and then released them. Within two hours they had all disappeared, and they never came back.

I give that as one illustration of the things people did in those early days.

Mr. Gibson: That is where you get all your votes now—their descendants.

Mr. Knowles: Don't let them get your goat.

Mr. Herridge: I would say this, that, judging from the bleating I hear from Comox-Alberni, sometimes I think they went there.

Mr. Brooks: And eventually landed in the house.

Mr. Herridge: There was great expense involved in clearing this land, providing irrigation and planting trees. Then we had the first crops coming in. Those crops were sold in local markets, to mines and lumber camps. However, as soon as we had larger production the local markets were not sufficient, and we had to sell on the prairie. Then, following that, the British market was developed.

As the crop increased further we found that personal marketing of our crops was completely inefficient, and failed to produce satisfactory returns. In fact, the industry almost faced disaster at one time. I remember a neighbour of mine going to Calgary with a carload of fruit. He said he was going to sell his own fruit, and he was going to sell it right to the brokers in Calgary.

He went to one particular broker and offered his carload of McIntosh apples at $1.25 a box—and there are 750 boxes in a car.

This man said, "I cannot pay that much. I can buy them for much less than that." Away the owner went, saying, "Well, I can get that much from someone else." As soon as he had left this broker, the broker in question telephoned four others in that line of trade. He said, "I have offered this bird $1.25. You offer him $1.15." The result was that when he got to the fourth man he was offered 75 cents.

This poor man, who was paying demurrage on the car all the while, and hotel expenses, went back to the first broker and said, "I will accept your $1.25." "No, you won't," the broker replied, "I will give you 75 cents." Finally he accepted 75 cents—and the four brokers split the difference between the 75 cents and the $1.25.

That was the sort of thing that happened when we had personal marketing, with men having to stand on their own feet alone and face a so-called competitive market.

I remember another grower who took a carload of apples to Regina. He was not going to sell through a broker, but was going to sell direct to the consumer. He rolled his car into Regina, and advertised in the Regina papers, "Carload of British Columbia fruit; buy your apples from the door", at such and such a date.

When he got to Regina, through the instrumentality of a local wholesale fruit concern—and I will not give the name—he was charged for selling without a licence. The truth was that he had a perfect right to sell without a licence. However in this case the court was not held that day. His car of fruit was tied up on the spur for two days. Then this big concern rolled in another car of fruit from Moose Jaw and placed it right behind his.

After facing trial his case was dismissed, when it was shown that he had a perfect right to sell his own product. Then this other car of fruit was opened up and, whatever price he asked, the wholesaler sold under him. So he was glad enough to sell his fruit for a very low price and return to British Columbia. That sort of experience happened frequently, and it was because of this state of affairs the fruit growers in British Columbia determined they had to have a co-operative organization for the marketing of their fruit.

This organization was attempted on a voluntary basis at first, without satisfactory supporting legislation. The old Okanagan united growers was formed. The growers found it was not satisfactory, because they were not selling fruit over one desk. There was still some internal competition between the Okanagan united growers and individual shipping houses. And so finally they conceived the idea of the natural products marketing act. Under internal competition distribution was poor, so that carloads would roll into Calgary and other cities while the small and distant towns would not receive a sufficient supply of apples. There was a high percentage of bad accounts, a large percentage of claims for loss, rebates and so on.

However, as the result of grower representations, in 1935 the government of British Columbia passed the Natural Products Marketing Act, and that is the basis for all our co-operative marketing of fruit in the interior of British Columbia at this time. Under that act we have the tree fruit board which represents the growers, and is elected by the growers at an annual meeting of the British Columbia Fruit Growers Association. Then, associated with that tree fruit board we have Tree Fruits Limited, which is simply the selling agency of the fruit board. The tree fruit board drafts the regulations governing the actions of the sales agency and the growers in the selling of the crop. At the present time all the tree fruit in the interior of British Columbia, whether it comes from such large co-operatives as the Associated Growers or from any of the individual growers such as myself—I am a very small one—or from independent shipping houses, goes through Tree Fruits Limited, the central selling agency. On that account, Tree Fruits Limited was able to bring order out of chaos and sell our fruit to much greater advantage than previously.

As a result of that great co-operative effort—mind you, it was a struggle for years and the Okanagan and Kootenay fruit industries were threatened with catastrophe until this arrangement was made—made by the co-operative minded people of all parties, order has been brought out of selling chaos. I have had the pleasure of sitting on the Kootenay executive with members of the Conservative party and other growers who support the Liberal party. Regardless of party politics in British Columbia, so far as the fruit industry is concerned, the vast majority of the fruit growers support central selling and support the co-operative organization which they have built over the years.

Now, what has been the result? First of all, the fruit growers, since organizing under this plan, have received a larger percentage of the consumers' dollar. Figures will show that. Now that we have planned distribution, these products go out to prairie points and

export markets in such fashion that the small town, so far as is humanly possible, has shipped to it the amount of apples or other fruits it normally requires at any season. The fruit growers organization, under their own selling agency, the Canadian Fruit Distributors, which is a jobbing concern owned by the fruit growers themselves, accomplish this distribution. Any profits made in the brokerage are returned to the growers at the end of the season. Our claims on cars of apples have been reduced from an average of $17 per car to $2 per car as the result of co-operative action. We have almost completely eliminated bad debts. In addition to that, through co-ordinated and co-operative advertising, the public is much better informed as to the varieties of fruit that are in season, and the best varieties to purchase for certain purposes. Co-ordination of the industry through the British Columbia Fruit Growers' Association, the tree fruits board and Tree Fruits Limited, makes possible industry co-operation with the government for the development of any program. This was clearly demonstrated during the war when the War Measures Act was in operation. In addition to that, in recent years it has made possible the processing of large numbers of culls, thus eliminating waste. This organization, democratic from the roots up, was built by the growers and supported by the growers. These very efficient men who operate the sales agency have been repeatedly endorsed at annual meetings since they attained that office. Their work and ability are recognized by the growers and by those interested in fruit marketing in all parts of the world.

I do suggest, Mr. Speaker, it is not fair to speak of an organization like that, and some of its officials, as using gestapo-like methods. I think that is a rather loose use of the English language. I have in my hand a monthly magazine published in British Columbia known as *Country Life*. It is not printed on shiny paper of high quality, but it is a publication that represents practically all the farm interests in British Columbia. It publishes some very meaty information and comment. Speaking in a recent debate I made some criticisms of weekly publications in this country, and stated that many of them lacked moral courage and colour and so on. Here is one monthly agricultural periodical that has the courage to inform the farmer fully on any situation. The editorials and news items are always very salty, and very informative. The editor, Mr. C. A. Hayden, does not pull any punches. I have here an article in the October issue entitled, "Solon Low basely harms B.C. fruit growers and himself by misrepresentation of facts". The article goes on to state:

> His statements at Summerland where he advocated wild-cat selling, as practised before growers' 1933 rebellion, are flatly refuted by official figures on distribution of B.C.'s 1951 tree fruits to prairies and Peace River area: his attitude is the opposite of late premier William Aberhart.

This is quite a lengthy article dealing with the remarks of the hon. member for Peace River (Mr. Low), and expressing considerable concern over the possibility that those remarks may do damage to a great industry and to a great co-operative effort. I will only quote a few paragraphs as my time is going:

> Obviously Mr. Low has not acquainted himself with the tree fruit growers' successful rebellion in 1933 against the very practice which he advocated.

That is selling apples outside the co-operative organization and without the support of a Natural Products Marketing Act. Here again Mr. Hayden says:

> The evil of such misrepresentations is that they find belief in various quarters and the further mischief is that it is never possible to catch up with misrepresentations.
>
> Now, let us take a look at the actual figures respecting distribution, figures which the railways and other transportation agencies can attest and which the B.C. Tree Fruits Limited auditors will attest in due course.

Then he goes on to give the 1951 tree fruits distribution up to September 27. I might say, Mr. Speaker, that all those packages mentioned, nearly two million, were distributed by September 28. The article continues:

> All these packages were marketed through the single agency, B.C. Tree Fruits Limited, the co-operative owned and operated by the tree fruit growers themselves. There was no confusion, no overlapping, no bluffing, no withholding of proper supply.
>
> It was orderly marketing, designed and conducted for the maximum distribution of fruit at the lowest possible cost to the ultimate consumer.

I want to mention another paragraph, because occasionally we see references to dumping. I might say that a lot of good people at times make statements without knowledge of the facts. They will drive through fruit country and see apples on the trees. In many cases they have a woodpecker-bite or other defects which cannot be seen from the road. It appears as though large numbers of apples are being wasted. In recent years there has been a great development in processing apples. Our industry has certain difficulties in connection with the isolation of some localities. The member for Vancouver-Quadra (Mr. Green) will know what I mean when I refer to places like Johnsons Landing. Because of

this handicap it is necessary to have somewhat flexible regulations. Whenever and wherever they can get a large volume close to a processing plant, increasing amounts of these culls are being processed in order to avoid that waste. Wherever they are not processed, it is simply not economically possible to do it.

Now I shall read this paragraph on dumping, Mr. Speaker:

> Again, as a matter of record, the British Columbia Fruit Growers' Association has taken every measure to make dumping unnecessary. One such measure has been the establishing of B.C. Fruit Processors Limited, which they own and operate. One of its main purposes is to process low grade apples and, in due course, other tree fruits, into desirable commercial products.

That is, fruit juices and products of that type.

I have a reference here that deals with last year's operations. I have in my hand the balance sheet of B.C. Fruit Processors Limited as of May 31, 1951. Last year the net sales of manufactured products from apples that ordinarily would have been wasted was nearly $1,500,000. That is a large industry and it is growing. I can assure the hon. member that we have brainy men, men who have devoted their lives to this industry, who are doing everything possible to see that the production of our trees is used to the greatest possible advantage.

If the hon. member understood the position clearly I am sure that he would not accuse our agents or our inspectors of being like gestapo agents or of being gestapo-like fruit inspectors, who prevent people from taking fruit to Alberta. I know that they sometimes irritate people coming from Alberta, because they come with a truck, and they cannot understand why they cannot bring in a truck load of grain and take a truck load of fruit back. What is done by law in this matter is exactly what is done in connection with the wheat pool. The industry has to consider the greatest good of the greatest number. Through experience it has been found that if you allow a certain amount of personal or individual trucking, you will find those people undercutting or underselling, and taking advantage of the umbrella of co-operation established on the basis of the work of the majority. The great majority of our growers would never return to the chaotic conditions of unregulated selling.

Just recently our organization has been sending out contracts for further signature. I signed my contract quite recently. I just heard quite recently that, although the campaign is not finished, somewhere between 80 per cent and 90 per cent of the fruit growers of the interior of British Columbia have already signed a contract with the tree fruit board, Tree Fruits Limited and with the packing house that they are shipping through. I say again that no one with any experience in the tree fruit industry and any knowledge of the situation would return to the unregulated marketing situation that existed prior to the development of the co-operative to which I have the honour to belong.

The hon. member's remarks reflect upon the intelligence of the growers concerned, upon our organization and upon the principle of co-operation. I suggest that the hon. member visit the Okanagan valley and investigate the situation more closely for himself. I am sure that the officials of the tree fruit board, Tree Fruits Limited and the officers of all the packing houses concerned, whether they are co-operatively owned or privately owned, will be only too pleased to place at his disposal all the information he requires so that he can be well and properly informed. I am sure, Mr. Speaker, that once he receives this information he will have an entirely different opinion of the development of co-operative marketing in the interior of British Columbia, and I am sure that he will admit to me that our organization operates to the advantage of the producers, the public in general and the consumer.

In conclusion let me say this. Let us be careful in these difficult times to do nothing to dim the light of co-operation because, as I see it, the lamp of co-operation is the one light that can guide us through the night of economic chaos to the land of economic justice.

Some hon. Members: Ten o'clock.

Mr. Rooney: Mr. Speaker—

An hon. Member: Move the adjournment of the debate.

Some hon. Members: Go ahead.

Mr. Speaker: Shall I call it ten o'clock?

Some hon. Members: Agreed.

Mr. Speaker: Does the hon. member for St. Paul's wish to speak tonight?

Mr. Rooney: Yes, Mr. Speaker. I wish to place this small contribution on the record tonight. I do not believe it will take more than five minutes.

Some hon. Members: Go ahead.

Mr. Speaker: Is it the pleasure of the house that the hon. member be allowed to speak now?

Some hon. Members: Agreed.

Mr. J. H. Rooney (St. Paul's): Mr. Speaker, it is with great pleasure that I join with all

the previous speakers who have congratulated the mover of the address (Mr. Cauchon) and the seconder (Mr. Simmons) on the splendid way in which they have fulfilled the task assigned to them.

I am taking the liberty of bringing before parliament the urgent necessity of having this house look into the matter of a five-day week for all bank staffs in Canada. When I was associated with the firm of Clarkson, Gordon and Dilworth, chartered accountants in Toronto, I had the honour of being associated with the audit of the Dominion bank, Imperial bank, bank of Toronto and the old Standard bank. Through this association I met many bank officials and staff, and I know the wonderful work they do every day for Canada. We take it for granted that the banks are there and we forget the staffs who look after us with a smile. But suppose the staff was not there—and that is what is going to happen if something is not done to remedy their working hours.

I remember a surprise audit some years ago on one of the banks on New Year's eve. I grabbed a small cage, not knowing it was the clearing cage. I worked until 2 a.m. and felt sorry for myself. I forgot, however, that after I left the staff were still there to clear up. This was some years ago. The bank staffs were among the forgotten then and they are among the forgotten now.

The senior officials who have been through this experience are not complaining but they are worrying about who are going to take their places, as young people will not work in banks under present-day working conditions. Let us do something now to preserve our high standard of banking which the world admires.

On May 8, 1950, as reported at page 2258 of *Hansard*, I asked the following questions:

I wish to direct a question to the Acting Minister of National Revenue. Will the acting minister give consideration to the abolition of the sales tax on cigarettes and tobacco sold to veterans in military hospitals . . .

I should like to address a question to the Minister of Finance. Will he give consideration to the abolition of the sales tax on materials which patients in the veterans hospitals purchase for occupational therapy and handicraft work, on which these patients make a few dollars by personal sales.

Once again I am bringing this matter to the attention of the government, hoping that something will be done in the matter, as I believe the boys are highly deserving of this consideration.

I thank the house for allowing me to make these remarks tonight.

On motion of Mr. Hees the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will take up the motion of the Prime Minister (Mr. St. Laurent) to set up a committee to examine defence expenditures. I understand that this will be a short debate; but if it were not concluded at five o'clock we would adjourn it and take up the resolution in the name of the Minister of Agriculture (Mr. Gardiner) to set up the agricultural products board. Hon. members heard the minister, in his speech tonight, state that he had to leave Ottawa in the near future. When we have disposed of those two resolutions, we will take up the resolution of the Minister of Labour (Mr. Gregg) concerning the Government Annuities Act.

Mr. Fair: When is prorogation coming?

Mr. Fournier (Hull): Not before December 15.

Mr. Fair: I thought it was coming tomorrow night.

Mr. Fournier (Hull): Next we will take the resolution of the Secretary of State with regard to the Public Printing and Stationery Act.

At ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on November 2, 1951.

HOUSE OF COMMONS

Tuesday, November 13, 1951

The house met at 2.30 p.m.

BUSINESS OF THE HOUSE

REQUEST FOR EXPEDITION IN TABLING ORDERS FOR RETURNS

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I think this would be the appropriate time for me to raise a question which I think should be raised. It has been brought to my attention that seven orders for returns, for which motions were passed by this house, are still outstanding. They cover a period going back to the first session of the present parliament, the last of them having been passed on June 25 of this year. Therefore not one of them is recent. I raise the question because it seems to me a practice has developed of permitting considerable delay in the filing of returns after the house has dealt with the questions. If there is any reason why the returns cannot be made, then it would seem that the appropriate time for that point to be raised is when the motion is before the house. However, if the motion is passed then I think everything possible should be done to comply with a motion which members of the house have supported.

One of the reasons why I am impressed with the necessity for consideration of this matter is that when the parliament came to an end there were forty-three orders for returns outstanding. Under our rules, as I understand the situation, with the termination of one parliament these motions and the orders made with respect thereto became ineffective. We have a situation where there are seven outstanding orders for returns going back to November 14, 1949, the date of the first one, and running through at different intervals up to June 25 of this year. I call this matter, through you, Mr. Speaker, to the attention of the government so that there may be a review of the orders outstanding, and I hope that by tomorrow we may have some assurance as to when these returns will be made.

Right Hon. L. S. St. Laurent (Prime Minister): I fully agree with the leader of the opposition with respect to everything he has said with the possible exception of the word "tomorrow". If he will be kind enough to let me have a list of these returns I will make it my personal duty to inquire into the matter because I think returns should be brought down with due dispatch.

Mr. J. G. Diefenbaker (Lake Centre): On a question of privilege in connection with the same matter, on April 30, 1951, a question in my name was passed as an order for return. The question is as follows:

1. What lawyers practising in (a) Toronto; (b) Montreal; (c) Winnipeg, have performed legal services or have been retained as solicitors in any department of the government since the 31st of March, 1948?
2. How much was paid to each of the said lawyers?

That, sir, is six months ago, and while it may be a big job I think it should be completed within that period.

Mr. St. Laurent: I attended to that particular matter on three or four occasions and endeavoured to have the returns prepared in the various departments in the same form so they might be rather comparable. I inquired about it around a week ago, and I hope that we will have it completed. As the hon. member says, it requires a lot of research work. It is done by different officials in different departments, and their collation is not always put in the same form so that they do not appear to be comparable. I was endeavouring to have them put in a form that would appear to be most convenient in order to understand exactly what the situation was. As far as I was concerned, I found it would be much more helpful if they were in practically the same form in all departments.

Mr. Diefenbaker: They have always been in the same form.

HOUSE OF COMMONS

REQUEST FOR ENGLISH "HANSARD" INDEX FOR FIRST SESSION OF 1950

Mr. Jean François Pouliot (Temiscouata): Mr. Speaker, as you know, we have the index of French *Hansard* for the first session of 1950, and we have the indexes for the French and English *Hansards* of the special session of 1950. We have not yet the index of the English *Hansard* for 1950. I have already drawn your attention to this matter.

I wonder if the present staff compiling the English index is competent. If there is not sufficient staff to do the work which was

done by two ladies who are now superannuated, let us have another one to finish the job. If they are not competent, fire them please.

COMBINES LEGISLATION

CONCURRENCE IN FIRST REPORT OF JOINT COMMITTEE

Mr. James Sinclair (Coast-Capilano) presented the first report of the joint committee of the Senate and House of Commons on combines legislation, and moved that the report be concurred in.

Motion agreed to.

RAILWAYS, CANALS AND TELEGRAPH LINES

CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. L. O. Breithaupt (Waterloo North) presented the first report of the standing committee on railways, canals and telegraph lines, and moved that the report be concurred in.

Motion agreed to.

RIGHT HON. WINSTON CHURCHILL

ANNOUNCEMENT OF VISIT TO CANADA IN JANUARY

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I should like to inform the house that at noon today there was made from my office, to coincide as to timing with a similar announcement being made in London, the following announcement:

> The Prime Minister of the United Kingdom has accepted an invitation from the government of Canada to visit Canada when he is on this side of the Atlantic in January. Mr. Churchill hopes to spend two or three days in Ottawa after his visit to the United States.

[*Later*]:

Mr. J. G. Diefenbaker (Lake Centre): One other question in connection with the announcement made by the Prime Minister this afternoon that Mr. Churchill will be visiting the dominion in January. Is the government going to give consideration to an invitation to him to speak to parliament, as he did in 1941?

Mr. St. Laurent: In my communications with Mr. Churchill I was informed that it would not be possible for him to make more than one principal speech while he was in Canada. Because I expected that question might be asked, it was understood that if it was asked I would say that it was hoped he would make one principal speech in Canada but that arrangements for that would be made later. I cannot go beyond that.

Mr. Diefenbaker: That is fine.

[Mr. Pouliot.]

DEFENCE EXPENDITURES

MOTION FOR SETTING UP OF COMMITTEE

Right Hon. L. S. St. Laurent (Prime Minister) moved:

> That a select committee be appointed to examine all expenditure of public moneys for national defence and all commitments for expenditure for national defence since March 31, 1950, and to report from time to time their observations and opinions thereon, and in particular, what, if any, economies consistent with the execution of the policy decided by the government may be effected therein, with power to send for persons, papers and records and to examine witnesses; and that notwithstanding standing order 65, the committee shall consist of twenty-six members to be designated by the house at a later date.

Mr. Drew: Is the Prime Minister going to make a statement?

Mr. St. Laurent: I did not intend to make a statement as I think the motion speaks for itself. It was announced in the house last June that there would be no objection to the setting up of this kind of committee to examine expenditures and commitments for expenditures made with respect to national defence. I think the motion is drawn in a way to carry out the undertaking that was given at that time.

At that time I said these departments were just being organized and getting under way and I did not think that much useful work could be done at that time as it would interfere with the organization that was going on if the principal officers had to attend for committee work. I think now this should be a continuing committee. When I gave notice the other day I said it would be unrealistic to think that the committee could get very far during this short session, but I think it would make for the expeditious prosecution of its work if it got under way now, and then it could be set up at a very early date in the ensuing sessions.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, naturally I welcome the introduction of this motion by the Prime Minister (Mr. St. Laurent) because there has been a request for some considerable time from this side of the house for a committee of this kind. I welcome particularly the statement made by the Prime Minister that it is the intention that this shall be a continuing committee. It is the expectation that a committee with similar terms of reference will be formed early in the new session when there will be an opportunity to proceed to deal with matters in a way that will not be possible during the period remaining in this short session.

Nevertheless there will be time before this session comes to an end to deal with a number of important subjects. I trust that during

the current session there will be sufficient positive results from the meetings of this committee to convince all members on both sides of the house that this is a most desirable move. I am assuming that the wording of the motion means that all expenditures which have been actually made and all commitments undertaken up to the date on which the committee first meets from time to time will be under review by that committee.

I do not propose to discuss the terms of reference because I am satisfied that so long as the committee or the majority of the committee carry forward the intentions expressed by the Prime Minister the terms of reference will be adequate. I think it is appropriate to say that they result from discussions which took place between the Prime Minister, the leaders of other parties in the house and myself. I think it is appropriate that we consider the situation with which we are confronted at the time this motion is adopted. It is only to the extent that we recognize the importance of this committee and the importance of the information which it can obtain that the functions of the committee will be viewed in a true perspective in relation to the work it is intended to do.

We are discussing the problems of defence and a survey of the expenditures and commitments for defence in the most ominous atmosphere since the closing days of the last world war. It is only necessary to read the reports of the speeches in Paris on Monday and Tuesday to realize that the representatives of the western nations are under no illusions as to the seriousness of the situation. When the leading western powers put forward a practical and workable plan for disarmament, which in itself would give the first real hope of lasting peace, Vishinsky's response was that he could hardly sleep for laughing the night after he received that proposal. If the circumstances were not so grave one could treat a statement of that kind more lightly, because it is the conduct of a boastful child rather than the calculated representations of a powerful nation. In days like these, laughter of that kind can carry Mr. Vishinsky to the same unhappy end to which Hitler's laughter carried him if this course of conduct is followed. The very great tragedy, and the tragedy which none of us can hide from our eyes, is that if insanity of that kind should once again bring world disaster it will bring death and slaughter, not to those who have started it, but to scores of millions of innocent human beings in Russia as well as in the western world.

If Vishinsky did laugh that night, and I doubt it very much, he was laughing at the fondest hopes of the masses of Russia, just as much as he was laughing at the earnest endeavours of the western powers to offer a workable plan which would make this the twilight before the dawn, rather than the twilight before a dark and terrible night. We know that there is only one thing which will impress the men of the Kremlin; that statement has been made over and over again. I do not think it could be made too often. It is a certainty that quick, overwhelming and crushing retribution would carry with it the same punishment that was meted out to the murderers at Nuremberg. It is the only thing which will deter those men who have seen aggression pay off on such a scale in these last six years.

There has just been made available for public reading the authoritative book on the armies of the world which ranks with "Jane's Fighting Ships," an authoritative record of the navies of the world. I am referring to Brassey's "Armed Services Year Book", which gives us the figures that have been prepared from the most reliable sources available to that extremely reliable publication. According to this book, dealing only with the members of the army as distinguished from the air force and navy, we are told that there are available for the Russian army today 14,800,000 trained men who can be put into the field within sixty days. This figure is far higher than the last estimates of an official character which were furnished to the world.

While it is dealing primarily with the army, the same authoritative book tells us that the Russian navy now has 380 submarines, with a minimum of 120 more under construction. It is necessary for us to remember that the greatest submarine plants were in eastern Germany, which is now occupied by Soviet Russia. These plants, or what remained of them, and the skilled men who were still there, are now under Russian control and supervision. We are not dealing, therefore, with the quality of work which might have been possible under Russian workmen. We are dealing with the high quality of work which we know to our sorrow is one of the great characteristics of the German people.

In that thought we might find, too, the answer to something that has caused some measure of surprise in these past few months. I have seen, as I am sure most hon. members have, comments which indicate some measure of surprise that the Russian MIG's which are operating on the Korean front have the speed and the flight characteristics which they have demonstrated. There again

we should remember that, because the Russians were not doing much bombing of Germany during the last war while the burden of the bombing was carried by the western nations, the Germans were concentrating their production of aircraft in eastern Germany. For that reason, all that remained of their great aircraft plants were also mainly in eastern Germany which is now occupied by Russia. I believe that the very high fighting standards of the MIG-15, which has caused some concern on the Korean front, can be attributed to the German workmanship which is undoubtedly going into these machines under the most severe compulsion.

This book points out one subject that has been under discussion in this house before, and I raise it again because I think we are preparing on borrowed time. I believe that this is a step which must be regarded with that measure of urgency which has not been shown in dealing with it at any time since Canada's rearmament program began. The book demonstrates the high measure of adaptability of the Red army. It points out that that army can place more fighting units in the field for the same number of men than can any of the democracies. The book contains this illuminating statement:

> Whereas in a U.S. rifle company there are 37 men whose primary jobs are cooking, signalling, driving or clerking; in a Soviet rifle company all but two are there for one purpose only—to shoot the enemy.

Now, that significant quotation refers to something that we have discussed here before, and something of vital importance when we examine what it means to be told from an authoritative source that the Russian army has available 14,800,000 trained men who can be put into the field within sixty days. The book points out that, mainly because of this factor, Russia can form three times the number of divisions as can the western nations from the same number of men. It is no answer for us to say that the small number of men in a company who perform the services of the 37 men in a U.S. rifle company simply indicates the different living standards between the two nations. That is true. But that is not any answer to this problem. We are dealing with the cold arithmetic of military strength. The number of units which may confront us from the number of men they have is the arithmetic with which we are concerned. It is against such dreadful realities as these that we Canadians must measure the adequacy of our own preparations at this time. We must neither exaggerate nor minimize our place in the great partnership of freedom.

The first thing that must strike us is that our whole population in Canada, although we are a nation with the third largest land area in the world, is substantially less than the number of trained men available to the Russian army alone today. On the other hand, however, when we recognize the relative importance of Canada's position within the North Atlantic community, it should make us realize the urgent necessity for so planning our defence organization that we will attain the maximum possible strength by the most effective employment of our human and material resources. We are confronted today with the inescapable fact that the one and only hope for the preservation of western civilization is to make every man and woman in uniform so much more effective that every man and woman that Russia and her satellites can put into uniform, that our strength will be measured not in numbers of men and women in uniform but rather will be measured in terms of the immense hitting power that we are able to place in the hands of those men and women because of our vastly superior industrial skill.

Have we in Canada taken advantage of that skill? Have we in Canada adapted our organization and the arming of our units to take full advantage of our technical and productive capacity? The answer is—and it is an answer which cannot be challenged—that except for our participation in the development of the atom bomb, we have done practically nothing to meet that test. Our contribution to the actual fighting in Korea has been one infantry brigade. Our contribution to the land forces in Europe is another infantry brigade. Although those brigades are well trained by every standard and have had ample opportunity to learn to use the weapons in their possession, and although they have in their ranks the highest standard of young men who wear the Canadian uniform, there can be no doubt that there is not that vast difference between the high hitting power of those units and that of the units of Russia and her satellite countries which is possible when we examine the over-all difference in our technical and industrial skill.

Those young men have given and will give a splendid account of themselves in Korea or anywhere else. They will give a splendid account of themselves in Europe under General Eisenhower. But do those units meet the standards which must be applied if we are to be able to meet the immense manpower resources of Russia and her satellites? Have those men a substantially higher hitting power per man than that which could be placed in the hands of the 14,800,000 Russians who, we are told, are now available to be put into the field as trained men within sixty days? Have our young men greater hitting power than the young men of the

satellite nations which are under Russian direction today? Unless and until we can answer that question in the affirmative, our plan for defence is being carried forward in an atmosphere of complete and hopeless unreality.

It is obvious that the places where the ultimate issues as to world peace or world war are going to be decided are in Europe and the Middle East rather than in Korea, unless some wholly unexpected development there should precipitate something which cannot now be foreseen. It is perfectly clear that, with the strength which has been built up in Korea, the line now held by the forces of the United Nations can be held indefinitely. It would seem that at any time the commanding officers of the United Nations forces in Korea found any reason to advance those lines, they could do so. There are other places in the world where, in recent years, static positions have been held for long periods, creating a situation that somewhat resembled a fortress. There is, in fact, just such a situation on the Suez canal today where the British, without open warfare, are occupying an area in order to protect the life lines to the east. This is an old and historic situation and one which might continue for a long time. But outside of something wholly unexpected happening in Korea, the place where the danger lies is in Europe and the Middle East. That being so, we see quite clearly that the place where the strength must be accumulated to prevent war—and that is the purpose of all that we are doing—is bound to be many thousands of miles away from Canada. That being so, the first and patently obvious step would seem to be to organize our defence forces with that reality primarily in our minds, and to organize our forces in such a way that the forces we are called upon to move by sea or air at any time will have the highest possible hitting power for the least number of men. No other plan answers the most elementary logistics of military preparation.

It is considerably more than a year ago since I urged in this house, as others have done, that the North Atlantic Treaty Organization should rationalize the organization, training and equipment of the units supplied from the various member countries of that organization, in a way that would produce the greatest possible military force in the critical areas, with full recognition of the problems of transportation and supply. Surely if logistics—to use the extremely expressive term that was so frequently employed during the last war—are to be applied at all in this case, it would seem that economy of effort would suggest that those forces which have the lowest hitting power per man and can be raised near the danger spot should be raised there, whereas the forces which must be moved a long distance should be forces with the highest possible measure of hitting power. Every single man that is moved thousands of miles away from Canada involves not only the movement of that man and his equipment, but also a commitment to move food, supplies, ammunition and all the other requirements of the men in the field over thousands of miles, which, in the event of war itself, would be threatened by the most modern aircraft and the most modern submarines. A simple rational approach to this problem suggests that here in Canada we should not be training the mass formations with low individual hitting power; we should be training fast hard-hitting armoured units, with the highest possible hitting power per man. We should also be concentrating, as we have been told we would concentrate, on the air power which can be moved with the utmost safety to any danger point, or for that matter to any part of the world.

With this situation in front of us, it seems clear that the United States and Canada, each in proportion to its own producing capacity, must, to a very considerable extent, be the arsenals of Europe, and to a substantial degree the rest of the world as well. That being so, it would seem that our effort should be directed to supplying the weapons and equipment of all types needed for the land forces in these critical areas where the men can be raised, armed, equipped and trained, while we concentrate on compact, hard-hitting and extremely mobile forces which can make the most effective use of the transportation supplies available, whether by air or by sea.

Let me illustrate what I mean. Our present contribution to the combined forces under General Eisenhower is at this time the 27th infantry brigade, which is now in the process of being moved to Europe, and one fighter squadron of the Royal Canadian Air Force, now in training in the United Kingdom. In so far as the forces under General Eisenhower are concerned, I understand it is the intention that the bomber and fighter squadrons are to be sent to Europe. That is not possible, however, at this time because adequate airfields are not available. One of the reasons that airfields have not been available is first of all the difficulty of acquiring land in areas of such concentrated population; but second, and more decisive, is the fact that they have not been able to divert men with technical experience to carry out the construction of these great enterprises as they would wish to do. Under these circumstances, is it not possible that we can do much

more for the common cause if we can provide technical units which can be raised in this country very quickly and trained for their special tasks because of our special skill in the construction of airfields, roads and construction of that type? When there are so many men in Europe available for the land forces which are required right there, needing the arms and equipment which could be sent from the United States and Canada, I suggest that it may hardly be rational for us to be sending to Europe men with the lowest average hitting power of any combat forces, when the thing that they need over there is the technical service to do these jobs which I have mentioned.

When I say that, I wish it clearly understood that I am only repeating what I have often said before. When I say that, in the end it is the infantry which decides the ultimate result of any war. They are the men who in the final stages must always carry out the occupation and hold the positions which are to be held. What I have been pointing out is that these forces are available near the places where men, equipped and trained for that work, are required at this time. They are also nearer their own supplies of food and of other requirements. They do not impose the same demands on the shipping routes of the world as are imposed by every man who is moved from Canada or the United States over there. In combat forces, for the reasons I have mentioned, it would seem that we should concentrate on fighter and bomber squadrons as well as on squadrons specially trained as they were trained and equipped in the last war to guard the sea routes of the North Atlantic as well as of the Pacific.

Economy of transportation, to say nothing of the problem of supply, suggests that in land forces here in Canada we should be concentrating on these fast, compact, hard-hitting mechanized units which not only are best suited to the task, but which can be trained here as they can be trained nowhere in Europe. It is not enough to put tanks, armoured cars, reconnaissance vehicles and other equipment of that kind in the hands of men in uniform. These men must be trained to handle these complex vehicles and weapons. Training is what counts. The simple inescapable fact is that there is not enough room anywhere in Europe today to provide the training areas for units of that kind. In the unhappy event of war, property rights, unfortunately, soon go by the board, and under circumstances such as that units can take the shortest possible route to any given point. In peacetime, however—and we are talking of peace and the hope of continued peace—relatively small training areas and narrow roads make the effective training of tanks, armoured vehicles, reconnaissance and other units of that kind practically impossible.

Many hon. members in this house recall the largest training area in Britain, the Salisbury plains. Modern fighting vehicles can cross the Salisbury plains in a matter of a couple of minutes. That area is not adequate to give effective training to men handling these modern and extremely fast machines. Russia, unfortunately, has plenty of space. Before the last war Germany had just enough, but barely enough, in some of those sandy areas to the east of Berlin. Nowhere else in Europe, and most certainly not in the British isles, is adequate training space available today for fast armoured or other mechanized units. For that very reason units of that kind should be trained as much as possible here in Canada or on the North American continent where we can simulate every kind of military situation from arctic to tropical.

Moreover, we can carry out training inland as well as on the seacoasts, because with our lakes and great rivers we can carry out amphibious landings, and all the other activities of that kind, which are essential parts of modern military training for land forces. There is, in fact, every reason why training should be carried out here, and why we should be concentrating on that type of unit, so far as land forces are concerned.

May I point out another reason why that training should be carried out here, and a good deal of it carried out in the prairie provinces. Training of that kind, whether on land or in the air, consumes enormous quantities of gasoline and fuel oil. All the gasoline and fuel oil used in Great Britain or in Europe must be carried there by tankers, and that imposes an uneconomic and very heavy burden on the shipping routes and upon the tankers, which should be available for other purposes. In times of peace there are obvious reasons why tanker space should not be devoted to that purpose, except where absolutely necessary; and in time of war we all know that tankers are peculiarly vulnerable to submarine attack.

Here in Canada, with our enormous oil resources, which are increasing every day, we are in a position to supply the units direct from the fields, with very short transportation to the units themselves.

Mr. Cruickshank: By pipe line?

Mr. Drew: No; this is a case where a great part of the training can be carried out satisfactorily in areas adjacent to the wells themselves. And perhaps I might point out that there are practical reasons why it would not be a bad thing to have a number of fighter squadrons training near those oil fields.

Mr. Cruickshank: Hear, hear.

Mr. Drew: So far as the navy is concerned, it has obviously as its major role its anti-submarine activities, and other activities related to the protection of the Atlantic and Pacific sea routes.

While we have been told that emphasis is being placed upon the development of air forces in the allocation of funds made available for that purpose, we have not yet seen any evidence that our organization has been rationalized to the point where there is a clear concentration on this type of training.

The Secretary of State for External Affairs (Mr. Pearson) said in Paris yesterday that conditions are daily becoming more serious. Referring to the hope that the United Nations Organization might be the best organization for preserving peace he said, "The emphasis is shifting from best to last." In those words he made it clear that in his mind hope is diminishing—although it has not disappeared —that the United Nations can be an effective instrument for preserving peace, with Russia remaining as a member of the United Nations. These were his further words:

> I for one am not prepared to abandon all hope of negotiations within the U.N. We know, however, that a determining factor must be the attitude of the Soviet union.

Those words are open to no other interpretation than that in the opinion of the Secretary of State for External Affairs, and also of course that of the government of Canada, the United Nations can be regarded as an effective place for the preservation of peace, only if Russia changes her course in the meetings there.

It is with that grim and ominous warning before us that we must measure the effectiveness of all that we are doing. Peace is not going to be preserved by statements that we are up to schedule. Schedules may be very loose and uncertain things, as all too often we have discovered in the past. Schedules can be revised from time to time, downward as well as upward, particularly when those schedules are not known to the people of Canada. Neither is peace going to be preserved by telling the people of Canada that we have the best aircraft, the best engines, the best guns and the best bazookas, and so on, until those aircraft, engines, guns, bazookas and other weapons and machines are actually in production.

Most of the things about which we have been given such glowing descriptions are not yet in production in Canada. In the active and reserve forces of this country, in all branches of military service, we have young men and women second to none anywhere in the world. Their effectiveness, however, in this great effort being made to preserve peace will be measured in terms of the quantity and quality of their weapons and equipment, and the training under service conditions to use those weapons. By that test Canada today, after three years of greatly publicized rearmament, is in a position of tragic weakness.

A good starting point in meeting this problem, and meeting this problem with full knowledge of the facts, would be to fire every one of those propagandists who have been issuing these glowing stories from the Department of National Defence. Remember, we have an effective procedure by which the people of Canada can be told what is being done. When our units have the kind of equipment they should have, when they are doing the kind of training they should be doing under conditions of this kind, when their numbers are adequate for the task with which we are confronted, then let the trained representatives of the press of Canada see those units, see their training and see their equipment, and they will tell the people of Canada the accurate facts, as they have been doing for years when they were given that opportunity. All the action and all the work of that group of men who have been employed strictly for propaganda purposes has been to mislead the people of Canada as to what the facts actually are. What we want to know, what the people of Canada want to know, is this: What is the situation in this grave period, the gravest period Canada has known outside of periods of general war?

A good point also would be to make sure that when the units are equipped, when they are put through their training, and when they are carrying out their demonstrations, no part of that training and no part of their equipment shall be withheld from normal inspection by members of the press of this country —unless it is something obviously of a very secret nature.

Please let no one suggest that the Russians do not know about it. We have made sure that they have every possible facility to know. We not only make the facts generally available to them by means open to the Russian and other embassies associated with them here, but we also make sure that there shall be no limitation, in the ordinary course, to the activities of those spies which are available to them within the communist party of

Canada, throughout this country. In the committee to be set up under the motion now before the house there will be an opportunity to obtain these facts. The adequacy, however, of the inquiry will be determined by the procedure before the committee when it meets. I welcome the assurances the Prime Minister has given as to the scope of the activities of the committee. I wish to say that the Prime Minister has given every evidence of a wholehearted desire to make the committee effective in examining expenditures and commitments on defence right up to date, and I trust that when the committee meets it will carry forward the intention that he has expressed.

I mention this point for a particular reason. On October 19 the parliamentary assistant to the Minister of National Defence made a speech in the house which left the impression that the government was not prepared to disclose the essential facts in regard to the equipment and organization of our forces. In that speech he raised the old and mythical bogey that information with respect to the organization and equipment of our forces would be of help to the enemy. Some of the statements in that speech sounded strangely like statements made in the house in the tragic spring of 1939 when the same reasons were being given for not disclosing to the people of Canada that units which proved their valour to the hilt in the war that followed were at that time without the weapons, equipment and other requirements of modern war.

We have been told earlier this afternoon by the Prime Minister that the greatest fighter for freedom in the world today, Winston Churchill, is to visit Ottawa in January. Members of this house on both sides have indicated their pleasure that we shall have the opportunity to see in the capital of Canada a man who has done more than any other single human being for the preservation of that freedom which we are seeking to preserve by the efforts we are making today. When the Prime Minister tells us that he will be here in January, may I remind the parliamentary assistant that if he is in doubt about the advantages of discussion of subjects of this kind it would be well if he read the speeches of Mr. Churchill before the last war. If Mr. Churchill had been able to force disclosure to the people of Great Britain of the real weakness of Britain, which was not relatively so great as the weakness of Canada at that time, there would not have been the same measure of uncertainty for a considerable time that there was during the first years of the war as to whether freedom and civilization, as we know them, were going to survive.

No, the only people who are deceived by withholding facts are the people who have the greatest right to know. We can all be perfectly certain that the potential enemies, whose identity we know, are fully informed. We are not telling them anything, but the people of Canada should know so that the only real driving power of a democracy, a strong public opinion, may be behind the most vigorous and effective preparation for defence that this country can possibly carry out. I would point out that the speech of the parliamentary assistant to the Minister of National Defence was made before the Prime Minister had announced that he was prepared to introduce a motion for the purpose of setting up a committee with the terms of reference which are now before us. When the parliamentary assistant made that speech I did not comment on it at the time, although I spoke later the same day, because I had met the Prime Minister a few days before and had reason to believe that a motion similar to that now before us would be presented to the house.

I have raised this matter today only because I hope that our expectations for a committee with full and sweeping powers will not be disappointed by anything that may be done when the committee meets. I do not raise this matter for the purpose of causing unnecessary controversy in this chamber on a matter of such tremendous importance, but we know that on other occasions terms of reference have been defined on a very restrictive basis by chairmen of committees and the majority who supported them. I hope that the chairman of the proposed committee, whoever he may be, and the majority associated with him in the same party, will on this occasion carry into that committee the spirit of the statement made in the house this afternoon by the Prime Minister of Canada.

If this committee is given full power to carry out its tasks in the open and without any restrictions, then this may well be a new day in the preparation of the strength of the defence forces of Canada. I believe every member will welcome this resolution. I believe every member will welcome the inquiries which will take place, and if they are open, complete and give the information which the people of Canada want, I am sure that the people of Canada will wholeheartedly approve of the resolution now before us.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I think I should read the resolution now before us because I want to make my remarks relevant to it. I know that the courtesies of the house are extended to hon.

members, and particularly to the leader of the opposition (Mr. Drew), but I was not prepared this afternoon to discuss the whole problem of the defence of Canada under a resolution to set up a defence expenditures committee, and I shall not do so because I think that one should endeavour to be relevant to a resolution moved before the house.

Mr. Drew: Mr. Speaker, I do not want to interrupt the hon. member but I do not wish to let go unchallenged any suggestion that I was speaking beyond the strict confines of proper debate on this motion. I made it clear that the reason I was discussing the defence situation and the threat abroad was that we might know how important it is that when this committee meets it be given the widest powers, such powers as have been defined by the Prime Minister (Mr. St. Laurent).

Mr. Coldwell: I did not rise during the speech of the leader of the opposition because we extend to him courtesies that are not extended to other members of the house. However, I was rather surprised to find the moving of this resolution used as an occasion for a debate on external affairs and on other matters dealing with defence policies that clearly do not come within the confines of the resolution. I want to say that, because I feel it should be said.

The resolution reads:

> That a select committee be appointed to examine all expenditure of public moneys for national defence and all commitments for expenditure for national defence since March 31, 1950, and to report from time to time their observations and opinions thereon, and in particular, what, if any, economies consistent with the execution of the policy needed by the government may be effected therein, with power to send for persons, papers and records and to examine witnesses; and that notwithstanding standing order 65, the committee shall consist of twenty-six members to be designated by the house at a later date.

The resolution is to set up a committee to examine expenditures that have been made from time to time and commitments involving expenditures from March 31, 1950, to date. Like the leader of the opposition, I welcome this resolution. I welcome it because I think that a committee of this sort which was established during the war years performed a useful function for Canada in safeguarding some of the expenditures and commitments made in connection with our war effort. It is in the light of my experience as a member of that committee that I wish to discuss this resolution.

I think the people of Canada expect this parliament and this government to get the best possible value for the expenditures being made. The purpose of this committee should be to see that we get the best value possible. It is regrettable that we are not getting the best value for the expenditures we are making because of the inflation that has occurred, which means that our expenditures must be vastly greater than they otherwise would be because of the high prices that have developed in our economy.

I think the people of Canada expect that no undue profits shall be made by corporations and organizations providing equipment for our armed forces. As the house well knows, from time to time during the past number of years, particularly last year, we have moved motions suggesting that a limitation should be placed on the profits made by corporations and companies engaged in the production of war supplies. We suggested that no more than—I think this is a generous profit at this time—5 per cent should be made on the capital employed in the production of war materials and supplies.

During the last war, because of necessity perhaps or because of the shortage of factory space, machines and so on, the government gave great concessions to some of the greatest and most powerful corporations in this country, concessions which enabled them to exercise great power in our economy and to gather to themselves returns which were out of all proportion. I am not going into the great financial returns that were made possible to corporations like the Aluminum Company of Canada. A total of $164 million was provided to that company in the way of accelerated and special depreciation and an increase of 5½ cents per pound on aluminum over and above normal profits and depreciation in order to pay for the great expansion they undertook at that time.

When that matter was under discussion we were told that this was being done because these great facilities then being provided would not be required after the war. At noon today I was reading the report of the subcommittee on war expenditures which dealt with that great project and I noticed that the statement was made that after the war these facilities would no longer be required, that the great power plant would be idle in part and that many of the facilities that were made available at that time would be destroyed or dismantled. Yet ever since, upon the basis of what I call a great gift which was made to the Aluminum Company, that company had been expanding all the time.

The same applies to some recommendations made by the committee. I have in mind the manner in which we went into the safeguarding of Canadian interests in connection with the great chemical industry of this country.

The chairman of the subcommittee dealing with that matter was Mr. Tripp, who at that time represented the old constituency of Assiniboia. Two plants had been erected at great public expense, one in the Niagara district and one at Calgary, and it was recommended that one should be retained so that the farmers of Canada might be able to obtain fertilizer at a reasonable price in the post-war years. Ammonium nitrate was the fertilizer that we then had in mind. That recommendation was neglected, the plants were sold but I do hope that recommendations made by this committee will be carried out as far as possible by the government of the day.

I remember also how members from British Columbia pointed out that, after the war, industries which had been established on the Pacific coast would require basic supplies which they then had to ship in from great distances. I remember the late Mr. McGeer, the Minister of Fisheries (Mr. Mayhew) and Senator Reid bringing up this matter. Two of them were members of the subcommittee along with myself. Mr. McGeer appeared before that committee and urged that the iron ore and coal resources to be found in great abundance on Vancouver island should be utilized for the establishment of an industry there to provide steel plate for the ship-building industry and so on.

We were told at that time that no such industry would be permitted on Vancouver island, that any expansion that would be made would be in connection with mills already established such as those owned by Algoma Steel Company and the Steel Company of Canada. Look up the record and you will see that what I say in that respect is absolutely correct. What do we see today? We see British Columbia ore going to Japan, being fabricated and then sent back to Vancouver in many forms. All these might have been produced on Vancouver island if the same consideration had been given to establishing an industry there as was given to the established mills at Algoma and Hamilton.

These are the kind of matters that should receive consideration by members of parliament and by this parliamentary committee in connection with our defence preparations. The leader of the opposition spoke about the principal job of Canada being production of certain types of equipment and perhaps the training of men for service in the air. Well, they need aeroplanes. We established a great industry in Canada and made some of the outstanding aeroplanes now flying across this country and across the ocean. We established Canadair, and then we parted with it. Today we have to buy the product of an industry which the people of Canada established here.

Then, of course, there are the contracts that are made for the provision of equipment. Are they being properly fulfilled? During the sittings of the war expenditures committee during the last war, hon. members at times not only had the opportunity of visiting some of the plants that were providing the equipment for these large expenditures, but on occasion we had the privilege of seeing some of the great projects that this country undertook. They were great projects which reflect a great deal of credit upon Canada. For example, when we saw millions of dollars being expended at Gander in Newfoundland, we wanted to know what it was all about. A small subcommittee of the war expenditures committee went to Gander. There we satisfied ourselves that the millions of dollars that we saw on the accounts of the government of Canada were no doubt fully justified. An excellent job was being done in completing a great field from which planes could be shuttled across the Atlantic to assist those who were defending freedom in Europe.

Then, we built the great Polymer plant at Sarnia, one of the most successful projects that this country has ever undertaken, and one of which we can be justly proud. This plant has not only performed a useful function, but has brought a considerable return to Canada. It is a clear indication that projects of that description can be undertaken by crown corporations and brought to a successful conclusion. My regret is that when we had the opportunity of doing more of this kind of thing during the war, we did not do it. I am not pretending that the $164 million to which I referred as being paid to the Aluminum Company came out of Canada. It came out of our allies principally, but some of it came from Canada. I believe it is to be regretted that some of these great industries could not have been retained under the ownership and control of the people of Canada after we had, with our allies, so largely paid for them. Such matters should concern this committee.

I believe it is the duty of the committee to see to it that we get the very best value for the moneys we expend in providing the equipment which our men need. I believe everyone in this house is anxious that in the defence preparations as well as if, God forbid, war should come upon us, the young men who carry the badge of Canada shall be equipped with the best and most complete equipment it is possible for this country to provide. I think we all have that desire. We stand behind these young men who are called upon

at this hour to take their part in building the defence of the western world, in order that we may prevent the onset of another world war. It is regrettable, but I think it is true, that we have had to build up this strength.

I am not going to go outside of this resolution, as I said at the outset of my remarks.

Mr. Fulton: You have been fairly far afield already.

Mr. Coldwell: The hon. gentleman says I have been far afield already. I am not aware of it.

Mr. Macdonnell (Greenwood): The leader of the opposition (Mr. Drew) was only an also ran compared to you.

Mr. Coldwell: As a matter of fact, I believe that if any intelligent person reads the resolution, and then reads the remarks I have addressed to that resolution, he will find that I have remained within the four corners of it. I have been discussing expenditures in connection with our defence preparedness. I have not been discussing the whole of the military, naval, air and army policy of the government.

Mr. MacInnis: Or of the governments of the world.

Mr. Coldwell: Or the governments of the world, as my hon. friend suggests. I did not interrupt the leader of the opposition, though I felt he was outside the resolution. I think, as a matter of courtesy, the house having extended this courtesy as far as it did, I should not be interrupted either.

Mr. F. D. Shaw (Red Deer): Although in substantial agreement with much that was said by the leader of the opposition (Mr. Drew), Mr. Speaker, we too were somewhat surprised to find that he precipitated a debate on the defence policy under this resolution. In our humble judgment this resolution has nothing to do with the determination of whether the government defence policy is good or bad. The resolution before us states specifically that the membership shall examine into public expenditures. In fact, it says:

> —examine all expenditure of public moneys for national defence and all commitments for expenditure for national defence since March 31, 1950, and to report from time to time their observations and opinions thereon, and in particular, what, if any, economies—

Then there is this phrase:

> —consistent with the execution of the policy decided by the government . . .

I well recall that when a motion was moved in March, 1941, which was intended to establish the war expenditures committee, this same matter came in for extensive debate. In fact, the debate lasted for hours and hours. I believe it was eventually agreed that the committee would not deal with government defence policy. This is a matter for the government to determine, and for which the government will be held accountable. There are occasions which afford an opportunity for debating defence policy in the house, but this is not one of them.

During the first years of world war II our early preparations for war had to move with great speed. Prior to the outbreak of the war in 1939 we were either such lovers of peace, or so blinded to what was going on in Europe, that we found ourselves most inadequately prepared. Then, everything had to be done in a hurry. Under those circumstances it was understandable that certain concessions had to be made; that excessively high prices had to be paid for certain things, and therefore it did become imperative that a committee on war expenditures be set up. It was set up in 1941. We are faced with a slightly different situation now. While there is great danger and while, as to our defence effort, there is need for haste, there are not the same circumstances which might be taken by some to justify, let us say, extravagance should there be extravagance, excessive payment should there be excessive payment, and so on.

In moving for the establishment of this committee today, the government is not establishing a precedent.

It was my privilege, Mr. Speaker, to serve for some time on the war expenditures committee. I also served, after the war, on the same committee which became known as the war expenditures and economies committee. I am quite convinced that that committee did a valuable work. I am convinced in my own mind that constructive and helpful suggestions were made to the house. Certain of those suggestions—possibly most of them—were accepted by the government. Action was taken and money was saved as a consequence of following out the recommendations of that committee.

I well recall that in 1941, and in subsequent years when the committee was reconstituted, the government laid particular emphasis upon certain things. We of the opposition were told that it was not our responsibility merely to seek grounds for criticism of or attack upon the government. We were told that it was not our duty or responsibility to adopt an attitude which would result merely in our embarrassing the Department of National Defence. We were warned at that time that the committee could not succeed if we approached our work in

any spirit of hostility, and that sheer fault-finding should not be characteristic of that committee.

While certain rather unpleasant experiences were encountered by those of us who served upon those committees, I am quite convinced that their members did not undertake their deliberations in any spirit of hostility or in any attitude of fault-finding and so on. I feel that the same attitude should be taken by the committee at this time. I feel that the members of the committee, whether they be opposition members—and after all, I assume that probably it would be the opposition members who would do it—or others, should not go into their deliberations with the idea merely of seeking out grounds to criticize, to attack or to make it more difficult for the Department of National Defence to carry on its work.

But having said that, I would suggest that it is also the duty of the majority of the committee, who are government members, not to commission themselves as counsel to go in and block the freest and most open type of investigation or to cover up and defend where it is obvious to committee members that there is room for improvement and where it might be possible to save money for the taxpayers of this country. Let me emphasize the fact that if there is a duty resting upon opposition members, there is also an important duty resting upon the shoulders of government members of that committee.

I feel that a committee of this kind should give careful consideration to an examination of the methods of expenditure. I also feel that the committee should undertake to determine whether there can be additional controls over expenditures. After all, we must not forget that we, as a parliament, have already come to the conclusion that over a period of three years we shall spend approximately $5 billion for defence, and that during the current year we shall spend $1,800,000,000 on defence, or practically 50 per cent of our budget. All of us are certainly mindful of the fact that that is a terribly heavy burden to be borne by the Canadian taxpayers, but the Canadian taxpayers have approved. They realize the dangers which confront us. They appreciate the urgent necessity for taking every possible action to defend our country against aggression. At the same time they expect that the Canadian government shall exercise every precaution in order to be certain that we are getting full value for the money that is being spent.

We realize fully that government officials are not infallible. They are bound to err. Hence I do not believe it should be the duty of that committee merely to seek out mistakes for the purpose of criticism. By all means, let the committee seek out mistakes, and evaluate them in the light of the effect that they may have on the future. In my estimation it is exceedingly important that that be the attitude of the members of this committee.

I am going to emphasize again what I consider to be the position of a member of that committee in relation to the taxpayers of the country. This committee should enable those who represent the taxpayers of the country to procure all possible information. It should enable them to procure information which many of us cannot possibly procure as ordinary members of this house and which the taxpayer cannot have unless it is procured through such a committee as this. The government must be fully prepared to provide every opportunity to enable those members to procure all of the information required. After all, the taxpayers will believe that the members of the committee are actually their watch dogs, as it were; and it will certainly make the taxpayers of this country feel much better about everything if they know that the members of that committee are right there, can get information and know what their money is being spent for.

The committee must have ample power to examine all defence expenditures; I would even go a bit further and say defence expenditures for those services directly connected with national defence; and they may have to go beyond the actual activities of the Department of National Defence in order to procure that information.

I have already indicated, Mr. Speaker—and even though it may be repetition I am going to re-emphasize it—that the majority of the committee will be government members. I assume that there will probably be an 18-5-2-1 break-down, giving the government eighteen members out of twenty-six. Such a great responsibility rests upon those eighteen that I declare that the success or failure of that committee is going to depend on those eighteen.

I am going to give you, Mr. Speaker, an indication of what I have in mind when I emphasize this matter. I well recall that, immediately after the cessation of hostilities, I had occasion to complain that, in the disposal of crown assets within this country, there was terrific waste and destruction. I also recall that it took days and days to get the matter dealt with, and I must say that there was a good deal of blocking. There were denials and, upon one occasion, a certain member of that committee—he was a government member—came to me on the side

and warned me that I had better keep my mouth shut. Then finally, Mr. Speaker, the deputy minister of national defence, air service, appeared before the committee and said: Yes, you are right. In effect that is what he said. He said: That is what is being done. Unfortunately there has been a misunderstanding of a certain directive. But this was carried on but later steps were taken to correct it. That action should have been taken days and weeks before, because the situation led to a great deal of unhappy publicity. Every time something of that kind occurs, it just causes these heavily burdened taxpayers to lose a good deal of confidence in our ability to carry on the matter of defence.

It just so happens, Mr. Speaker, that I am not to be a member of this committee, having previously assumed the responsibility of becoming a member of another committee. There is one matter to which I think the committee should give its attention. I am going to make reference to it at the present time. Over the past months and years I have been greatly troubled about the cost of publicity. I would suggest to the committee that they give their particular attention to the public relations of the three branches of the armed services. In my opinion too much money is being spent. We are not getting value for the money spent. There is a great deal of duplication, and there is a great deal of material going out to newspaper publishers that often is not published because of the fact that it serves no useful purpose in that particular community. I have had newspaper publishers mention this to me on a number of occasions. I happen to hold in my hand an editorial which refers to the three branches of the armed services; that is the public relations branches. This editorial was taken from the Saskatoon *Star-Phoenix* of October 17. It says:

> If the federal government is looking for spots to save money, we suggest it peer into the public relations of the three services. Day after day, newspapers and radio stations are bombarded with news releases, so-called, most of which have little application to the districts to which they are sent. All of this costs money, irritates editors who have to waste time looking at the stuff and inevitably produces a bad reaction among editors of the better type of copy. Surely those in charge of the pubilc relations set-up should have enough acumen to "target" their releases—that is forward to areas concerned only items of real interest to that area.
>
> But worse than the news releases are the pictures which are sent out all over the country. These pictures cost a lot of money and as often as not haven't the slightest value to the majority of the papers to which they are mailed.
>
> This foolishness, it seems to us, can be easily avoided if the public relations staff were competent newsmen. It should take little news sense to realize that, with the newspaper offices flooded with pictures of the royal visitors, there is little value in sending to Saskatoon a picture of the bearer of the King's colour at the forthcoming welcome to Princess Elizabeth and Prince Philip. Especially when the person in question hails from Duncan, British Columbia.
>
> A lot of money goes down the drainpipe in these pictures. It could just as easily be saved.

Were this the only editorial that I have seen relating to this matter, probably I would have hesitated before reading it. I would say that it is typical of a great many editorials that have been printed from time to time. I repeat: a number of newspaper publishers have conveyed the same sentiment to me personally. Then, on top of that I have often wondered to myself, as one who reads seven or eight newspapers in one day, why a lot of that material was ever sent to the newspapers in the first place. I suggest, Mr. Speaker, that in the course of its work the committee give some thought to this question of publicity. I presume they would have to hold to the defence services because after all it is in effect a defence expenditures committee.

We welcome the setting up of this committee. We feel that the leader of the C.C.F. party (Mr. Coldwell) indicated a number of fields in which the committee might work. We trust that all members of the committee will enter upon their duties with the realization that they have one specific function to perform, namely, to examine expenditures and to determine wherein economies can be effected.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, I should like to say a few words on this resolution. If it is designed to serve the purpose for which I think it is intended then I think it is too restricted. On several occasions in this house many hon. members, including myself, have urged upon the government the necessity of setting up a defence committee. My conception of a defence committee certainly is not along the lines of the present resolution. We have to ask ourselves this question first: Why have we a defence program at this time? What makes it necessary? If it is necessary, then we have to ask ourselves: What have we to do about it? What is the most adequate way of handling the situation?

If one looks at the press from day to day he finds it clearly set out why we need a defence program at this time. I hold in my hand a recent press clipping, the caption of which is "Ike sums up armed might of Russia". I am not going to read it, because it is likely that every hon. member of the house has seen it.

The Russians have 4 million men available immediately. It is a hard-striking force, very modern and can move fast. That is the reason

why we on this continent are obliged to have a defence program at this time. Our defence program is designed, or should be, to meet the possibility of that very formidable force striking fast anywhere at any time. When we read this resolution in the light of those facts we find that it merely asks that a committee be set up to study defence expenditures within the confines of government policy. It has never been clearly defined to me what government policy is.

Mr. Diefenbaker: Government policy of the past.

Mr. Gillis: A matter that is within the confines of government policy is all-inclusive because the defence program is all-inclusive. It runs into industry; it runs into practically everything. Quite different sections of government have to do with defence production and so forth which are not exactly national defence. If the terms of this resolution are adhered to strictly by the chairman of the committee I am afraid that the committee will not find out very much about what is going on in the realms of defence.

Another thing I am concerned about is this. The members of this committee who work under the terms of this resolution do not want to work with the idea in mind that their job is to cut expenditures. In my opinion their job is to determine whether our defence program is adequate or not. That does not mean just manpower in the navy, army or air force where our defence program is adequate or otherwise. You may have to step up expenditures. We may not be spending enough money. We may be spending money on non-essential things that should be transferred to other matters that are more essential. What I have in mind is this. Since nobody knows who the members of the committee will be, I should like to put my ideas on record with respect to certain things that I think the committee should look into. My first point is this. If we are to have a defence set-up that is going to meet this very efficient threat with which we are faced, one of the first things we have to do is to recognize the fact that the man who goes into the navy, army or air force must go in with a contented mind. That man is giving up his home and his job, as well as the comforts and security of civilian life. He is placing himself in the hands of army, navy or air force personnel who will have power over his life, who can tell him when to get up in the morning, when to go to bed at night, what he must do at a given time—and without arguing or answering back. That man must be assured that his family requirements at home are cared for.

I would draw the committee's attention to the fact that, in my opinion, the allowances for families of service personnel are inadequate. I have had many complaints from women left at home, to the effect that they are unable to maintain their homes and meet their monthly commitments with the incomes provided by way of allowances to soldiers in the ranks. Many women have written to me. I have got in touch with the Department of National Defence on many occasions, forwarding requests that men be permitted to leave the service on compassionate grounds because their families were in need.

Those men cannot go to Europe, when they are receiving letters from their wives and children stating that there is insufficient shelter and clothing, and not enough to eat at home. The minds of those men are disturbed, and they are not going to do the kind of job in the services that they can do. In my view the allowances must be stepped up. The committee must ascertain whether, on the basis of present allowances, we can have an efficient army, navy and air force. I think again of the dependent mother for whom provision was made in the last war. I think of the dependent and incapacitated father in the home where the young man was the breadwinner, and where allowances were given. But today there are no such allowances. I have received many letters of that kind, and brought them to the attention of the Department of National Defence.

Those boys want to leave the services, because they see that their fathers and mothers have not enough income to sustain life. The minds of such men are disturbed, and they cannot do the job they should be doing. To remedy this, of course, would mean an addition to defence expenditures.

At this time, in connection with our present armed forces, we have made applicable certain legislation that was effective after the last war. We have granted them educational rights, and the like. There is however one gap, and that is that the young man leaving the services at this time is not entitled to thirty days' leave, and to the thirty days' pay he received after the last war. At that time he was given a chance to leave the service, to look around, so that he might rehabilitate himself properly. Today when he goes to a depot for discharge he receives no clothing allowance. He is sent out wearing a uniform; and, in most of the cases which have been specially brought to my attention, they have had hardly enough money to pay transportation expenses home. They are out, they are unemployed, and have no chance to look around. The man coming out under those circumstances, without thirty days' pay, is in difficulties.

We are forming a brigade in Europe, and we are going to have to supply replacements for that brigade. From time to time we need replacements in Korea. If we are going to have an adequate defence program, then one of the first things we must do is to recognize these small difficulties and they are only small when compared with the whole defence expenditure. They have to be ironed out.

The man in the ranks who will do the fighting, the man who leaves his home, who leaves security and a job, the man who leaves his family, is entitled at least to contentment of mind while he is in the service. These irritations ought not to be brought to his attention from time to time, when he receives letters from home.

This may mean stepping up our defence expenditures. I say that because I do not want the members to go into the committee just for the purpose of conducting a witch hunt to see what they can cut off, how they can embarrass someone politically in respect of a contract, or the like. In some instances expenditures may have to be stepped up.

I should like to stress another matter, one which was discussed yesterday afternoon by the hon. member for Lethbridge (Mr. Blackmore). I refer to the necessity for assistance to Britain. Looking at our whole defence program, let us not forget for one moment that, in the program we are building up today, Britain is one of our main outposts. If anything happens in Europe, she will suffer the first shot; and unless we can relieve the economic difficulties of that country, as part of our defence program, we will have missed the boat.

Many people in this country and many sections of the press held the view that, with the defeat of the Labour government in Great Britain, Utopia was at hand, that they had reached the millennium. Anyone with any sense knows that is not true. Over there is an island on which there are 45 million people, with resources sufficient to look after about 20 million. I do not care what government is in office in England, the problem is still there.

Britain is our main outpost. Any money we lend to Britain over a long term, as suggested by the hon. member for Lethbridge, is in my opinion insurance in connection with our defence program, and the most important expenditure we could make. Anyone who reads the press today over there must feel pretty bad. In one paper I pick up I see this heading, "Churchill cuts cabinet size." That may look all right, but to me it is just the barometer of what will happen all along the line—more austerity, standards must go down, "tighten your belt". There is no reason we should live in luxury while those who are conducting our defence across the water must dig deeper in the kitchen, and further reduce their standards.

We owe them something. Not only do we owe them something in this defence set-up, but we owed them something in the last war. They depleted the whole nation, tore their resources to pieces and liquidated their holdings so that they might make a maximum contribution—and they did make it.

I pick up another clipping, and I am convinced that the millennium is not here yet. This one says, "United Kingdom houses to be colder this winter." That is not very encouraging. Should we expect our main outpost to shiver more than they did last winter?—because they were pretty cold last winter.

I pick up another clipping, which indicates how they are reducing their standards all the time, so that they may build up their defences. This clipping says, "Britain has repaid $470,200,000 on Canadian loan." That money could very well have been used in Britain to provide a little more food, warmth and shelter. I am saying this only because in my view the committee should give it some thought. If we are going to talk about defence expenditures, if we are going to see whether our defences are adequate to meet the threat indicated in General Eisenhower's summary of the strength of the enemy we may have to fight some time, then I think our contribution cannot be measured in terms of dollars and cents. It has to be looked at from the point of view that people placed in our strategic position must consider it as our duty to do something to assist Britain in building defences, so that she may assist us if and when a showdown comes. I say this because in my view it should be considered in the commitee.

Then, we realize that it is proper to have sufficient manpower in the services. It is all very well to have a lot of slogans on paper. But when one stops to think for a moment he realizes that in the last war the greatest contribution made toward defeating Hitler, and all that he stood for, was the one made by the productive capacity of the North American continent. If it had not been for United States and Canadian production in the last war we would have had a much worse time. What are we doing about it? Is our productive capacity being properly organized and utilized? I do not think it is. I think we are falling down badly so far as the production of basic steel in concerned, and steel is the main foundation of our whole defence program. We are falling down pretty badly in comparison to the expansion that is going on in the

United States. Steel production is a part of our defence program, and it should be a part. I have in my hand sessional paper No. 161 under date of Wednesday, October 31, 1951. I am not going to read the return as it is available to all members. It shows imports of steel from the United States and steel production in Canada in the form of ingots and castings. It is for 1950 and 1951.

It shows that in the last two years, when we should have been stepping up Canadian steel production, there has been no increase whatsoever. Looking at the figures from January, 1950, to September, 1950, steel production in this country in the form of ingots and castings was static. There was very little change one way or the other. It went up and down a little bit but not enough to matter. For 1951 the figures only go up to August. Apparently the figure for September was not available. There is exactly the same picture. Production went up a little for a couple of months but the figure for August, 286,804, is almost the same as that for September, 1950. There has been no steel expansion in Canada whatsoever.

Let us compare that situation with what is going on in the United States. In the issue of *Time* magazine for November 12, 1951, one finds on the cover the words, "For Freedom's Forge, More Blast Furnaces". The magazine article on steel is based on a certain personality in the United States who was responsible for building one of the steel industries of that country. There is a short section of it which I should like to bring to the attention of the proposed committee. It reads as follows:

> Big steel has to hustle to keep up with the expansion parade, even though it is now spending another staggering $1 billion on top of the $1 billion already spent in the last five years. In Pittsburgh last week, Jones and Laughlin's president Ben Moreell tapped the first steel from a new open-hearth furnace, the first major United States steel plant completed since the Korean war began. It is the first of eleven new furnaces which Jones and Laughlin will shortly finish, to expand its steel production. By 1952's end, Jones and Laughlin will have spent $390 million in six years, boosted its capacity by 32 per cent. By the same time, Bethlehem—big steel's chief rival—will have spent $700 million, boosted its capacity 36 per cent since 1946. Inland is spending $145 million, Republic $250 million, Wheeling $100 million . . .

I shall not read the rest of it. It indicates that the United States recognizes the necessity for expanding its steel production, but in this country we are not doing a thing about it. That is wrong on two counts. First of all it is wrong because we are making ourselves almost wholly dependent on imports from the United States in order to be able to carry out the program that we have mapped out. It is also wrong because this country has facilities to expand steel production to a greater extent than has the United States, and we are not doing anything about it.

I am not going to read them but I have on my desk briefs from the steel union to the provincial government of Nova Scotia, and the steel controller and the coal board chairman in Ottawa. They cover the last five years and urge that something should be done to expand Canada's steel industry. We certainly have not done so in the last two years. If you will look at the picture you will find that the United States steel industry, which is expanding at the terrific rate that I have just indicated, has not only got control and has us in its lap as far as giving us steel is concerned but has also swallowed up our iron ore resources, with which the future of steel is linked, and has bought heavily of the stock of steel industries in this country. I think at the present time about half the board of directors of the Dominion Steel Corporation in Nova Scotia are Americans. United States capital is coming into this country and buying up the stock of these companies.

That may be the answer as to why there is no steel expansion in Canada. With the development in the United States and partial if not full control of the industry in this country through the boards of directors, the United States interests are certainly not going to develop competition in Canada with themselves. That may be all right from a straight business, free enterprise, selfish standpoint; but when it is considered in the light of our defence program today it is not all right because the production of basic steel in Canada is important and urgently necessary if we are going to meet our defence commitments. I suggest to the committee that one of the things they should ask for is an investigation into the steel industry of Canada as to why it is not expanding.

There is another matter which I wish to refer to the committee, and I have mentioned it a good many times in the house. Any money that the government spends at this time in the creation of war industries should be spent with the end in view of using these industries for other purposes when the war is over. These industries should be dispersed as widely as possible having regard to the raw materials available in the sections where they are established. In time that would bring about a more balanced economy than we have at present. I can never understand why the expansion of steel production on the Atlantic seaboard has not been pushed to a greater extent, if only from the point of view of a business proposition. Nowhere on this

continent can steel, and raw steel particularly, be turned out as cheaply as on the Atlantic seaboard. There is iron ore at your back door. There is the coal necessary to turn out steel. There is a basic plant already in operation that turns out 25 per cent of Canada's total steel requirements. It can be expanded without a great deal of money being spent.

I cannot understand why that has not been pushed unless the reason is that United States capital has been invested in this basic industry to such an extent that they do not want to set up competition with themselves. They may also be afraid of market prospects if and when our defence program is completed. On the Atlantic seaboard the export market is the one they should be considering. When the plant was first established at Sydney it was with the end in view of catering to the overseas market. I suggest that one of the main jobs that the committee should endeavour to do is to take a look at the industries we are setting up in Canada for war production. In the last war we had complete centralization. When the war was over hundreds of millions of dollars of government money that had gone into plants was passed back to the industrialists at about 10 per cent of its true value. Then this war came along and the government has had to buy back for 100 per cent of their value many of the plants which they had disposed of. The people who sold these plants and made millions of dollars do not even have to pay a tax because there is no capital gains tax in this country. This is something this defence committee should look into. If we ever get the kind of war we anticipate, that is an atomic war, decentralization of industry is a "must" unless we want all our plants knocked out at the one time with one or two bombs.

I say that the terms of reference of this committee leave much to be desired as far as I am concerned because what I wanted to see set up was a defence committee which could sit down with the Minister of National Defence (Mr. Claxton) and his deputies and go into the program of defence being mapped out to see if it was adequate to meet the needs at this time.

We have not that kind of committee. This committee is limited to discussing expenditures that have been made. I do not see where it has the power to bring in recommendations. It can make observations and express opinions, but we can do that in the house without a committee. The committee should be permitted to call in defence production and all the other departments which dovetail into the national defence program and not only scrutinize the money that has already been spent but recommend what other things should be done or should not be done which might require the expenditure of additional moneys. As far as I am concerned, this committee falls short of what is necessary at this time.

One of the first things the committee should do is to order an investigation into the steel industry of this country. We should not be faced with the conditions we are faced with at the moment where unemployment exists in certain cities. Why are these men unemployed? We are told that the particular companies cannot get steel from the United States. I am sure this committee will find out that many contracts that should be under way at the present time are not being worked on because of a shortage of steel.

We were using all our steel to meet ordinary civilian requirements at the time this defence program was inaugurated. This defence program means an increase of perhaps 40 per cent in steel requirements. If we are going to meet the commitments we have made there will have to be an increase in steel production. There has not been any increase. The very base of our defence program is steel. If we use all our resources and productive capacity we can meet our own requirements, but we are not doing that at the present time.

I suggest that it is absolutely necessary to our whole defence set-up that we settle this question once and for all. When a contract is let to General Motors, to Chrysler Corporation or to any company converting to the production of wartime materials, the government should be in a position to know that the steel necessary to carry out that contract is available and that the company taking the contract will not be placed in the position of having to depend on the United States which is using most of the steel it produces today. These companies should not have to finagle around in a black market in order to get steel for legitimate defence contracts. I urge the committee to take a look at the steel picture and try to get some expansion in this country.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I should like to make a few observations, based mainly on the remarks of the leader of the opposition (Mr. Drew) and the hon. member for Cape Breton South (Mr. Gillis). The hon. member for Cape Breton South has certainly taken a generous attitude in connection with what this committee might do, but even though it may not be quite as expansive in its operations as he suggests I hope that a generous attitude will

be taken in interpreting the duties of the committee. I think what the Prime Minister (Mr. St. Laurent) has said would indicate that that is likely to be the case.

I should like to comment in particular upon one or two things the hon. member for Cape Breton South said. He seemed to me to be putting before us in a realistic manner something that we may be inclined from time to time to forget. I took down one or two things which he said which interested me. First of all he made what might be considered a kind of generous suggestion, but I think if one reflects on it he will see that it was a very practical thing. Speaking about the need of our assisting Great Britain, the hon. member made the general observation that people in strategic spots worse off than we are must be considered part of our duty. You might say that that is going pretty far, yet it is a job in connection with which we need to have everybody wholeheartedly associated. I was glad to hear the hon. member say that, and I hope that a good deal of that spirit will be apparent in everything that we do.

The hon. member for Cape Breton South spoke at some length about the necessity of increasing the production of steel. My understanding is that our steel capacity is being substantially if not vastly extended. I have been told that and I hope that that will partly answer the question which he raised.

There is a little hobby that I have been riding which I hope may possibly be open for discussion when this committee is assembled. I have a strong feeling that the department of defence, even with the tremendous civilian organization that they have, should have all the expert outside assistance they can get. I pointed out previously that a comparatively small department such as the film board had availed themselves of this type of expert assistance. I was told that these expert companies were only for small institutions. I was rocked back on my heels considerably when that was said, and I know now that it would be hard to imagine anything further from the truth. The actual fact is that large organizations employ them. As a matter of common sense that is what one would expect, and as a matter of fact that is what happens.

The hon. member for Cape Breton South spoke about our duty, as a matter of self-interest, to assist the United Kingdom and he referred to what they had done. I should like to take just a minute to read an extract from the well-known United States publication *New Republic*, which I think of as being a rather leftist publication. I did not expect to find it taking such a robust attitude toward war preparations or in their attitude toward Great Britain. I was pleased to see this headline on the outside cover of the issue of November 5:

> Churchill's Tasks
> How we can help him to help us

It was the words "to help us" that I liked. Then there is an editorial entitled "Churchill's task" which begins with these words:

> Winston Churchill is once again prime minister of Great Britain. We suspect that he could be elected President of the United States.

Then they go on to speak about Churchill and his relation to the Anglo-American partnership. Then later they refer to the importance of a common front in Europe. They speak about the attitude of Churchill as the founder and chief spokesman of the European movement. They speak of Schuman and his desire for unity. Then they say this:

> Eisenhower is for it; Truman and Churchill should join in carrying it through.

Then they say:

> Churchill takes power at a time when negotiations with Russia seem again to be just over the horizon.

I do not know whether they would write that today.

> Churchill can give to these negotiations the confidence and daring that the west has lacked since the days when he and Roosevelt pursued their grand design.

I have wandered a bit afield, and I shall not trespass upon your generosity any further, Mr. Speaker. I would just say that I hope this committee can be of practical value. I should like to reiterate one thing my leader said, and that is to question what I understand to be the rather substantial amount we spend on public relations. When the Department of Agriculture spends money on public relations one may, from time to time, have questions. But if they are sending out recipes for cooking or sending out literature which tells people how to plant better or work their farm better, it is rather difficult to deny that the literature may be useful, even though one realizes that it will come to them through the Right Hon. Minister of Agriculture (Mr. Gardiner), and that of necessity it will inure to the benefit of the Department of Agriculture not only in its technical sense but in its political quality. We cannot help that, of course. For the life of me I cannot see why we should spend money through the Department of National Defence educating the people. I would have thought that the things which need to be done could be done, as my leader has said, through the press. That is one of the things I hope we shall come to in this committee. I again echo the hope of my leader, and of the hon. member for Cape Breton South

(Mr. Gillis), that the terms of reference will be treated in a generous fashion.

Right Hon. L. S. St. Laurent (Prime Minister): Just before the motion is adopted, I should like to say that there seems to have been some confusion about what this committee is intended to do. There can be no question about its full capacity to investigate the propriety or otherwise of expenditures for publicity through public relations; that is certainly an expenditure that may be deemed to be in the field of national defence, and will be within the terms of the committee. But it would be wrong to think that this committee is being set up to replace the government or to replace parliament in determining the policies of this country in the international atmosphere that exists at the present time. It will certainly be no part of this committee's function to examine and determine the aid to Britain which this country might extend, because that is a matter which will have to be dealt with by the government and by parliament itself, as do all these major matters of government policy.

The same thing may be said concerning the advisability of expanding steel production in this country. It is a matter of very great importance, but it is not a matter that is going to be turned over to this committee on expenditures. There may be some incidental reference as to the advisability of having a defence commitment made to an industry set up in this particular place in the country, instead of making a commitment to an industry some other place in the country. But the broad policy concerning the distribution of industries in this country, in such a way that when defence preparations are over there will be a better balance in the economy of the nation, is something that parliament will have to deal with. It will not be determined by this committee on expenditures.

Mr. Diefenbaker: Would the committee be allowed to make a recommendation on a matter such as that?

Mr. St. Laurent: The committee will be allowed to make recommendations or observations on any matter that may arise out of its investigations. If it finds that there have been expenditures or commitments for expenditure that would lead to a policy that the committee would frown upon, I suggest there could be no objection to its observations and recommendations. It is a committee set up for the purpose of doing what the leaders of the three groups have said to be very essential, and which the government considers to be very essential, that is to see to it that, within the policies recommended by the government and accepted by parliament, the country is getting full value for the appropriations that have been provided.

It is not being set up for the purpose for which committees were demanded in previous years, that is to have the committee act as committees do under the United States constitution in preparing estimates, determining what the budgets will be and how the moneys provided in those budgets will be expended. Those are matters to be recommended to the house by the government, and to be determined by parliament itself. Parliament having decided what moneys will be available to the Department of National Defence, I believe it is essential that there should be the closest possible check upon the way in which those moneys are expended. I am sure it is the desire of every hon. member in this house to have that money properly expended, and expended in the manner that will produce the greatest possible value for our defence purposes.

I do not believe there will be any generosity of interpretation of the terms of reference required because they are very specific. The committee is being set up to scrutinize all the expenditures made for defence purposes, and all the commitments for expenditure made for defence purposes. It is no doubt possible the examination will involve examining more than the activities of the defence department itself, because most of the procurement for the defence department, and a large part of the money voted to the defence department, is going to be expended through the Department of Defence Production. It will certainly be necessary to follow it through the Department of Defence Production in order that the committee may be satisfied as to whether or not the money is being properly expended. I believe the committee will not require any generosity of interpretation of the terms of reference and will not attempt to investigate anything but what amounts to expenditures or commitments for expenditure. It may make its observations as to the wisdom of those expenditures or those commitments having been made, but it will not attempt to deal with all those other major matters of policy to which the hon. member for Cape Breton South (Mr. Gillis) referred in his address. He was not suggesting that these matters would be within the scope of this committee, but that he would like to see a committee that would go into these various matters. Well, that is not what we have before us at the present time.

This committee is not a committee to examine whether or not the allowances for those who enlist in the services are sufficient;

whether they are generous enough for their dependents; whether the benefits that are provided when they are discharged are sufficient. Those are matters which will be discussed in this house when the estimates are being considered, but they are not matters which come within the check on expenditures or commitments for expenditure of the moneys provided by parliament to implement the policies recommended by the government. I did not take it that the hon. gentlemen opposite were expressing their desire that we have a committee that would operate as do the committees in the United States congress. We have taken the stand that, as far as we could prevent it, we would not agree to have that kind of committee set up. They discussed with me and determined the terms of a reference which would provide for a full examination of the expenditures and commitments for expenditure. I think that the hon. member for Red Deer was right when he suggested that it would be the duty of the members of the committee not to be looking for reasons to criticize but to be looking for something that would be constructive, and that there would be on the other side a duty on the majority members of the committee, representing the party that supports the government, not to block any investigation into some field that might disclose that an error had been committed and should be rectified. I think that the committee will be conscious of its responsibility and will wish to act in a manner that will justify the expression used by one of the hon. members this afternoon, namely that it will be the watch dog for the whole Canadian public with regard to the proper expenditure of the money being raised from the whole Canadian public.

Motion agreed to.

WHEAT

STORAGE FACILITIES AT CHURCHILL—REQUEST FOR ENLARGEMENT

On the orders of the day:

Mr. R. R. Knight (Saskatoon): Mr. Speaker, in view of the shortage of grain storage facilities that has arisen, I want to ask a question of the Minister of Trade and Commerce (Mr. Howe). I do not see him in his place. Perhaps the parliamentary assistant would take notice of it. Has the minister recently received representations from the Saskatchewan wheat pools as to enlarging the storage facilities for grain at the port of Churchill? Does the government propose to take any action in that regard? The parliamentary assistant is not in the house—

Right Hon. L. S. St. Laurent (Prime Minister): I shall be glad to bring the hon. member's question to the attention of the Minister of Trade and Commerce who, I am sure, will wish to give him a full answer.

EXTRADITION

SUPPLEMENTARY CONVENTION—CANADA AND THE UNITED STATES OF AMERICA

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): In connection with the supplementary convention dealing with the extradition of fugitive criminals, and in particular with stockateers and racketeers in share sales, I should like to ask either the Prime Minister or the Minister of Justice whether the convention that has been signed provides that there shall be no extradition except for offences that are offences under Canadian as well as United States law?

If I may be allowed to do so, Mr. Speaker, may I say that this question arises because of the fact that some years ago the question arose whether or not the extradition law was going to be amended, and at that time the convention would have allowed extradition for offences created in forty-eight states.

The second question I should like to ask the minister, in connection with the extradition convention that was signed on October 26, is whether or not that will be effectual or operative until such time as it is passed as a treaty by the United States senate. Those are two questions that I think should be answered. In asking the question I would also suggest to the Prime Minister that the convention be tabled.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, the hon. gentleman was kind enough to call my attention, last Friday I think it was, to an article published in the *Financial Post* and referring to this convention. As hon. members know, this matter has been under discussion for a long time, and it is to take the form of a treaty which cannot become operative until ratification has been authorized by the senate of the United States, under their constitution. It had been hoped that the supplementary convention could be signed early enough to have it dealt with before congress adjourned, but that was not found to be possible. It was signed on October 26 and it does not become effective until ratified according to the constitutional processes of the two countries. In the United States it requires the authorization of the senate. Under our constitution it does not require parliamentary action but it is, and always has been, the intention of the government to bring it before parliament for

discussion before council recommends to His Majesty or to His Majesty's representative ratification of the convention.

The convention has been drawn in such a way as to provide that there can be no extradition except for something which is an offence under Canadian law. That is a matter that has been the subject of discussions and negotiations over a long period of time. Our United States friends finally realized that we would not go beyond the recommendation that there may be extradition for something which is an offence under Canadian law but not for something which might be set up as an offence in any state of the United States but is not recognized as an offence here.

Because the United States senate could not deal with the convention until 1952, it had not been intended to bring it forward for discussion in the house here until our session of 1952. But there is no objection to its being available to hon. members for their consideration in the meantime. I shall be glad to table it at once, so that it may be available to hon. members and so that, when it comes before the house—which would probably not be until we have fairly firm assurances that ratification was going to be authorized by the senate of the United States—hon. members will have had ample opportunity to consider the terms of the supplementary agreement and to satisfy themselves that the sovereignty of Canada and the liberty of the residents of Canada are being properly safeguarded.

Mr. Diefenbaker: In reality, then, what it actually does is simply to add, to those offences which are extraditable, two other offences that are today offences against the laws of Canada.

Mr. St. Laurent: That is true.

BUSINESS OF THE HOUSE

REFERENCE TO INTRODUCTION OF LEGISLATION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): I should like to ask the Prime Minister a question with reference to what was Bill No. 401 of last session. The bill was known as the financial administration act and it is designed to take the place of various acts including the Consolidated Revenue and Audit Act, 1931. The reason I ask this question is that it would be helpful to groups on this side of the house, in planning their personnel for the many committees that are meeting at this session, if we knew whether or not this bill is to be introduced. On June 25 the Minister of Finance (Mr. Abbott) said that it would come before us at this session and that it would go to the public accounts committee after second reading. Is that still the intention?

Right Hon. L. S. St. Laurent (Prime Minister): If the hon. member will look at *Votes and Proceedings* of yesterday he will see notice of a resolution for the introduction of the bill. That resolution will come forward in due course, and it is the intention to refer the bill to the public accounts committee for its consideration, as was stated at the last session.

Mr. Knowles: Very good.

ARMED FORCES DEPENDENTS

INQUIRY AS TO SPECIAL FINANCIAL ASSISTANCE

On the orders of the day:

Mr. J. A. Blanchette (Parliamentary Assistant to the Minister of National Defence): Yesterday the hon. member for Red Deer (Mr. Shaw) asked the Minister of National Defence: Has the government given consideration to the setting up of a dependents allowance board, or some similar board, through which special financial assistance can be granted to the dependents of Canadian servicemen, to enable them to meet medical and hospital expenses?

In reply, may I say that the question of pay and allowances of servicemen is subject to continuous review. With regard to dependents allowance there is nothing to add to the answer given on March 19, 1951, which appears at page 1373 of *Hansard*.

AGRICULTURAL PRODUCTS BOARD

TO PRESCRIBE THE CONSTITUTION AND POWERS OF THE BOARD, AND TO PROVIDE FOR NECESSARY EXPENDITURES

Right Hon. J. G. Gardiner (Minister of Agriculture) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure for the establishment of an agricultural products board, to prescribe the constitution and powers of the board, to provide for the establishment in the consolidated revenue fund of an agricultural products board account and for payments out of the consolidated revenue fund for the buying, storing, transporting or processing of agricultural products (a payment not to be greater than the amount by which $15 million exceeds the balance of the agricultural products board account), and to provide for the salaries or other remuneration to be paid the members, officers, clerks and employees of the board.

Mr. Charlton: Is the minister not going to make a statement before you leave the chair, Mr. Speaker?

Mr. Gardiner: Mr. Speaker, I can make the statement either before you leave the chair

or after, whichever is preferred. It appears that it is preferred by some that it be made before.

In suggesting that the authority be given to introduce the resolution for the purpose outlined I should like to make the following statement:

During the war three boards were set up to handle the sale from government to government of food products. There was the meat board set up to administer the agreements between Canada and Britain for sale and delivery of meat products; the dairy products board to administer similar agreements for sale and delivery of cheese; and the special products board to administer agreements for the sale and delivery of other agricultural products. These agreements were entered into and boards established under the War Measures Act.

Following the war an act cited as the Agricultural Products Act was passed in 1947 providing authority to continue the boards with similar powers through the transition period. This act was enacted annually until March 31, 1951, when it was allowed to expire.

The terms of these acts which required the authority provided under the War Measures Act or the National Emergency Transitional Powers Act of 1945 were those which gave powers to the boards in periods of war or emergency which in ordinary times could not be conferred by this parliament.

Those powers had to do mostly with compulsory delivery. It is not intended to confer such powers upon the board being set up by the terms of the proposed bill.

The proposed bill will set up one board composed of persons employed in the different branches of the department which are concerned to purchase and sell farm products. The board will have no authority to compel delivery of a product produced on the farms of Canada. It will only receive the product when the price offered in a competitive market results in its delivery.

The boards set up under the Agricultural Products Act of 1947 served as an agency for the agricultural prices support board in the purchase and sale of commodities under price support programs. When this act was rescinded it was necessary to set up a legally constituted authority to undertake this service.

When it was decided to purchase butter to make possible the carrying out of the effort being made to stabilize the price of butter it was necessary to set up a legally constituted authority to undertake the service.

We have been approached from time to time by other governments to provide an agency to purchase certain farm products for them in Canada. If it were decided by the government to perform this service it would be necessary to have a legally constituted board.

The government did by order in council 3415 under the Emergency Powers Act set up such a board. It is considered that such a board is necessary to the proper administration of the policies of the department apart from any emergency which may exist, and therefore it was thought proper to have special legislation setting up such a board.

In other words, we have the board set up at present under order in council under the emergency act passed last session; but it is thought proper to have that board constituted under legislation passed by this house in order to provide for the carrying out of other objectives which may not be caused by an emergency, to have this legislation properly set up at this session.

The board provided for will have power to buy and sell agricultural products when an order in council has been passed authorizing the minister to instruct them to do so. In other words, it is not a general power given to the board to go out and buy farm products, but any time that the government determines that it is necessary for farm products to be purchased, either because of activities under the Agricultural Prices Support Act, or because we have been asked to undertake that service to Britain or to some other country that desires to buy food in this country, or when it has been found advisable to buy food in this country for any purpose whatsoever to be utilized probably within the country, this board will be available in order to make these purchases.

Mr. J. A. Charlton (Brant-Wentworth): I was glad to hear the minister's statement in which he said there is not going to be any compulsion about this bill. It is not my intention to take up much of the time of the house on this occasion or to oppose the resolution at this stage. It was my privilege last session to point out to the government the necessity for this legislation in the speech that I made on the budget. I quote from page 2286 of *Hansard* of April 23:

> The Minister of Agriculture (Mr. Gardiner) stated that the four and a half million pounds of New Zealand butter was laid down at Halifax for 40·4 cents per pound and sold for 56½, resulting in a profit of at least a million dollars which the government should have had in view of the maintained floor price of 53 cents. The government in effect subsidized a good share of that very juicy profit. In cases where a floor price is being maintained on any product and a short position is encountered, then the government itself, under such conditions, should import a sufficient quantity to satisfy domestic demand.

Just four days later the minister made a report in the house of the change in butter policy, and I want to quote one paragraph of that report as follows:

> The government has asked the dairy products board to make a survey of the carry-over as of December 1 in each year, and if it is found that there is not sufficient butter to carry the consumers through to April 1 with a normal carry-over, that the board negotiate with those countries whose butter is admitted to Canada on arrangement at a preferred duty for any amount required to be distributed through the trade on the same price arrangement as Canadian butter.

Obviously some kind of legislation is necessary to alleviate a repetition of the butter shortage and the subsequent profiteering of last winter. Whether that butter shortage was as acute as we were led to believe is debatable. Nevertheless butter prices did jump appreciably and importers did make a huge profit.

Some of those who profess to be the strongest advocates of the free enterprise system are doing the very thing that will destroy it quicker than anything else, when they take advantage of a short supply to profiteer at the consumer's expense, while the producer at the same time receives little benefit in respect of storable products.

The position of the dairy industry at the present time is deplorable. Of the thirteen major dairying countries in the world, Canada is the only one which showed an over-all decline in milk production between the years 1948 and 1950. While the human population in Canada has increased by two and one-third millions in the last eight years, the number of milch cows has reached the lowest point in twenty years. Milk production is down by over a billion pounds since the end of the second world war. Milk production per capita has declined from 1,500 pounds in 1942 to less than 1,200 pounds as estimated for this year.

Annual butter production has declined by more than 40 million pounds in the last three years, the lowest on record for twenty years. Cheese production has dropped from 189 million pounds in 1945 to less than 100 million this year.

Mr. W. Frank Jones, president of the Borden Company, Limited, and past president of the National Dairy Council of Canada, in an address before the Ontario Agricultural College alumni association in Ottawa on October 26, 1951, gave the following reasons for the decline in production:

> The relatively higher returns from other types of farming such as beef cattle, grains, hogs, poultry, etc.; the relatively onerous nature of dairying making it increasingly difficult to obtain or retain the farm labour required; the competitive impact of substitutes for dairy products manufactured from imported vegetable oils, and, contrary to the general impression among hard pressed consumers, the relatively low consumer prices for dairy products.

And again:

> Answering criticism as to milk and butter prices, Mr. Jones quoted official data showing that "Canadians now have to work less time to buy a quart of milk than they did in 1939. In 1939 an average hour's work in manufacturing industries paid close to 43 cents, enough to buy just over three and a half quarts of milk. Today the same work pays $1.18, enough to buy more than six quarts of milk, or just about twice as much. As at July 1 of this year it required only 34·7 minutes of working time to buy a pound of butter compared with 41·2 minutes in 1939."

Obviously federal government policy has been the cause of most of the trouble, and it is within their power to rectify the situation. I shall reserve further comment until the bill is brought forward.

Mr. P. E. Wright (Melfort): Mr. Speaker, I should like to say a few words in this discussion, as this may be the only opportunity we will have at this short session to discuss agricultural matters. There will be no estimates, and no supply voted, so I would hope that some latitude would be given in the discussion at this time.

As the minister has said, the resolution foreshadows the introduction of a bill which will establish again an agricultural products board. In 1950, when we passed the amendment to the original Agricultural Products Act, which extended the life of the board until March 31, I believe it was, of this year, I suggested we should be making this a permanent act, I was sure in my own mind that, if we were to have any orderly marketing of agricultural products in Canada, it was necessary to have a board with the functions which I presume this board will have. I refer to the functions of purchasing certain agricultural products at floor prices, which may be established from time to time under the Agricultural Prices Support Act. I agree with that principle, and that we should have a board of this description.

The hon. member for Brant-Wentworth (Mr. Charlton) has just given us a review of the dairying situation in Canada as it applies to butter. I should like to say a few words in that connection. Originally, under the Agricultural Prices Support Act, a floor price for butter was established in Canada at 53 cents. At that time dairy producers informed the government that they did not believe that was a satisfactory price, and felt production would be likely to drop if the floor were not established at a higher figure. Such proved to be the case. As has been mentioned by the hon. member for

Brant-Wentworth, there was a reduction in production in the last three years to the extent of about 40 million pounds.

Again last year the floor was established under the Agricultural Prices Support Act at 58 cents a pound, to be effective for the next two years. Again the dairy producers, particularly the cream producers, whose product is used in the making of butter, approached the government and stated that this price was too low to bring about increased production or even to maintain the production we then had. This, too, has proven to be true.

The government admitted the truth of it when, a month or two ago, it offered to purchase in Canada up to 10 million pounds of butter at 63 cents a pound. So that at this time we have an effective floor under butter of 63 cents—at least we have it until the order in council is repealed, or the government decides it has enough butter. I do not believe it is receiving any butter under that offer at the moment. Butter is going to the regular trade at something slightly above that price.

At the same time the government decided there was a shortage of butter, and established a policy of making butter purchases abroad. If my information is correct, that purchase is costing the government something slightly less than the 63 cents they are offering on the domestic market. I do not know just how accurate that figure is, but perhaps the minister will tell us when he speaks.

Anyway butter is being imported. I would suppose that one of the first functions of the board to be set up under this legislation, and perhaps one of the first expenditures out of the $15 million suggested in the resolution, may be in connection with the purchase or sale of butter. I do not know whether the government will suffer a loss on the purchase —I do not think it will, as a matter of fact, under present conditions. At the moment I believe it is offering butter to the trade at 66 cents. Then that butter finds its way to the domestic market through the regular channels. I do not know how the butter that is being purchased is to be sold. I hope the minister will tell us on what graded basis it is being sold to the trade. I should like to know whether it is being sold on the basis of Canadian standards of grades or on some other standards of grades that the government may have set up for the sale of that butter. I think the dairy producers of Canada would be interested to know to what grades that butter must conform before it enters the retail trade.

[Mr. Wright.]

The seriousness of the situation in the dairy industry, as outlined by the hon. member for Brant-Wentworth, is such that we must give some consideration to it. There has been a drastic reduction in the production of dairy products, more particularly butter. As I see it, the situation is that the present price for butter in Canada is not attractive enough to the dairy industry to bring about an expansion of production. Even with the present floor price of 63 cents, it is quite evident that production is not increasing. As a matter of fact 63 cents for butterfat works out to approximately $2.25 a hundred for milk. According to the last market report that I saw, the average price paid for butterfat in most of the dairy districts of Ontario was 66 cents, and I believe 60 cents in northern Ontario. Even at 66 cents for butterfat, that still leaves whole milk at about $2.50 a hundred.

Milk is going into the whole milk trade in Canada at an average price of approximately $4.35 to $4.50. That means that milk going into the whole milk trade is bringing approximately twice as much as milk sold for its butterfat content to enter into the production of butter and cheese. What is the result? Many farmers in the outlying areas who are not in the whole milk trade find that it is not very remunerative to them to maintain even the herds that they have at the present time. They are being offered pretty fair prices for their breeding stock and as a result it is being depleted both for export and to enter into herds that are engaged in the whole milk trade. There are a large number of commercial herds in Canada, especially in northern Ontario and in other areas that are engaged solely in the production of milk for the whole milk trade. They buy a lot of their concentrates and all their breeding stock. The only place where they can purchase breeding stock is from farmers who are engaged in the production of milk for its butterfat content.

As their herds are depleted the source of breeding stock is drying up, and we are also exporting breeding stock to the United States. This must result in a serious situation. It has been gradually developing over the last two or three years with the result that the whole dairy industry is becoming disorganized. It is easy enough to review what is happening. We can see that, but it is another thing to suggest an intelligent remedy, something that will stop the decrease in the production of breeding stock in Canada and in our ability to produce the essentials of life. The reduction in the consumption of whole milk in Canada is a serious thing to the health of our people. I do not think that the continued use of substitutes for our

regular dairy products is good for the general health of the people of Canada. I do not believe there is anything that can take the place of good wholesome dairy products, whole milk, butter, cheese and so on.

As we decrease our ability to produce these products in Canada we are bound to decrease our ability to maintain our health standards. If the government want to increase breeding herds I suggest that they have got to subsidize butter and cheese. I do not see any alternative. They have got to subsidize the production of butter and cheese to the point where it will at least be remunerative to the producers of these products to continue and increase their production, and to increase their herds and breeding stock. Otherwise the present decline is bound to continue. It is quite evident from what is going on that producers are not going to increase production at present prices, and it is also quite evident that the consumer is not prepared to pay more than he is paying today for these products.

I agree with those who have stated, as the hon. member for Brant-Wentworth has said, that the consumer is spending dollars for food that will not bring him the same amount of food value as the same amount of money spent on dairy products, even at higher prices than they are bringing at the present time. Nevertheless we must recognize the fact that consumers are not prepared to pay more than they are paying at the present time. At present prices they are reducing their consumption, and if prices go higher what is going to happen to the consumption of these products? There will be a switch to substitutes. I think this is one place where a government subsidy could work to good effect. I think the government should subsidize the production of butter and cheese to the point where producers will continue to produce and maintain their herds and breeding stock. Otherwise I see no alternative but a continued decline in our production, and Canada will become an importing country so far as some of our dairy products are concerned.

As I said before, if we do that we will reduce the ability of our whole milk producers to obtain the necessary breeding stock to maintain their herds and to continue their production of whole milk for our trade. Last winter in many places in Canada, not only in the larger cities but also in some of the smaller towns, particularly in western Canada, whole milk was being made out of powdered milk to supply the whole milk trade. Not enough whole milk was being produced in many rural areas, let alone large city areas, to meet the demand. This situation is bound to continue unless the government are prepared to do something about it. I think the setting up of this board is a step in the right direction. When it is set up I hope that under it the government will do more than it has been doing to date to support the dairy industry of Canada which is so important to our economy and the health of our people.

Mr. Robert Fair (Battle River): Mr. Speaker, like the hon. member for Brant-Wentworth (Mr. Charlton) and the hon. member for Melfort (Mr. Wright), we in the Social Credit group are pleased that the minister has moved this resolution today and is basing upon it a bill which he expects to introduce in the near future. He has given an outline of some of the duties of the board, and in order to transact necessary business we feel that the board should be set up. In fact when I heard recently that the government had bought some butter I wondered what agency had been used to make that purchase. Having been told by the minister that a board has been set up by order in council I believe I now have a reply to that question.

I think many people in Canada misunderstand our whole agricultural program. We are going to set up a committee to deal with things that are costing too much and I submit that it would be only right to set up a committee to find out why the prices of agricultural products are as low as they are at the present time. It is true that the index for agricultural products has risen considerably since 1943 or 1944, but many people do not realize that the base period of 1939 was a period in which we were obtaining depression prices. The result is that the index is not accurate because we were not even getting the cost of production at that time. I was surprised at a statement made on October 17, 1951, by the hon. member for Quebec-Montmorency (Mr. LaCroix), who is reported on page 147 of *Hansard* as having said:

> Until recently, horses slaughtered in Quebec were used in the manufacture of glue; henceforth, people in the poor and medium classes who make up the majority of wage earners in Quebec will have to eat horse meat because of the great care taken not to incur the disfavour of electors in western Canada, not by one group only but by all political parties represented in the house.
>
> I beg the government to act without delay to put a stop to this situation whereby the people of western Canada force the inhabitants of the east to eat horse meat.

I want to deny emphatically that the people of western Canada are asking the people of Quebec or any other province to eat horse meat. That is entirely their privilege. We are not dictating to them what they shall eat, but we are endeavouring to the best of our ability to supply the highest grade product

that can be produced, and I think we are successful. The hon. member goes on:

In my opinion, such a step would foster unity in Canada, because it would show, in a practical way, that there exists, in critical times, a national solidarity among the various parts of this country.

The gun is heavily loaded against western agriculture at the present time. No doubt the hon. member for Quebec-Montmorency is eating bread made from western Canadian wheat and he should realize by this time that the western wheat grower is subsidizing him and all other consumers in Canada to the extent of 50 cents per bushel so they may have that good cheap bread. He goes on:

National unity should work both ways; since each year taxpayers in eastern Canada make sacrifices to help the western wheat growers, the latter should also make some concessions to their fellow countrymen of the east.

No doubt the hon. member is referring to the $65 million which has been talked about so much, sometimes by people who do not know what they are talking about. I think the hon. member for Quebec-Montmorency can be included in that group. When we were discussing the $65 million it was brought out that the western wheat farmer had lost 32 cents per bushel on that deal, or approximately $137 million, in order to supply cheap wheat to the people of Canada during the period 1946-49. The hon. member continued:

The greed and selfishness of certain western meat producers at the present time will bring about, sooner or later, reprisals from the east.

I do not think it is necessary to say anything more except that people who do not understand what they are talking about should learn something about their subject before making statements of that kind.

On Monday, October 29, the hon. member for Three Rivers (Mr. Balcer) made the following statement, as reported on page 491 of *Hansard:*

Again I urge the government to prohibit immediately all meat exports to the United States, so that the price of beef, for instance, which is a basic food, may return to a level that would be commensurate with the income of the average Canadian, while still enabling western cattle breeders to make a reasonable profit. As long as we export our meat to the United States where salaries are much higher than in Canada, our fellow citizens will have to go without meat or pay excessive prices.

Our choicest meat is sent across the border and horse meat is the only kind available at reasonable prices in Canada.

The situation is such today that it costs less to buy beef from cattle slaughtered in Argentina, exported to Britain and tinned there, then re-exported to Canada, than it is to buy beef from our own Canadian west. This is a ridiculous situation. The government is duty-bound to react and to leave no stone unturned in order to put an end to it.

There is another case where the hon. member does not understand what he is talking about. If he knows anything about the grade of beef that you get in a can, he will realize that it is the same type that is produced and canned in his own province. It is about the same quality as the animal that has raised two or three families and then when it is all through is slaughtered and put in a can. When the hon. member gets quality meat from western Canada he should be satisfied to pay for it. I would point out that during the depression years 1930-40 the farmers in western Canada were selling beef for one cent a pound. At that time we did not hear the hon. member for Quebec-Montmorency or the hon. member for Three Rivers ask for an increase in the price to a level which would be near the cost of production. They should get a little history into their heads and then perhaps they could talk with some common sense in the house.

We must realize that something is wrong with our agricultural program in Canada when we have to import butter and eggs. Last year we heard many complaints from people in different parts of the country about the price they had to pay for butter. I hope the action being taken at this time by the minister will prevent such things happening again. I realize that people on low salaries cannot pay one dollar a pound for butter under present conditions.

We must establish parity prices for agricultural products in Canada. Across the line they have had parity prices for a number of years. We in Canada seem to be fond of following their programs in the United States but from year to year we hesitate to follow their lead in formulating a parity price program.

I suggest to the minister that he should have written into the Agricultural Prices Support Act a formula to provide parity prices for agricultural products. In doing that we should not go back to the depression years of 1930-40. If that is done we shall not be any better off with our Agricultural Prices Support Act and our agricultural products board than we have been in the past. The base period should be a period in which the farmers received a reasonable price for their product. If a formula on that basis is laid down in the Agricultural Prices Support Act the farmers of Canada will stand a chance of getting a fair deal, something which up to the present they have not received.

I am not going to say very much more, except to state that once again we have heard the farmers of Canada being blamed for the high cost of living. I believe the Prime Minister, when he spoke on the address

in reply to the speech from the throne, produced figures which show that the farmers' produce is being sold at lower prices—except for one item, steak, which many people do not eat at the present time—than has been the case for many years. I am suggesting that the people who buy the farmers' produce, then process it and retail it are making profits to which they are not entitled. That again is not the fault of the primary producer who does all the work and gets the least credit for it, and who has less of the conveniences of life than any other occupational group in the country.

Mr. W. G. Dinsdale (Brandon): I should like to add a few remarks to this discussion, Mr. Speaker, mainly with reference to a resolution passed by the Brandon city council, and which was forwarded to me recently. I believe it is a proper resolution to introduce at this time; because it expresses the opinion of a large group of the constituents I represent in this house. The resolution states:

> Whereas it has been generally recognized that milk is one of the most nourishing and beneficial foods for children, and it is therefore in the general interests of Canada that ample supplies be made available to all families at a price within their means; and
>
> Whereas the cost of milk to the consumer in western Canada has doubled since the year 1946 when the federal government removed the subsidies which were in effect throughout the war years, with the result that milk consumption by families in the lower income brackets has sharply declined; and
>
> Whereas there is every indication of a continued spiralling of retail milk prices, which can only have a further detrimental effect on the health of children of families financially unable to provide them with adequate milk supplies.
>
> Now therefore the council of the city of Brandon respectfully urges the federal government to restore milk subsidies in such form and amount as may be necessary to maintain an adequate supply for Canadian consumption at reasonable prices.

I bring that to the attention of the house hoping it may be considered pertinent to the resolution that has been introduced this afternoon. While I am on my feet, I should like to enlarge upon the theme that has received some attention this afternoon, namely the plight of the dairy industry in Canada. I believe most members have had this topic brought forcibly to their attention recently as a result of the numerous cards that have been coming in from representatives of the dairy industry. I am sure we are all in agreement that the dairy industry is one of the most important in the Dominion of Canada. I have some statistics which were supplied by a past president of the National Dairy Council of Canada which amplify that point. The annual value of dairy products is about one and one-half times the output of electrical apparatus and supplies. The value of the production of the dairy industry is twice as much as that of the automobile industry. Dairy products are worth about four times as much as the total production of gold and silver combined. Among all the industries of Canada, both agricultural and industrial, dairying ranks among the first three in gross value of produce. All this would lead us to the conclusion that dairying is indeed one of the major industries in Canada.

To bring another aspect of the problem to the attention of the house, let me state that many statistics could be cited as to the number of dairy farmers, the number and variety of dairy plants and the value of these plants; but if it is shown that 17 per cent of the people in Canada, either directly or indirectly, are dependent upon dairying for a livelihood, one can appreciate the importance of this industry to Canadians. It is particularly significant, I believe, that all countries with high standards of living are, without exception, great users of dairy products. More recently the countries that have acquired national autonomy, such as Israel and India, are busily engaged in buying large quantities of dairy products.

This afternoon we have heard of the healthful benefits of milk, ice cream and other products of the dairy industry. I am sure we can all recall our youthful days when the virtue of the consumption of adequate quantities of milk was indelibly impressed upon our minds. Even though as we grow older we sometimes forsake the consumption of that particular beverage for other forms of refreshment, I think we will all agree that the consumption of milk in proper quantities is important to the health of the nation. I recall that during the war it was compulsory for aircrew serving in operational theatres to have a daily supply of milk, not powdered milk but fresh milk. Apparently the authorities responsible for the welfare of air force personnel considered that it was important to have fresh milk in preference to powdered concentrates. Again I also admit that was not the only liquid refreshment consumed by members of the aircrew. In support of this view we can also cite the fact that the United States navy considers the consumption of ice cream of sufficient importance to instal manufacturing apparatus on board ships. Not only is it beneficial as a food, but they consider it important to the morale of the men serving on board ship.

Having said all this, the very obvious fact before the house this afternoon is that we are faced with a decreasing production of dairy products. It is well known that exports of

dairy products have declined since the beginning of the century. While the export of dairy products has declined, the domestic consumption has increased to the point where today we are faced with a situation in which domestic consumption almost absorbs the total production. As a matter of fact, with the rapidly increasing population of Canada, before long we shall be faced with the situation that our production of dairy products will not be sufficient for domestic consumption. No doubt the cause underlying this basic change is the process of industrialization and urbanization that has been going on in Canada with increasing rapidity during the first part of this century.

I feel it is also significant that population increases based on the average figure of 2 per cent annually or some 280,000 persons, means that the equivalent of an entire city must be supplied with dairy products as an additional drain on our agricultural resources each year. If you line this up with the fact that there is a decreasing production of dairy products, you can see that inevitably you are faced with a dilemma. It is true that notwithstanding the increase in population that has already been pointed out in this discussion today, the total milk production decreased by approximately 1·2 billion pounds or 7 per cent during the past five years. There has also been a proportionate decrease in the number of milking cows during that same period of time, to the extent of some 501,500 head, which is a percentage of 12·5.

It has been pointed out that these statistics have some relationship to the tendency to supply a larger part of the meat market with dairy cattle. It is obviously more profitable at the present time to raise cattle for meat than to be faced with the increased labour costs that are a concomitant of the dairy industry. As I have already indicated, the dairy farmer is faced with increasing costs and is faced with the fact that the farm industry, particularly the dairy industry, has now become part of our pecuniary economy; we must reformulate our thinking as to labour costs and the prices received for dairy products in the light of those radically changed circumstances. It was brought to our attention that, in comparison with other prices, the dairy farmer is receiving relatively low prices. I have some statistics that could be brought before the house and which demonstrate that point.

It is significant to note that, at March 1 last, in computing the cost of living index it was found that all food stood at 233·9. When this item of food was broken down into dairy products and other products, however, it was found that dairy products stood at 200·1 while other products stood at 247·5. The base period was 1935 to 1939 with an index of 100. This means that, although dairy products as a group have doubled in price, other foods were about two and a half times as costly as in the base period. If the indices of individual foods are examined, the comparable indices of some are as follows, and these figures are for April 1 of this year:

Milk	177·1
Bread	189·8
White sugar	194·5
Eggs	198·8
Pork fresh loins	247·7
Steak sirloin	344·8
Roll rib roast	373·1

It can be seen by comparison that the price of dairy products has increased at a relatively lower rate.

This brings me to just a brief remark concerning a major problem that is faced by the dairy industry at the present time, a problem that has been brought to our attention by the influx of these cards which we have been receiving through the mail; I refer to substitutes for dairy products. Last year 94 million pounds of margarine were used. This figure is more than the total production of creamery butter in the province of Quebec. I am informed that the use of vegetable oils as substitutes for dairy products can be increased almost indefinitely; they can be used for synthetic or artificial cream, for ice cream and even as a substitute for milk itself. There is confronting the dairy industry a real difficulty which will have to be faced, obviously; and it is a part of the general problem of decreasing production in the dairy industry. In these little postcards we have been receiving the suggestion is put forth by the dairy industry that some reasonable and suitable tariff be imposed on the importation of cheap vegetable oils so that the industry will be placed on a fair and equitable competitive basis. After all, to most articles manufactured in Canada the same type of protection is afforded. It would seem to me that the dairy industry is only asking for the same fair and equitable treatment.

As these processes continue, the net result can only be a further decline in the dairy industry and inevitably—or even now in some products, for example, butter—we shall be faced with shortages.

I should just like to make this observation here. Presumably it is not the first time it has been made in this house, but I should like to repeat it for the sake of emphasis.

This matter has rather serious implications for our defence program. I am sure that the members of the government, as well as the members of the house generally, are aware of these serious implications. As I recall it, during world war II one of the notable contributions of Canada to the war effort was the magnificent rate of production maintained in all agricultural products, particularly dairy products.

I would bring my remarks to a conclusion by stating that a healthy dairy industry is essential to the general economic well-being of the country. During recent weeks the minister of agriculture for the province of Manitoba has been taking as his dominant theme in discussions throughout the province the necessity for encouraging mixed farming in Manitoba and in the prairies generally. His conclusion has been exactly the same as the statement I have just made, namely that a healthy dairy industry is necessary, and that encouragement of general farming is necessary for the general economic well-being of the country.

I would emphasize again that, in the deliberations of the agricultural products board, consideration be given to some of the remarks that I have made this afternoon. I realize that the solution to the problem outlined in the resolution submitted by the Brandon council is perhaps a little bit more difficult than they have indicated. However, I think it only right and appropriate at this time that it be brought to the attention of the house for consideration generally, and particularly as discussions continue with reference to the resolution we now have before us.

Mr. Donald B. Blue (Bruce): Mr. Speaker, it was not my intention to take part in the debate on the resolution that is now before us, and consequently I had made no preparation. But I feel I would be unfair to the constituency I represent, namely, Bruce, and the people of that constituency, which is the largest producer of butter in the Dominion of Canada, if I did not say a few words. After having heard the statements made in this house by some hon. members I just wonder whether they know on which side of the cow to sit.

Speaking of dairy products, I farmed for 44 years and I was proud of my profession as a farmer. I did not go too far away from it. I manufacture bread, thereby consuming flour grown in western Canada. I think it is unfair to tell me or to tell the people of Bruce that we do not know how to run our business. I am in the auctioneering business as well. I know that it takes only a simple education to understand the two professions that I am in, but I do half a million dollars' worth of business a year with the general public, and I say that the farmers are the best people that one can meet.

I received the cards which the previous speaker mentioned. I answered them. If they are willing to accept my solution, very well. There are laws of this land which put an importation tariff on butter. There is a tax on margarine; but I am going a little further than that. I am going to say in the House of Commons what I have said to them. I keep store. I have margarine and I have butter. If I had sufficient butter to replace the margarine on my shelves I would feel sorry for the man who is milking the cow. I do not think it is fair for any of us to make prejudiced statements against the other fellow's profession. This is a free world and we should let everyone choose for himself. I know that beef has put the dairy cow out of her position today. We all know that. There is not an hon. member in the house who does not know that, if he has any intelligence at all. But I can remember the day when the dairyman had his inning against the beef man. I am defending Bruce today, and I want to defend it because I think they are the best people in the land, and Canada is the best country in which to live. I am going along with the people of Bruce. I want them to keep cows because it is vital. The population of Canada is rising, and so is the population of the United States. But the time may come when the quota on cattle going to the United States may be reconsidered. I know that beef cattlemen realize that. But I tell everybody to milk cows, because it is a fundamental practice of the nation, and my constituency will do its part. It is the largest producer of butter in the Dominion of Canada. Thank you.

At 6.15 p.m. the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. H. R. Argue (Assiniboia): Mr. Speaker, the resolution introduced this afternoon by the Minister of Agriculture (Mr. Gardiner) will make provision for the establishment of an agricultural products board, on a more permanent basis. Certainly we in this group made it abundantly clear in the house more than a year ago that we were in favour of extending the Agricultural Products Act. Consequently we are glad to see that the Minister of Agriculture is now agreeing with us and is now making provision for the establishment of an agricultural products board, on a permanent peacetime basis.

Agricultural Products Board

From the statement made by the minister it seems clear that this board, if directed so to do by order in council, may do almost anything in the way of buying, processing and marketing of agricultural products. The minister said the board might be used as an agency to carry out the purposes of the Agricultural Prices Support Act. A board of this nature, said the minister, could be used upon the request of a government of another country, such as the government of Great Britain, for the procurement of agricultural products within Canada. The minister said, pointing out a third activity the board might take, that if it were found advisable it might buy food here in Canada for any purpose. It is clear therefore that the possible scope of the board's activities is great indeed.

Once again however there is a serious fault, a fault that runs right through legislation which has been presented by the Minister of Agriculture over the years dealing with the marketing of agricultural products. Once again there is no guarantee that the price support which is set will in fact cover the farmers' cost of production. There is nothing in this measure, as outlined by the minister, to guarantee to agricultural producers in Canada a fair share of the national income or a reasonable standard of living.

If we are to judge the likely effect of this measure by steps taken by the government in the past in the same field, then I am afraid we will once again find floor prices set too low, with a consequent dwindling effect on agricultural production. What the farmers of Canada want and what they have a right to demand is that the government introduce legislation in which the formula is spelled out and in which, in clear and concise terms, the farmers are given a real guarantee that, year in and year out, floor prices will be adequate.

As I have already said, the minister mentioned that a measure of this kind might be used, if the agricultural products board was directed in council, to buy up Canadian agricultural products to supply to countries such as Great Britain. I am afraid that in the present state of international affairs, and the announcement by the government of the United Kingdom that they would endeavour to save a billion dollars in the purchase of commodities in the dollar area, the chances of this measure being used to increase our exports of agricultural products to Great Britain are indeed limited.

I was pleased to hear the Prime Minister (Mr. St. Laurent) announce earlier today that Mr. Churchill, the Prime Minister of the United Kingdom, would pay a visit to Canada in the early part of January of next year. I suggest to the Minister of Agriculture that he discuss with the Prime Minister of Great Britain not only the necessity of there being no reduction in the purchase of agricultural goods in Canada, but that the minister discuss with the Prime Minister of Great Britain ways and means of increasing the supply of agricultural products to the United Kingdom.

In the past the minister has said many times that he believes the United Kingdom is Canada's best permanent market, outside our own country. I agree with that statement. And so I suggest that the government do everything possible to see that that market is increased. I would like to see the Minister of Agriculture call a conference and invite to that conference members of farm organizations and of co-operatives. If we are to increase our sales of agricultural products in Britain, then I think it follows that Britain must have an increased supply of Canadian dollars. The British have a fine farm machinery industry, and I believe there is a potential market in Canada for large quantities of British-made agricultural machinery. Therefore I suggest that the minister discuss with farm organizations the possibility of obtaining and handling on a permanent basis large quantities of British agricultural machinery. I suggest that he discuss this matter with Mr. Churchill, when he visits Canada early in January, to see if something cannot be done not only to prevent a reduction in agricultural goods going from Canada to the United Kingdom, but with a view to increasing substantially Canadian exports to Great Britain.

In the last day or so I have reviewed support prices at present in effect in Canada. Hogs are supported at $32.50 per hundredweight f.o.b. Halifax, basis Wiltshire sides. Well, as the hon. member for Selkirk (Mr. Bryce) said yesterday, a Wiltshire side is not a hog; and when the farmer gets paid he knows very well that the hog is a long way from the Wiltshire side; because the price he has received in the last few months is a long way from the support price he had expected. A price of $32.50 a hundredweight at Halifax amounts to only $30.35 for a grade A hog at Regina on the basis of a Wiltshire side, and so far as the price that the farmer receives for that hog is concerned it is estimated to be in the neighbourhood of $26.50 per hundredweight dressed weight. The table placed on *Hansard* yesterday by the hon. member for Selkirk demonstrates very well what needs to be done in a measure like this to guarantee the hog industry in Canada more stability. I ask the minister if there is any incentive for a farmer to raise hogs when he sees the price of hogs drop

by $8 a hundredweight within a period of a few weeks. I know many farmers in my area who, finding last fall that they had large quantities of feed wheat and other feed grains on hand and seeing that the prevailing price was reasonably good, decided to produce more hogs.

I know one chap who had eighty, and the price was $35, $36 or $37 a hundredweight until about the time that his hogs were ready for market. Then so far as he was concerned the bottom literally dropped out of the hog market. Through reduction in the price of hogs that farmer lost at least $12 a hog, or approximately $1,000. There is no incentive for a man to remain in the production of livestock if he suffers such a loss within a few weeks at the very time when he expects to market his yearly production of hogs. As I have already said, I think that a formula should be placed in this measure to guarantee farmers, if not parity prices, at least a high percentage of parity based on an adequate formula. If the minister will guarantee the farmers of Canada not high prices, not low prices, not highly fluctuating prices but reasonable prices for hogs and other agricultural products year in and year out, our farmers will increase their production and will increase the supplies of all those commodities that are so important to the health of the people of Canada and the well-being of the people of the world.

The government has a floor price under eggs of 38 cents a dozen for grade A large. The government stands prepared to buy grade A eggs at 38 cents a dozen in the spring when there may be a surplus. Because the floor price was set far too low many poultry producers became discouraged and sold their flocks. Because the floor price was set too low over a year ago we have seen periodic shortages of eggs and very high prices for them during such shortages. Last September a couple of friends from Ottawa visited us. We asked them what they were paying for eggs in Ottawa and they said 89 cents a dozen. The farmers of our district were obtaining 42 cents a dozen for good eggs at that time in the local town. According to our visitors they were much better eggs than the grade A eggs they were buying in the Ottawa stores. There is something wrong when the consumer in Ottawa pays 89 cents a dozen and the egg producer in Saskatchewan only gets 42 cents a dozen.

Yesterday the hon. member for Selkirk suggested that an inquiry should be made into the packing house industry to see why there is great disparity and fluctuation between the prices paid to farmers for hogs and the high prices paid by consumers for pork products. I think an investigation should also be made into the packing industry to see why there is such a large spread between the price to the egg producer and the price the consumer has to pay. I have my own ideas as to why that great disparity exists, and I am sure one of the reasons is that the packers are making an unduly large profit from the handling of eggs. When our producers sell their eggs they are always told there are a large number of B's and not many A's but it seems that for some reason only the good eggs ever reach the counters where they are sold at a pretty high price. The present floor price under butter is 48 cents a pound.

Mr. Charlton: Fifty-eight cents.

Mr. Argue: The hon. member for Brant-Wentworth (Mr. Charlton) is quite correct. It is 58 cents and the floor price is established for a period of two years. However, a government board has been endeavouring to buy butter at 63 or 64 cents a pound. Therefore while the floor is only 58 cents a pound creameries are being offered a higher price. When the government was considering the new support price for butter I asked on April 13 of this year if they would not consider establishing a price of 62 cents per pound as requested by the Canadian Federation of Agriculture at that time. The floor price that was announced was lower than that. In the meantime the board is attempting to buy butter at a price more nearly comparable to the floor asked by the Canadian Federation of Agriculture. All I am saying is that when the government announces a floor price, such as the 58 cent floor on butter, a price that is below the cost of production, production is discouraged. Because production is being discouraged through low floor prices, supplies shrink and the consumer pays an unduly high price for the product at some future time.

The scope of the resolution moved by the Minister of Agriculture is pretty broad. It provides that the agricultural products board may buy, store, transport or process agricultural products. The board has wide scope but the extent to which it operates will depend upon the instructions it receives from the governor in council. The United States has had a good deal of experience in the field of support prices for agricultural products. They have a board somewhat similar to the agricultural products board envisaged by the resolution. It is known as the commodity credit corporation and the act under which the corporation operates authorizes it to do certain things. They are:

(1) Support prices of agricultural commodities through loans, purchases, payments, and other operations; (2) make available materials and facilities required in the production and marketing of agricultural commodities; (3) procure agricultural commodities for sale to other government agencies,

foreign governments, and domestic, foreign, or international relief or rehabilitation agencies, and to meet domestic requirements; (4) remove and dispose of surplus agricultural commodities; (5) increase domestic consumption of agricultural commodities through development of new markets, marketing facilities, and uses; (6) export or cause to be exported, or aid in the development of foreign markets for agricultural commodities; and (7) carry out such other operations as congress may specifically authorize or provide for.

The charter of the commodity credit corporation of the United States is broad in its terms and the fact that it benefits the United States producers I am sure is unchallenged by any thinking United States citizen or any thinking Canadian. In this report of the president of the commodity credit corporation for 1950 is outlined the United States policy and formula in regard to the marketing and handling of many agricultural products. One agricultural product after another is mentioned. On reading this report one is impressed with the fact that the United States agricultural producer is getting a square deal while the Canadian agricultural producer is getting rock-bottom floor prices and is being forced to curtail production of many commodities.

In 1950 the United States producer of corn got a price that was 90 per cent of parity. In the case of cotton, the same 90 per cent of parity was guaranteed. Their parity prices are invariably high. In 1950 the wheat producer was guaranteed 90 per cent of parity or $1.95 per bushel. Today the commodity credit corporation guarantees the United States wheat producer 90 per cent of parity or $2.17 per bushel.

I ask how does the Canadian wheat producer fare in comparison? That is not all that the United States wheat producer gets. He gets the prevailing market price even though that price be 40 or 50 cents per bushel higher than the support price, as it is now. The Canadian farmer gets much less and is guaranteed much less. Here are some more guaranteed commodity prices:

	Per cent of parity
Butterfat	90
Milk	79
Barley	72
Beans	80
Cottonseed	90
Eggs	90
Oats	90
Rye	72

In other words, under the United States legislation the producer is guaranteed a high percentage of a reasonable parity price. I plead with the minister to include, in the bill that this resolution foreshadows, a clause which will guarantee the Canadian producer a high fixed percentage of a parity price. Unless there is such a formula in this bill I am sure it will be of little value to the Canadian agricultural producer. It will be of no more value than the floor prices which the minister and the government have set from time to time within the last few years. In almost every instance the floor price has been below the cost of production.

What I have said about the commodity credit corporation is not the whole picture. Not only does that organization guarantee the farmer a high percentage of parity; it has the right to grant large loans on surplus agricultural products. According to this publication, in 1950 the commodity credit corporation made loans of over $65 million on something over 33½ million bushels of wheat. In other words, in the United States there is an organization which is prepared to lend substantial sums of money to farmers at low interest rates on surplus wheat. The minister should make this bill a measure which will help the hard-pressed wheat producers of the prairie provinces.

This measure should be similar to the United States legislation so that the government will meet the requests of farm organizations and provincial governments that an advance payment of 75 per cent of the initial price be made on farm-stored grain. The Minister of Agriculture (Mr. Gardiner) could administer an organization which would advance money on farm-stored grain because he has in his department a large staff which could be used to see that the granaries were properly constructed and the grain in good condition. I refer to the prairie farm assistance inspectors located throughout the three western provinces.

The government must meet this agricultural marketing situation in western Canada. It is not only the farmers who have been unable to market their grain who are suffering; the whole economy of Saskatchewan is threatened.

Mr. Fair: Of the west.

Mr. Argue: As my hon. friend in the Social Credit group reminds me, the economy of the west is threatened, because I understand Alberta is in as bad shape in that respect as Saskatchewan. Our storekeepers have thousands upon thousands of dollars on their books. The storekeepers in the small towns throughout the west are probably granting more credit than all the banks in the three prairie provinces. Unless the farmers are given an advance on farm-stored grain the small town merchant will be in dire peril, the farmer and his family will suffer, and the whole western economy will be in danger.

I should like the minister to discuss with his colleagues in the cabinet the possibility

of doing something in this measure to provide for the advance of at least 75 per cent of the initial price on farm-stored grain. The Prime Minister (Mr. St. Laurent) has informed us at various times in the recent past that the government was considering this problem, that it had not closed the door to action, that it had not made a final decision. I ask the Minister of Agriculture to see that the decision is made now to advance 75 per cent of the initial price on farm-stored grain, the money to be advanced by the government through an organization similar to the one now being established.

We in this group are glad to see the agricultural products board placed on a permanent basis, but once again we plead with the minister and the government to place in the legislation a parity formula which will guarantee to the farmer his costs of production and a reasonable standard of living in keeping with our Canadian way of life.

Mr. A. Earl Catherwood (Haldimand): I just want to say a brief word on this resolution, Mr. Speaker. Your Honour has been lenient in giving the hon. members considerable latitude in the discussion of these agricultural matters. However, as the hon. member for Melfort (Mr. Wright) has pointed out, this is the only opportunity that we have of bringing some of these agricultural problems to the attention of the minister and the house. The hon. member for Brant-Wentworth (Mr. Charlton) has placed the position of the dairy farmer and the dairy industry clearly before the house. In conjunction with that, I should like to put on the record the wording of one of these cards which so many of us have received, because I believe it is important. It reads:

> Dear Sir:
>
> As a dairy farmer I am taking this opportunity to protest against the unfair competition created in the dairy industry by the importation of low-priced vegetable oils. My investment in dairy livestock, buildings and equipment is tremendous and is increasing every year. The condition created by the importation and rapidly expanding uses of low-priced vegetable oils in imitation dairy products is endangering my investment. I urgently request the government of Canada to take immediate action to give the Canadian dairy industry adequate and effective protection against the importation of low-priced vegetable oils which is undermining the security, stability and future of my farm business.

I think that clearly and effectively expresses the position of the dairy farmer. I am entirely in accord with the wording of that card.

I should like also to read a quotation from the *Globe and Mail* of November 12 concerning the food and agriculture organization meeting which is to be held in Rome. I feel that some of our urban friends do not realize the seriousness of the food situation, so it is up to the farmer members of the house to bring these matters to the attention of the people. I am very happy to learn that the minister and a delegation from his department will attend this food and agriculture organization meeting in Rome. The article reads:

> The Food and Agricultural Organization of the UN reported today that three-fifths of the world has insufficient nutrition and food supplies per person have dropped 4 per cent below pre-war level.
>
> This summary of world food situation was placed before the 18-nation guiding council of FAO at its opening session. The council put the report onto the agenda of the sixth world conference of the 66 members here for November 19 to December 7. The food report said:
>
> "Aggregate production of principal food crops in all countries was 9 per cent above pre-war. However, since 1936 the world population has increased by 13 per cent. Therefore supplies per capita in 1950-51 were still 4 per cent below pre-war levels which were themselves insufficient.
>
> Nutritional levels were still very far from satisfactory in vast regions of the world, such as the far east, near east and Africa, containing three-fifths of the world's peoples . . .
>
> While total food output in 1951-52 is expected to expand, the prospect for supplies in many deficit areas shows no improvement."

So, that is the world situation. I feel that everything that can be done for the promotion and advancement of agriculture should receive our hearty support. I am not going to oppose the resolution at this stage. I welcome the opportunity of seeing what the minister is presenting to us in the bill which will follow this resolution. I do hope it will implement some of the recommendations the dairy farmers have made on these cards.

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

Mr. Charlton: How many pounds of butter have been imported into the country this last year?

Mr. Gardiner: Up to the present the imports are approximately 7 million pounds imported by the board with which we are now dealing, and another 3 million or 4 million pounds imported by private concerns.

Mr. Charlton: Is the minister still permitting these private firms to import butter?

Mr. Gardiner: No; there has been no butter imported by private firms since the government order was put out on August 4. The butter which private concerns were allowed to import was purchased before the government order was issued. The order stated no butter would be allowed entry unless we were notified before August 15 that it had been purchased before August 1, 1951.

Mr. Wright: Has the minister any figures to show what this butter imported by the private trade cost? Will he also answer the

question I asked when I was speaking before supper with regard to the method the government uses in grading imported butter for the domestic trade?

Mr. Gardiner: The arrangement which the government made with countries such as The Netherlands and Sweden was that the butter was to be made in accordance with our specifications. Butter which is produced in countries like Denmark, Sweden and The Netherlands is not produced by the same method as we use to produce butter, the reason being largely that the butter which is produced in European countries can be sold within a short period of time, at the outside within a few weeks. Much of our butter is produced in the summer months to be consumed in the winter months. Based on these facts our method of production is somewhat different from theirs. That was the reason why, when we purchased butter three years ago, there was considerable difficulty experienced in getting rid of it. We purchased the butter these countries produced for their own consumption and it did not keep too well. Our people did not like the flavour of it. On this occasion we insisted on the butter being produced in accordance with our methods, and they have guaranteed to produce it that way. Then, it is graded on much the same basis as our own.

This afternoon the hon. member for Melfort (Mr. Wright) said he would like to know how this butter is being dealt with after it arrives. The basis on which it has been dealt with is this. We say to the Canadian dealer: We are prepared to trade you butter which we have obtained from a European country for butter which was produced in Canada. The butter which was produced in the European country is put on the market almost immediately by the Canadian concern which obtains it, and the government holds the Canadian butter for consumption later in the winter season. Even after having had the butter made according to our standards, we have that safeguard of having Canadian butter to carry over the long winter period rather than butter which was imported from the European countries.

Mr. Wright: The grade that actually goes on the domestic market is not the same as the grade which is required of the Canadian producer when he markets his?

Mr. Gardiner: The butter is graded on the same basis, and goes on the market on the same basis.

Mr. Fair: I wonder if the government has yet given any consideration to building up a formula for the setting of parity prices when the agricultural prices support board undertakes to buy butter? I believe the Canadian Federation of Agriculture has offered to give every assistance and co-operation in working out such a formula.

Mr. Gardiner: Mr. Chairman, on one or two occasions while the hon. member for Assiniboia was speaking I was tempted to suggest to him that he was talking about quite a different bill from the one which is before the committee at the present time.

Mr. Argue: I had not seen it.

Mr. Gardiner: He was really speaking with regard to the Agricultural Prices Support Act, which is a permanent act now. A number of members have suggested that on a previous occasion they had said that this particular type of board should be set up and that it should be made a permanent board. It was not this particular board at all, or this kind of board that was being discussed on those occasions. It was the agricultural prices support board; and it is the agricultural prices support board which establishes any relationship as between some basic period and the present period for prices in connection with farm products.

Just a few moments ago it was stated that there was in existence in the United States a system which was much better than ours. That is a question which has been discussed over the years and it is remarkable that when we get in touch with some of those who are authorities on the system in the United States, we find that they are inclined to state that our system in many respects at least is superior to theirs. As a matter of fact, they sometimes indicate that if they had it to do all over again they would probably deal with the question in much the same way as we have dealt with it. In order to indicate to the hon. member for Assiniboia that the price level in the United States is not as he thinks it is, I would call his attention to the fact that the price of hogs—which has been discussed a great deal in connection with this bill and was also discussed yesterday in the debate on the speech from the throne—was as follows. I do not know that I should read all these figures. Perhaps the house would like to have them put on the record, because they tell a story.

In January of this year the price in Canada for the week of January 6 was $2.83 a hundred higher in Toronto than in Chicago; the next week the price was $2.66 higher; the next week it was $2.40 higher; the next week it was $2.97 higher; and the next week $2.64 higher. From there on I will read only the occasional figures. The last week in February the price was $3.54 higher in Canada. In the first week of March it

was $4.36 higher and in the last week in March it was $3.91 higher. In the first week of April it was $4.21 higher in Toronto, and in the last week of April it was $2.18 higher. In the first week of May it was $4.04 higher and it was $5.24 higher in the last week of May. In the first week of June it was $5.20 higher and in the last week of June it was $6.06 higher. In July, the first week, it was $6.22 higher; the next week it was $7.15 higher; the next week it was $6.99 higher; and the next week it was $5.52 higher. Then coming down to August it began to go down; it was $3.98 higher in Canada the first week and $4.67 higher in the last week of August. Then the last week in September it is down to $2.02 higher; and during October it was $1.18, $1.29, $1.58 and $2.59 higher. Now, in November, for the first week it was $2.89 higher on the Toronto market and $3.51 higher on the Toronto market for the second week of November.

That is why I asked the hon. member for Selkirk yesterday, when he was speaking, why he started in July instead of starting in March. In other words, the matter of when a farmer is going to sell his hogs is entirely in the farmer's own hands, apart from the fact that his thinking is regulated by the weather. A farmer can have hogs coming in in July if he so wishes, or he can have them come in in March if he so wishes. That is, he can have them come on the market at that time, depending on when he breeds his sows and the period over which he feeds his hogs. But as far as I am concerned personally—I am not speaking for any other farmer, but I find that many of them do the same kind of thinking as I myself do—it costs me too much to have hogs coming in in July, to have them bred at a time when they will be littered when it is thirty degrees below zero in the country that I live in. In other words, I do not have pigs come in at that time because, in the first place, I will lose half of them; and, in the second place, it costs me far more to feed them in the winter months than it does in the summer months. I therefore have my sows come in in the latter part of March or the early part of April and not later than May. That means that I do not have any hogs to sell in June, July or August, or very few. However, I breed the odd sow so that I will have a little bit of money coming in during that period. But most of my hogs are sold at the period when I can produce them at least cost. So the persons who sold their hogs in July obtained as much as $7.15 higher for hogs sold in July than they would have obtained had they sold them in Chicago at the same time. Then in the latter part of the season when we deliver our hogs in great numbers we got only $1.18 higher and in the early part of the season we got $2.40 higher in January. But all the time, every week of the year, we got more for our hogs in Toronto than producers got for hogs on the Chicago market.

Mr. Wright: Mr. Chairman—

Mr. Argue: Mr. Chairman—

Mr. Gardiner: Both of my hon. friends who are on their feet had quite a bit of time without my interrupting, and what I should like to say is that in these figures there is not anything which indicates that the United States farmer has a better deal on hogs than we have in Canada. The fact of the matter is that hogs have been selling higher in Canada all during the year; that is true not only of this year but of other years. They have been selling higher in Canada than they have been selling in the United States. When somebody suggested the other day that farmers ship hogs out of Manitoba down to Minneapolis, and that they are turned into pork and shipped back to Winnipeg, may I say that I can hardly imagine a farmer in Canada anywhere shipping many hogs down to the United States during any time in the last year. As a matter of fact, few have been shipped to the United States, and then only in cases where it is done for reasons other than that of supplying pork.

So much for hogs.

Mr. Wright: While the minister is on the subject of hogs, I should like to ask him a question. He was quoting the price of hogs, especially No. 1 hogs in the United States and grade B in Canada. I draw his attention to the fact that the grade B hog in Canada is not comparable with the No. 1 hog in the United States. It is much closer to compare our heavies with grade 1 in the United States, because they market a heavy hog, and they are not the same quality as ours. It makes a difference of approximately $3. We find that these are marketing at about the same price.

Mr. Gardiner: We took all that into consideration when we made this table.

Mr. Wright: I do not think you have taken it into consideration.

Mr. Gardiner: Maybe I had better put it in *Hansard* and then you can check it because this is what it actually says: "Column 4, choice barrows and gilts at Chicago 200 to 220 pounds". That is the same weight as our choice hogs. Then it gives dollars per hundredweight, live weight, and then it gives the B-1 hog at Toronto, including premium dollars per hundredweight, live weight; then it gives the live weight price of both hogs at both markets, and the differences are as I

have suggested. With the consent of the committee, I should like to put the whole table on *Hansard* and then it can be checked by hon. members.

Some hon. Members: Agreed.

Mr. Charlton: Before he leaves hogs will the minister permit another question?

Mr. Gardiner: Yes.

Mr. Charlton: Why is it that the fluctuation is so wide in Canada as compared with the fluctuation in the United States market? And also, why is it that the United States consumer can buy bacon in that country for 39 cents a pound?

Mr. Gardiner: Well, I do not think I will try to answer the last question as to why it is that they are able to buy bacon at 39 cents a pound. In the first place, one would have to do some checking as to where they buy it at that price and a number of other things. But as to the other question, as to why the hogs vary in price today, I tried to explain that a moment ago. There are very few, or comparatively few hogs coming on this market in June, July and August. As a matter of fact, every packing house stores them in the early part of the season, frozen, in order to supply the market in June, July and August.

Mr. Charlton: He makes a killing.

Mr. Gardiner: Perhaps he does not make a killing out of it; I do not know whether he does or not. But in any case, he does the sensible thing, in view of the fact that there would not be enough pork to eat in these months if he did not do it. The hogs are bought in the early part of the year and put into cold storage and sold on the market during that period. But the farmer who has hogs to sell during that time gets those higher prices. The argument that has been used in this house by every hon. member who has spoken critically with regard to it is: Why do hogs go down as between July and September? They have done that every year since hogs were produced in Canada, and every farmer knows why they do. He knows it costs more to produce hogs to be delivered in July than it costs him to produce them to be delivered in any other month in the year, and therefore he does not produce them to be delivered in July excepting in a limited way. When we all make up our minds on that and start delivering great numbers in September, of course they are lower in September; but at no time in the year have they been below the floor which is set by the fact that Wiltshire sides could be sold at $32.50, which works out at Winnipeg to about $27 a hundred, and it works out at other markets on a little different level for dressed hogs. That price has prevailed, or the price of around $29 has prevailed during the greater part of the time.

Mr. Argue: I am sorry if the minister had not finished.

Mr. Gardiner: I have finished answering that question. If there is another question I will answer it. The table I referred to reads as follows:

HOG PRICES CHICAGO, TORONTO and WINNIPEG—1951—WEEKLY

ECONOMICS DIVISION

1951 Week Ended	Column 1 B-1 Hogs at Toronto excluding premium dollars per cwt. of carcass	Column 2 B-1 Hogs at Toronto excluding premium dollars per cwt. live weight	Column 3 B-1 Hogs at Winnipeg including premium dollars per cwt. live weight	Column 4 Choice Barrows and Gilts at Chicago 200-220 lbs. dollars per cwt. live wt.	Column 5 B-1 Hogs at Toronto including premium dollars per cwt. live weight	Column 5 minus Column 4 Difference Toronto live inclu. premium less Chicago
	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
January 6	31 10	23 32	22 88	20 99	23 82	2 83
13	31 10	23 32	23 09	21 16	23 82	2 66
20	31 10	23 32	23 31	21 42	23 82	2 40
27	32 10	24 08	23 75	21 60	24 57	2 97
February 3	32 97	24 73	24 32	22 59	25 23	2 64
10	33 60	25 20	25 00	22 95	25 70	2 75
17	35 10	26 32	25 31	23 78	26 82	3 04
24	35 10	26 32	25 69	23 28	26 82	3 54
March 3	34 60	25 95	25 69	22 09	26 45	4 36
10	34 22	25 66	25 69	22 24	26 16	3 92
17	34 35	25 76	25 56	22 26	26 26	4 00
24	34 60	25 95	25 44	22 02	26 45	4 43
31	33 85	25 39	24 50	21 98	25 89	3 91
April 7	33 60	25 20	24 00	21 49	25 70	4 21
14	30 98	23 24	23 18	21 38	23 73	2 35
21	29 60	22 20	21 81	21 34	22 70	1 36
28	31 60	23 70	21 84	22 02	24 20	2 18
May 5	33 60	25 20	22 43	21 66	25 70	4 04
12	35 10	26 32	23 56	21 50	26 82	5 32
19	33 10	24 82	24 19	21 52	25 32	3 80
26	35 10	26 32	24 44	21 58	26 82	5 24
June 2	35 35	26 51	24 81	21 81	27 01	5 20
9	36 60	27 45	26 56	21 80	27 95	6 15
16	37 85	28 39	27 31	22 51	28 89	6 38
23	38 60	28 95	27 56	23 47	29 45	5 98
30	38 35	28 76	27 56	23 20	29 26	6 06
July 7	38 60	28 95	27 84	23 23	29 45	6 22
14	39 60	29 70	28 69	23 05	30 20	7 15
21	39 60	29 70	28 69	23 21	30 20	6 99
28	37 60	28 20	28 69	23 18	28 70	5 52
August 4	36 10	27 08	28 56	23 59	27 57	3 98
11	35 10	26 32	27 19	23 25	26 82	3 57
18	35 35	26 51	27 19	22 98	27 01	4 03
25	35 35	26 51	27 19	22 34	27 01	4 67
September 1	35 85	26 89	27 19	21 45	27 39	5 94
8	35 85	26 89	27 19	20 98	27 39	6 41
15	32 26	24 20	26 07	20 67	24 69	4 02
22	28 60	21 45	22 07	20 88	21 95	1 07
29	30 35	22 76	21 94	21 24	23 26	2 02
October 6	30 27	22 70	22 07	22 02	23 20	1 18
13	29 10	21 82	22 31	21 03	22 32	1 29
20	29 10	21 82	22 41	20 74	22 32	1 58
27	29 35	22 01	21 38	19 92	22 51	2 59
November 3	29 35	22 01	21 19	19 62	22 51	2 89
10	29 35	22 01	N.A.	19 00a	22 51	3 51

a approximation N.A. not available

Mr. Argue: The minister has advanced some reasons for such a large fluctuation in the price of hogs. Even though the minister might have advanced a good reason, which I think he has not, that still is no assistance to the farmer who is producing hogs. Fluctuations here are far too great for a stable hog industry. I think the minister gave one good reason why the fluctuation has been on when he stated that at no time did the price go down to the floor. In other words, the government's floor under bacon prices was so low that there was ample time for the packers to have a highly fluctuating price above that floor and skin the farmer in the process. If the government had increased the floor to something in the neighbourhood of the average price within that period to $32 or $34 a hundred, the agricultural products board could have obtained sufficient quantities of pork at the floor price and fed it back into the market in order to provide a stabilized price to the farmer and a fair price to the consumer. My contention is that one of the main reasons why there is such a large fluctuation in hog prices is the fact that the government's floor is so low that it does not play any part in the marketing of hogs.

The minister has quoted the United States market price in regard to hogs. It is perfectly true that the support price in the United States in relation to hogs is defective. That is one place where the United States market support price is defective. If the government will look over United States policy of floor prices on agricultural products taken as a whole they will see that every farmer has an opportunity to produce a number of main crops for which there is guaranteed a stable floor price based on parity. Therefore while it is perfectly true that the hog producer has not the same type of stability as other producers, nevertheless the stability program in the United States is so varied, so widespread that in my opinion every agricultural producer in the United States has a number of important stable crops for which there is an adequate floor price.

May I ask the minister a question about one part of my earlier remarks? Can the minister say whether it is his intention, or the government's intention to speak to the Prime Minister of the United Kingdom when he is in Canada, to have a thorough and frank discussion on the possibility of an adequate market for agricultural products in the United Kingdom, to see whether some arrangement cannot be made which would be mutually advantageous, assist the Canadian agricultural producer and help to increase the flow of Canadian agricultural products to the United Kingdom? Is it the government's intention to review Canadian agricultural policy in relation to British policy when Prime Minister Churchill is here?

Mr. Gardiner: I would expect that if I were to suggest taking up Mr. Churchill's time when he is in Ottawa—in view of the remarks which were made here this afternoon by the Prime Minister—in asking him to discuss with me that question, he would be quite justified in referring me to Lord Woolton, who is the representative in the cabinet of the government of Great Britain who speaks with regard to agricultural and food matters. Therefore, having that in mind, I myself made an appointment with Lord Woolton to meet him when I am in London next week. I am going to discuss the matter with Lord Woolton, and let him discuss it with Mr. Churchill. I think he will have much more effect upon Mr. Churchill than I probably would.

One of the reasons why I prefer to discuss it with Lord Woolton is that during all the years of the war he and I had the privilege of being on the combined food board. During that period, too, I had the privilege of arranging for very large quantities of Canadian food to be sent to Great Britain. We did send as much one year as 700 million pounds of bacon, and right now we are not sending any. Of course I am going to discuss that with Lord Woolton, and many other things that we used to discuss together in those years, and I am quite sure that we can start where we left off before and arrive at some conclusions in our discussions. Therefore, I prefer to discuss it with Lord Woolton rather than with Mr. Churchill, although if I get an opportunity of saying anything to Mr. Churchill about it when he is here I will add something to what has been said on the other occasion.

I do want to go a little further in connection with the matter which has been raised, as it is related to dairy products. We have been asked why we do not establish a formula and work to a formula. Our act provides that we should retain the proper relationship between the prices of farm products as they were in the last three years of the war, and the prices in the year with which we are dealing—that is, the current year—as compared with the relationship existing with farmers' costs.

I have before me the record with regard to the operations of farmers in general in producing and selling for the two different

periods to which reference was made by hon. members on the other side of the house this afternoon. It is stated here, for example, that the price of fluid milk from 1935 to 1939 was $1.45. In August 1951 it was $3.99. They take the figure 100 for 1935-39. That would give an index figure of 275 for 1951.

Then, if you take the figures for butter, we find that on the same basis the figure of 100 in 1935 to 1939 would give 259 in 1951. And on cheese, the figure 100 for 1935-39 would give 296 in 1951.

When it comes to goods and services used by farmers, exclusive of living costs—and if living costs were included it would give a wider margin—and taking 100 for the period 1935-39, we get an index of 236·4 in 1951. It would be noted that the index is higher on each of the dairy products than it is on the commodities purchased by the farmer, both with regard to the services he buys and the products he buys.

But that is not the basis upon which we work. The basis we take is not 1929-35 or the 1935-39 base, which was argued against here all afternoon. The basis we take under the floor prices legislation is 1943-45. Then, when we take the price of milk in those years as $2.45 and $3.99 for 1951, the index figure of 100 for the period 1943-45 gives an index of 163 for 1951.

Then, coming to butter the figures are 100 and 152. That is the low one. And when some say that butter is one of the lowest priced foods in Canada today, they are perfectly right. Taking 100 as the basis for 1943-45, the index for butter is 152. Taking the same index of 100 for 1943-45 in respect of cheese, we see that it is 173 in 1951.

Then, with respect to goods and services used by farmers, including living costs, taking an index of 100 for the period 1943-45 we find a figure of 160 for August of 1951. In other words, that figure is lower than the index figures for either cheese or milk, and a little higher than the figure for butter. But if you average the three you will find that it is just about exactly what we have undertaken to do, namely a maintenance of the relationship to about the same point in the years as we go along as it was in the last three years of the war.

Then, just to complete what I have to say with regard to dairying, before sitting down I should like to say that for five years before the war milk production in Canada averaged around fifteen and a half billion pounds. Someone said this afternoon—I think it was the hon. member for Brandon—that milk production had been decreased over the last five years by approximately one billion pounds a year, making the computation on a complete year. That was a billion pounds, it was pointed out, lower than it was six years ago.

Well, that is perfectly right. But here are the facts based on the statistics. For five years before the war milk production in Canada averaged about fifteen and a half billion pounds. For the five years during the war it averaged about seventeen and a half billion pounds. For the first five years after the war it has averaged about sixteen and a half billion pounds. In short, it went up two billion pounds during the war and went down one billion pounds since the war, which means that it is one billion pounds a year higher since the war than it was before the war.

All hon. members realize that one cannot base conclusions upon figures obtained during war years. There are always circumstances surrounding production—or, indeed, anything else that happens during a wartime period—which make it impossible to draw reasonable comparisons based upon those figures.

For example we told every farmer in Canada what he was to do during the war. We told those farmers, "You cannot deliver milk to a canning factory; you must deliver it to a cheese factory." In other cases we said, "You must deliver it to creameries"—where butter was produced. But during peacetime we are not able to say that—and perhaps we would not wish to say it even if we were able to do so. At least the provinces, which now have the authority, do not say it. That authority does not rest with this government, but rather with the provinces. I do not hear very many of those who belong to the parties conducting governments in those provinces making the statement that provincial governments ought to do it. Because, after all, they are the only authorities who can do it, if it must be done.

The extra billion pounds of milk is being consumed as fluid milk. Butter production averages about the same in the five years since the war as in the five years before. In other words, about the same amount of milk goes into its production. The amount of milk used in the production of cheese is down, and the amount used to produce powdered or canned milk and ice cream has increased by a similar amount. In short, the only change has been that the farmer finds it to his advantage to turn his milk into other uses, rather than into cheese.

The average number of cows being milked in Canada during the first five years before the war was 3,780,000. The average number milked in Canada during the war was 3,736,000. The average number of cows being

milked in Canada now, five years after the war, is 3,667,000. The number milked in 1950 was 3,609,000. The reduction is not great, and could be brought up very quickly if conditions were to change to warrant it.

It is interesting to note that during the five years preceding the war the top grade of butter averaged 24·8 cents a pound, and the top grade of cheese, at Montreal, averaged 12·9 cents. In the first three years of the war the average prices of those two commodities were 34·9 and 21·2 respectively. They are now 63 to 64 cents for butter and 32 to 36 for cheese. In other words, it would not appear that the only matter to which the farmer is giving consideration, when he decides he is going to produce, is the price that he will obtain or even the relationship between the price he obtains and the price he has to pay for the articles he must buy or for the service he must have.

I believe it was the hon. member for Brant-Wentworth this afternoon who hit the nail on the head when he quoted the reasons given by the past president of the dairy council as to why farmers do not produce more. I think he gave the real reasons. They were read to the house this afternoon. This same question was raised as to whether he meant exactly what he said. He said that he thought the real reason why farmers were not producing more milk and not milking more cows was because they could get more money for doing something else. In addition, he went on to suggest that they got it doing something which they did not find quite so binding upon their time and which did not require them to do things which they were not so much in favour of doing but would have to do in order to get money out of the production of milk. I think that has some bearing on it, and I think everyone agrees that it has some bearing.

We are able to make money at present out of doing things which at other times we were not able to make money doing. Therefore we take that choice rather than producing these products. But when one puts all the facts together one must conclude that the dairy farmer is obtaining more for his products than ever before. It will be said at once that his costs are higher. The question is as to which has increased the greater amount, and I have already put the figures on the record with regard to that matter.

There is only one other argument that has been produced here today, and which is advanced continuously, with which I should like to deal. It is an argument, used quite frequently, which in my opinion is not sound. It is stated over and over that the constant sale of heifers and cows to the United States and cows to the butcher suggests that farmers are quitting dairy farming. There are cases where that is true but an examination of the statistics will indicate that the dairy farmer is really taking advantage of another source of revenue. There are not so many calves being vealed. Calves are being retained to milking age and placed in stalls vacated by cows which have been sold either for butchering or for milking elsewhere. Some of the milk cows are being sold to the United States and heifers take their place in Canada.

A better price can be obtained for aged cows as canners and cutters than ever before. Members of this house will recall that in 1938, the year before the war, this government paid farmers in the drought area $2.25 a hundred for canner and cutter cows, and right now you would probably get 20 cents a pound for the same type of cow. Farmers are now selling cows for canners that in earlier days they would probably have kept milking. In short, in addition to a better price for dairy products Canadian dairy farmers have the best market for breeding stock for export to the United States and South America which they have ever experienced. How any member can get up in the house and argue that is not a good thing for the farmer I cannot understand. The farmers of this country are not only raising herds for the purpose of producing milk, butter and cheese. They are raising dairy herds because they have some of the best breeding stock in the world from which to produce dairy stock.

Last year or the year before, when I was at the royal winter fair in Toronto, I had the privilege of having my picture taken with a bull. I was very much honoured in having my picture taken with that bull. He was sold to a buyer in South America for $15,000. When a farmer in this country can sell a bull for $15,000 to anybody I think he is doing a good job for himself and a good job for his country. I do not think there is any ground for criticism in that. Of course these farmers are not milking quite as many cows as they were but I venture to say they are getting as much milk from the number of cows they are milking. As a matter of fact the statistics already quoted show that they are getting as much milk from the cows they are milking now as they got from whatever number of cows they were milking prior to the war. I think farmers generally are doing pretty much what I do myself. I do not keep dairy cattle because I do not like milking either, and some other people do not like milking. But I keep cattle, and they are beef cattle. As long as I had grade cattle

during and after the war I did not have an animal on the farm that had had more than two calves. Why? Because I think the price is going to go down some time and I do not take any chances of having any cows around that have had more than two calves, if they are of the grade variety. I have nothing but purebred Shorthorns now, and I even do not let those get beyond the age of 7 or 8. I can market them at a higher price now for beef than I was able to market them a few years ago as breeding stock. Therefore when they reach an age where they are likely to go back instead of going ahead we sell them, and surely no one is going to criticize farmers for doing that. That is good business, and if it results in our having a few less cows milking for the time being it will not take very long to pull up the few thousands indicated in the figures I gave a few moments ago. The farmers could pull that up in six months easily and be back on the same level as they were before.

But they will not do that until such time as prices are lower for beef and breeding stock than they are at the present time. I am not going to do anything as Minister of Agriculture either to lower the price of beef cattle or to lower the price of the dairy cows that they have for sale. I do not think it is up to me to do anything about that. It took me ten years of steady working after I came here, with all the co-operation I could get from anybody, to get the prices up from the low levels of the thirties to where they were by the time we got through with the war. Now that the war is over we have spent the last five years getting prices higher, by every policy we have followed, than they were even during the war. I do not know why anyone representing an agricultural constituency would criticize that. If that is called poor business for the farmers carried on by the government of this country, then I am very pleased to be associated with those who have been carrying on that kind of business.

Mr. Ferguson: Have your picture taken without the bull next time.

Mr. Gardiner: Anything that raises prices to the farmer from time to time above the level of the period prior to the war is, I think, doing a good service for this country. I did not get my hon. friend's question.

Mr. Ferguson: I suggested that you have your picture taken without the bull next time.

Mr. Wright: The minister has said that he had his picture taken with an animal that sold for $15,000 but I think he has made more than that peddling his line. The point that I rose to make is that the minister stated our production was fairly satisfactory and that we still had a good number of milk cows in the country. I have here a statement made by the party whom the minister quoted a short time ago, and it gives the real reason for the decrease in production. He says that the number of milk cows on Canadian farms as of June 1, 1951, reached the lowest point in twenty years, and this in face of the fact of a human population increase of two and one-third million. The minister has quoted figures indicating that we are pretty well holding our own.

Mr. Gardiner: I have the figures here if you want me to read them to you. I can prove that that statement is not quite correct.

Mr. Wright: We are doing better than holding our own so far as population is concerned but we are not doing enough in producing essential foods for that population. The production of milk has declined well over a billion pounds since the end of the war. The minister has talked for quite a while but he has not given us one thing that the government is going to do to increase the prices of dairy products to the point where farmers will believe they are getting a fair deal and will increase their production. I would like him to give us details of the policies the government are going to follow which will tend to increase production. No one wants prices to come down. Some hon. members are looking over here as though we on this side were advocating a policy which would decrease prices. We never advocated any such policy. What we ask for is a reasonable floor price under these products which will give the farmers some assurance of future markets, some assurance that they can go ahead and increase production. I would like the minister to tell us something with respect to government policy to increase production in this country.

I should like to ask a question with regard to the resolution we are now discussing. The resolution refers to a payment not to be greater than the amount by which $15 million exceeds the balance of the agricultural products board account. I suppose that anything over that amount will be paid into the consolidated revenue fund. Is this amount expendable or is it just working capital for the board?

Mr. Gardiner: I take it that to start off with the board will draw not more than $15 million. We can purchase whatever we are required to purchase, but having purchased a commodity we sell it. As we obtain money for it that goes back into the account. The balance over and above the amount which is being carried cannot be more than

$15 million. In other words, we will never have more than $15 million of working capital. It is a circulating fund which may amount to much more than that for the time being in view of the fact that we may have products moving from one side to another.

Mr. Wright: If losses are sustained will they be taken out of the $200 million under the Agricultural Prices Support Act?

Mr. Gardiner: The Agricultural Prices Support Act does not affect this at all except that this board may be asked to buy products for the agricultural prices support board. When that is done the money for that purpose will be provided by the agricultural prices support board.

Mr. Wright: What is the necessity for two boards? Cannot the agricultural prices support board do what you are asking this board to do? It seems to me there is duplication in setting up the two boards.

Mr. Gardiner: The agricultural prices support board has a big enough job providing me with the statistics which I have been quoting to satisfy my hon. friends on the opposition side without entering into the purchasing and selling of livestock. They would ask this board or some other agency to do that particular work for them.

Mr. Wright: Were they not doing that purchasing up until now?

Mr. Gardiner: No.

Mr. Wright: Who purchased the apples and potatoes?

Mr. Gardiner: The meat board purchased the livestock that was purchased from time to time to supply the British contracts or for other purposes. The dairy board purchased cheese or other dairy products that were required. The special products board purchased potatoes, apples, beans or other products of that kind. There were three boards. This bill is amalgamating the three into one, and taking persons who are familiar with all these activities to create a board of seven instead of the smaller boards which we had before. This board will purchase whatever it is ordered to purchase by the government or by me on behalf of the government.

Mr. Pouliot: I think it would be timely to recall Mr. Bennett's policy to increase the price of butter. As a foreword may I say that one of his supporters, the Conservative member for Regina, thanked Mr. Bennett when he was prime minister for having subscribed $700,000 to the party fund. The story behind that is that both Mr. Bennett and his chief organizer invested $350,000 each in the stock market and speculated on the fall of prices. Each time Mr. Bennett said that things were going badly in Canada he was making more money for the party fund. When both had got back the money they had invested in the stock market Mr. Bennett delivered a sermon advising the young people not to speculate on the fall of prices. He withdrew his money and gave it to the party and used part of it to import butter from New Zealand to be dumped on the Canadian market in order to lower the price of Canadian butter.

I heard butter, butter, butter during the election, and I was fed up with it. After the election, which I survived, my great pleasure was to ask questions of the then minister of agriculture, Hon. Mr. Weir, who represented the constituency of Melfort which my hon. friend represents now with such distinction.

There was a by-election in the Three Rivers riding in the summer of 1931, a year after the election. I was supporting the Liberal candidate, a gentleman who is no longer a member of this house. We held a joint discussion with two lawyers from Montreal, a father and son, both very fine fellows.

I told them that they must speak about butter. We were speaking in a parish which supported an industrious dairying industry. Most of the voters were farmers who were interested in learning about the benefits they were receiving under Mr. Bennett's policy. Mark you, this is history. I said, "We will talk of agriculture; we will talk about butter. Here is one question in *Hansard* about butter. Can you answer it? Here is another one about butter imports; here is one about butter production; here is one about butter consumption; here is one about butter exports. What have you to say?" They said, "Bennett is a great man", and they won.

What were those questions? There were many but I have had a few copied. The first dealt with butter imports and will be found reported on page 2366 of *Hansard* of June 8, 1931. I quote:

Mr. Pouliot:

1. What firms and persons imported butter from (a) New Zealand, and (b) Australia in May, June and July, 1930?

2. What quantity was imported by each firm or person?

Mr. Bennett: It is not customary to give the names of firms who import goods into this country. This has never been done; it has always been held as something that should not be done inasmuch as it is private business. In making this answer, I am but following the practice which has heretofore obtained in all departments.

Mr. Pouliot: I am always satisfied with the answers of the right hon. gentleman, provided he says something.

Question dropped.

On May 28, 1931, as reported on pages 2067 and 2068 of *Hansard*, I quoted the prevailing price for No. 1 pasteurized creamery butter as being 21 cents to 21¾ cents per pound. Then followed a lengthy discussion and everyone was asking the minister if butter had reached rock bottom—rock bottom for solid butter—and he could not tell. Then on May 29, 1931, as reported on page 2091 of *Hansard*, in answer to a question by myself, the then minister of agriculture stated that 750,000 pounds of Australian butter had been released at 32 cents. It is interesting to note that, in the first place, the Bennett organization brought in huge quantities of butter from outside to dump on the home market in order to cause the price to fall, and to complain that on account of Liberal policies the price of butter had fallen by a few cents from 39 cents. Then, after the harm was done, Mr. Bennett and his intelligentsia tried to improve conditions by raising the tariff very high.

In sessional paper No. 318, dated June 8, 1931, the government gave the following information, that under the general tariff rate applicable to butter, and established by Mr. Bennett, 14 cents per pound was the highest tariff. I remember that during the election he told the farmers, "You make no money on your butter. I shall help you by imposing a high tariff on butter which will be your salvation. I am the man who will do it". He did it, and what was the result? Butter reached the lowest price in forty years. With the highest tariff the price of butter fell to rock bottom. The sessional paper to which I have referred stated also that during the last 10 years—that is previous to 1931—and the last 20 years, 18½ to 18¾ cents was the lowest price at which butter sold since May 1904, when the price fell to 14¾ cents.

This illustration will serve to explain the situation to the farmers who sent the postcards asking for a high tariff on vegetable oils. There are some people who may have good intentions who would tell the farmer that the price of butter will be higher if there is a high tariff on vegetable oils. The same story may repeat itself, and it is a very dangerous proposition. I prefer the policies of the present Minister of Agriculture to those of any minister of agriculture under Mr. Bennett. But their policies were fallacious. Consider this, that with the highest tariff, 14 cents, the price of butter was only approximately 18 cents, while now without such a high tariff and with the assistance of the Department of Agriculture the price of butter is four times greater. This must be a good thing for the farmers. Everyone has not the means, especially those who have large families, to pay the high price for butter. They may use a substitute like peanut butter or margarine, especially in the cities, if those products sell at a lower figure. Does this create any difficulty for the farmer? Not at all, because the home production of butter is sold at a reasonable price, thanks to the intelligent policies of the Minister of Agriculture.

I continued to ask questions, and on July 28, 1931, page 4248 of *Hansard*, I asked:

> Why did the price of butter drop from 40 cents a pound last year to 20 cents per pound this year, while the price of milk has remained at the same level for the past 5 years?
>
> Hon. Robert Weir (Minister of Agriculture): The only reason that can be given is that we are on an export basis with regard to butter and not with regard to whole milk.

That was right. On May 26, 1931, I asked the following question as recorded at page 2006 of *Hansard:*

> If the production of butter is less than the consumption, is it necessary to import butter from outside?
>
> Mr. Weir (Melfort): Yes.

He was the minister of agriculture.

In any discussion of the problems of the dairy business from the point of view of the consumer as well as the producer, we must take into consideration the wisdom of the Minister of Agriculture and of his aides in carrying out a policy which is satisfactory to the country at large. Here we have a picture of the Conservative policy of olden days, and the practical policy of this government with regard to agriculture.

Mr. Gardiner: When we went into committee I was asked a question by the hon. member for Brant-Wentworth and I told him I did not have the figures before me. I made a guess at them which was not very far away from the facts, but I think I ought to put the facts on the record. I was asked how much butter was being imported. Up to the month of September, we had imported 2,520,000 pounds. This year, on October 1, the stocks of butter were 62,069,000 pounds. There is still approximately 11,800,000 pounds of butter to be imported, made up of 8,600,000 on government account and 3,200,000 by private traders. Those are the complete figures up to October 13.

Mr. Charlton: Is that the total for the year?

Mr. Gardiner: The total figures for the imports since we entered into the present arrangement. Of course, there were some imports earlier in the year under the old

year. I am speaking of the dairy year which starts on May 1. These were purchases made during the dairy year.

Mr. Quelch: I want to make sure I have a correct understanding of the minister's formula for setting floor prices or support prices. Did I understand the minister to say this support price is based on parity in the years 1943-1945 or is it based on a percentage of parity of those years? If that is the case, how low does the price have to fall below that before the government can say that it is enough to set the floor price or support price ? Is it the minute the prices of products in this country fall below that parity?

Mr. Gardiner: To answer the last question first, the government acts in advance. For example, for two years we set the floor price on butter at 58 cents for two years. We expected that 58 cent floor price would retain butter at a level which would bring about the proper relationship between what the farmer was selling and what he was buying; and apparently we have not missed the mark by much.

Mr. Quelch: Is that on parity with 1943-45?

Mr. Gardiner: I will speak of that in a moment. Then in connection with eggs, some criticism has been made of the fact that we only agreed to buy eggs at 38 cents. We agreed to buy butter every day at 58 cents. That offer is there all the time. If no one else will pay more than 58 cents, we buy the butter. We did not get any butter at 58 cents this year. The butter was all sold above that price. We did not get any of it. We then raised the price later on, as has been stated, to 63 cents. But as was stated by various members, we are not getting any at present. The trade is paying just a little bit above 63 cents and is getting all the butter.

We have not raised any objection to that, and we do not raise any objection to it. We do not want to be in the butter business. We would much prefer that those who are in the business stay in it, and go on and do business; but we have tried to provide that they cannot bid the farmer down in the summer months, as they have in the past, at a time when the farmer is producing twice as much butter as the market will take—in, say, the month of May. It was the custom to run prices down, as has been suggested by the member for Temiscouata; at a certain period in the years gone by butter was 40 cents a pound one month and 20 cents a pound the next month. That was because more butter was coming on the market than the market would take, and the price was forced down. We say we will take the butter any time at 58 cents. Then, when winter comes along, we add the cost of carrying it and put the butter back on the market at that price. We have had two years' experience with that procedure. One year we had a little bit of trouble because we got too much butter. The next year we had a little bit of trouble because we did not get quite enough. This year we do not know exactly what our position is going to be to the end. We have not got any. The trade, for reasons best known to themselves, have bought all the butter.

We have realized that there might be a shortage towards the spring and we have bought some butter from outside, in order that we might be able to handle the situation in, say, the month of March. We do not expect to have to handle it until that time. But we have some butter to carry over into that period in order to take care of the situation which may arise toward the end of the season. That has been the practice in connection with butter.

As to eggs, as I say, we only agreed to buy at 38 cents whatever eggs are left on December 1. We did not agree to buy eggs any other time. We say that on December 1 we will buy whatever eggs are in storage that anybody wants to sell us at 38 cents. Last year nobody wanted to sell us eggs at 38 cents and we did not get any. We were asked to go on with the same policy, and we did so. Eggs have sold on an average of about 16 cents a dozen more this year, throughout the whole year, than they did last year; that is, to the producer. They have sold about 16 cents higher, with the same guarantee that we will buy all the eggs that anybody wants to sell us at the end of the season. Last year we said that the end of the season was December 1. Now we have the same policy. Naturally we have not bought any eggs up to the present. We will not have to determine whether we are going to buy any until the end of this month. If we are required to buy a few, I am sure that everyone in this house will agree that any few that we may have to buy at the end of the month is worth while in view of the fact that eggs have been 16 cents a dozen higher in price to the producer this year than they were the year before. Hence that has not done any harm to the farmer. That is the method of dealing with eggs.

As to the other product that we have been dealing with in the past, namely cheese, we

came to the conclusion that it was not necessary for the government of Canada to be dealing in cheese any longer, partly because we did not have the authority under the act to do the things that we did before, but partly because almost altogether under our constitution the provinces have the opportunity of dealing with products and of saying what the price ought to be and what it will be. We therefore encouraged the farmers of Ontario to organize co-operatives. They organized a co-operative. We encouraged them to transfer their activities to Toronto instead of here. They transferred their activities there, and cheese is being handled this year in the province of Ontario by a co-operative board of farmers, or at least by a co-operative board operating for the producers.

The same kind of arrangement is not in operation in Quebec; but both provinces have been selling cheese to Great Britain direct; and I must say that they have received during this last summer the highest price for cheese that has ever been received from Britain at any time in the history of Canada's trading with Britain in cheese. They have had 32 cents a pound. But I must say at the same time that the amount sold was only some 22 million pounds, which is a low amount as compared with some of the sales previously. But that is not because the board would not have been prepared to sell more. It is because that is all there was to sell. They have sold all the cheese that was available to ship to Britain at that price.

In other words, we have been working along with those who are handling the different products and have been assisting as far as we can in the matter of stabilizing prices.

To answer the first question—do we seek to have parity prices?—may I say that I am going to be perfectly candid and say that no one who touches this matter—including myself—likes the word "parity", and we have never used it. We have stated in the act what we are doing. We have not stated it is parity. We have simply said that we are going to keep a record. We have a record of what the situation was in the last three years of the war. Every farm organization in Canada said that if they could maintain that position throughout time they would be perfectly satisfied. We said that we will retain that position or do everything we can to retain that position just as long as possible.

Mr. Quelch: That would be parity with that period.

Mr. Gardiner: You can call it parity or whatever you like. There are so many different definitions of parity that we do not use the word "parity". We have set up what to all intents and purposes is a formula upon which we work, and on that basis we have maintained a position where the price has been all the time upward. It is true that the price of everything that is being bought has also been all the time upward. But before we have set the floor price at all on anything, we have figured out what would likely maintain the level of the price the farmer was going to receive in relation to what we expected he was going to have to pay; and so far we have been fairly fortunate in figuring these matters out and in retaining price levels.

Mr. Quelch: Then the intention is to maintain the floor price so that the price of agricultural products today will bear the same relation to the price of other products as the price of agricultural products in 1943 to 1945 bore to the price of other commodities.

Mr. Gardiner: That is what we have been working for, yes.

Mr. MacKenzie: There is one question I should like to ask the minister with regard to the importation of butter, whether it is done privately or whether it is done by the government. Is the duty always paid on butter that comes from the various countries? What is the duty, say, on butter from New Zealand or from Europe? As a result of paying that duty, and bringing the butter in here and selling it on the market, does it sell at a higher or lower price than the market price here?

Mr. Gardiner: The duty on butter coming from New Zealand or Australia is 5 cents a pound. The duty on butter coming from any other country is 12 cents a pound. The old duty, down until a year ago, was 14 cents, as has just been stated to the committee. It was reduced 2 cents at the Geneva conference of three years ago, and so it is now 12 cents a pound.

Mr. MacKenzie: Is it always paid?

Mr. Gardiner: It is always paid on the butter. For example, using the price which was paid for New Zealand butter, namely, 63 cents, it was 58 cents plus the duty. That is, the price of the butter was 58 cents, and the duty which they had to pay on the butter was 5 cents, making a total of 63 cents. In other words, that butter was bought at what was our floor price, 58 cents, plus the duty. Now, at about the time that that was done we agreed to buy butter from our own producers

at 63 cents, which was the same price. Then we proceeded to check as to what we would have to pay for butter elsewhere and we found that we could buy butter from Sweden and from the Netherlands at within half a cent of what the British paid for that butter. One of the arrangements that we made with them was that they were to make the butter not to suit the British or even to suit their own consumers but to suit us. And we were able to purchase it, in so far as the price in their own country was concerned, at within half a cent more than the British paid for their accustomed type of butter. Then, the freight had to be paid on it to Montreal, and then there was a 12 cent duty to pay on it in addition to that. When that butter got here it was worth about 61 cents a pound. After having paid 12 cents duty on that butter it was still laid down here at 2 cents less than the New Zealand butter. That was our reason of course, and our only reason, for buying butter from the Netherlands and from Sweden. That butter is being put on the market here at the same price as Canadian butter. But that is owing to the fact that it has to be taken out of tubs, remixed, put into cartons and so on. When you get the cost all added there is not a great deal of difference between the price that the farmer is being paid and the amount that this butter costs.

Mr. Macdonnell (Greenwood): The minister said that the duty on butter was decreased 2 cents at the time of Geneva, and I understood him to say that it had been unchanged for a considerable time before that. Will the minister make that clear?

Mr. Gardiner: I have just forgotten the exact rates on butter prior to 1930. The rates were quite low. For a period there was only 2 cents a pound, and I think even that was reduced if coming from New Zealand or Australia. It was during that period of time that we bought 40 million pounds of butter from New Zealand, which caused the difficulty that the hon. member for Temiscouata was speaking of a few minutes ago. Partly as a result of that, a new government came in, in 1930. They made the duty on butter coming into this country 14 cents a pound. The duty was prohibitive at that time, and in either 1931 or 1933 the New Zealand and the Australian people came over and negotiated an agreement with the government of the day, under which they were to make an arrangement with the government here with regard to the amount that was to be allowed to come in, and on that basis they did receive the right to bring butter to Canada by paying a duty of 5 cents, and that has remained from that time down to tonight.

Mr. Macdonnell (Greenwood): The point I wanted to make clear is the one that I think the minister has made, namely, that the duty was established early in 1930 and has continued until 1949 unchanged. Is that correct?

Mr. Gardiner: That is correct.

Mr. Macdonnell (Greenwood): Would the minister bring that to the attention of the hon. member for Temiscouata, please, because he made an argument which I thought was, to put it mildly, a little far-fetched and based upon ignorance of that fact?

Mr. Pouliot: It does not destroy my argument; my argument remains the same.

Mr. Wright: The minister gave the basis upon which the Agricultural Prices Support Act is operating. He said that the department are taking the years 1943, 1944 and 1945 and are trying to establish a price for agricultural products in line with the cost of production and making a fair relationship with those years. Is that the basis that the department used in establishing the floors under the potatoes in the maritimes?

Mr. Gardiner: Well, it is the basis that we considered in figuring a system under which they operate. We looked into all the facts in connection with that, and all these facts were discussed with them. The basis on which it was finally settled was not on the basis of the Agricultural Prices Support Act, however. The basis on which it was settled was that they would organize either under the co-operative act of 1939 or in some manner which would be similar to that in order to have their potatoes handled by a board of their own. The reason we took that position was that we did not think potatoes were a product on which you could apply the principles of the Agricultural Prices Support Act without doing more harm to the potato producers in New Brunswick and Prince Edward Island than good. In other words, any act that is passed today based upon the Agricultural Prices Support Act should deal with the whole Dominion of Canada, not with one or two provinces. If we attempted to deal with them on that basis and put a floor price upon it at so and so I am afraid it would do the potato producers much more harm than good.

We have somewhat the same thing existing in connection with apples. All our dealings

during the war and immediately after the war were with British Columbia and Nova Scotia. At the same time we attempted to assure the local market to Ontario and Quebec as far as possible, and we also made every effort to get as many apples of British Columbia and Nova Scotia out of the country as we could and left our market to those who were producing on the scene. It is true we were not able to satisfy everybody in that, but that was the policy. What we have now said to the apple producers is that if we are going to apply the Agricultural Prices Support Act we will have to apply it right across Canada. That may not be a good thing for apple producers in certain parts of Canada, and therefore that question is still under consideration and is still being discussed from that point of view.

Agricultural Products Board

Resolution reported, read the second time and concurred in.

Mr. Gardiner thereupon moved for leave to introduce Bill No. 18, to provide for the establishment of an agricultural products board.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will resume the debate on the address and, if we dispose of it, we will call second reading of this bill concerning the agricultural products board.

At ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on November 2, 1951.

HOUSE OF COMMONS

Wednesday, November 14, 1951

The house met at 2.30 p.m.

THE ROYAL TOUR

MESSAGE OF THANKS FROM HER ROYAL HIGHNESS THE PRINCESS ELIZABETH

Right Hon. L. S. St. Laurent (Prime Minister): With your permission, Mr. Speaker, I should like to read to the house a letter I have received from Her Royal Highness The Princess Elizabeth. It is dated from St. John's, Newfoundland, the eleventh of November, 1951, and is as follows:

My dear Prime Minister:

Before leaving I want to tell you how grateful my husband and I are to you and to your colleagues for having given us so great an experience on this journey across Canada. The welcome we received on all sides has far exceeded anything we could have believed possible, and we have been given a picture of the rich variety of Canadian life which we shall never forget, and which has interested us profoundly.

It has given us infinite pleasure to have had the chance of meeting and talking to so many Canadians in every walk of life, and we have been happy to have had with us at various times on our journey your colleagues in the cabinet. Their advice has been invaluable, and we have much enjoyed getting to know them, particularly as they have given us an insight into Canadian affairs.

I hope that you will convey our thanks and appreciation to all members of the three services who have done so much to make our tour a success. We are very glad that you made it possible for us to travel in two ships of the Royal Canadian Navy, and in an aircraft of the Royal Canadian Air Force. We know also how much the army has done at all times for us. Our visits to navy, army and air force establishments impressed us greatly and we are proud to have been saluted by so many guards of honour of all three services throughout the length of our journey.

I am sure I need not tell you that this, our first visit to Canada, has made us wish to come back before too long to see more of the country and its people. I hope very much also that I will soon have the chance of meeting you again.

Yours sincerely,

Elizabeth

COMMITTEES OF THE HOUSE

RAILWAYS, CANALS AND TELEGRAPH LINES

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

RADIO BROADCASTING—CHANGE IN PERSONNEL

Mr. W. G. Weir (Portage-Neepawa) moved:

That the name of Mr. Coldwell be substituted for that of Mr. Stewart (Winnipeg North) on the special committee on radio broadcasting.

Motion agreed to.

BILLS OF EXCHANGE ACT

AMENDMENT WITH RESPECT TO CLOSING OF BANKS ON SATURDAYS

Hon. Alphonse Fournier (for the Minister of Finance) moved for leave to introduce Bill No. 19, to amend the Bills of Exchange Act.

Some hon. Members: Explain.

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): The purpose of the bill is to amend those provisions in the Bills of Exchange Act which prevent the chartered banks from closing on Saturdays. I should like to make it clear that this bill does not authorize the five-day week for banks. It merely removes those provisions which have up to now prevented the banks from operating on a five-day week.

Motion agreed to and bill read the first time.

QUESTIONS

ST. LAWRENCE WATERWAY

Mr. Balcom:

1. Has an investigation taken place in respect to the cost of the St. Lawrence power and seaway?
2. If so, what is the estimated cost of the whole project?
3. Has the estimated cost been broken down by object, that is, as between the power development and the seaway?
4. What is the estimated cost to the government of Canada?
5. Will the power phase of the project be financed by the government of Canada?
6. In respect of the seaway, what are the estimated revenues and from what source, in relation to estimated operating and capital costs?
7. What is the expected effect of the project (a) on industrial development, identifying the areas affected; (b) in the creation of new traffic; (c) on established routes for Canadian domestic traffic; (d) on Canadian import and export trade through Canadian Atlantic ports?

He said: Mr. Speaker, as I should like to make several revisions to this question I would ask permission to withdraw it.

Mr. Speaker: Dropped.

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Questions

WHEAT—QUESTION AS TO QUANTITY HELD BY WHEAT BOARD

Mr. Harkness:

How many bushels of No. 5, No. 6 and feed grades of wheat were held by the wheat board at October 15, 1951, or the most recent date for which figures are available?

Mr. McIlraith: I expect that in the near future a statement will be made giving figures as to the quantities of the various grades of wheat available as of the cut-off date for the last crop year, and the information being sought, or information very close to it, will be available at that time. It is not available as asked for at the moment. I would therefore ask that the question be dropped without prejudice to the hon. member's right to rephrase it and bring it back on the order paper if the information is not fully available when the statement is made.

Mr. Graydon: In the hon. member's absence, perhaps I might suggest to the parliamentary assistant that rather than have it dropped it might be allowed to stand.

Mr. Speaker: Stand.

WHEAT—CARRY-OVER ON JULY 31, 1951

Mr. Ross (Souris):

1. What was Canada's total wheat carry-over on July 31, 1951?

2. Of Canada's total wheat carry-over on July 31, 1951, how many bushels of each of the various grades were in store (a) at Fort William or Port Arthur; (b) at Churchill; (c) in country elevators; (d) elsewhere?

Mr. McIlraith:

1. Carry-over of Canadian wheat at July 31, 1951:

		bus.
In visible positions	Canada	160,577,526
	United States	1,652,042
In store	Unlicensed mills	1,943,000
In farmers' hands		22,259,600
Total carry-over		186,432,168

2. Grades of Canadian wheat in store on July 31, 1951.

—	(a)	(b)	(c)	(d)		
	Ft. William Pt. Arthur	Churchill	Country Elevators	Eastern Elevators	Interior Terminals	United States
	bus.	bus.	* bus.	bus.	bus.	† bus.
1 Hard	—	—		—	—	
1 Northern	178,138	51,986		29,745	—	
2 Northern	1,368,766	148,073		1,703,386	6	
3 Northern	2,432,118	198,568		2,583,377	1,599	
4 Northern	2,174,035	31,614		2,106,963	60,675	
No. 5	4,804,524	1,585,387		3,439,355	3,733,343	
No. 6	12,374,837	343,714		3,030,460	3,522,635	
Feed	2,886,806	48,706	Data not	227,145	728,150	Data not
1 C.W. garnet	—	—	available	—	—	available
2 C.W. garnet	1,728	—		—	—	
3 C.W. garnet	10,173	—		551	—	
Tough contract	754,307	1,884		708	—	
Others	2,582,803	35,933		235,977	1,929,048	
Eastern	—	—		751,157	—	
1 C.W. amber durum	4,019	—		—	—	
2 C.W. amber durum	217,249	—		2,950	—	
3 C.W. amber durum	947,000	—		393,973	—	
4 C.W. amber durum	597,066	—		498,268	—	
Tough durum	250,376	—		—	—	
Others	489,021	—		40,348	—	
Total	32,072,966	2,445,865	76,358,023	15,044,363	9,975,456	1,652,042

* It is not possible to obtain the grade break-down of wheat stocks in country elevators at the close of the current crop year, July 31, 1951, at the present time. This information will not be compiled until some time after the first of the new year.

† It is not possible to supply grade particulars on 1,652,042 bushels of bonded wheat reported in store in United States visible positions at the close of the crop season.

[Mr. Speaker.]

Questions

DEPARTMENT OF NATIONAL REVENUE—INCOME TAX OFFICES—DISMISSAL OF EMPLOYEES

Mr. Harkness:

1. How many (a) permanent; (b) temporary, employees of the income tax branch of the Department of National Revenue were discharged at each of the offices across Canada as a result of the staff rating program?

2. How many employees did the local rating board in the Calgary office recommend for dismissal?

3. What is the number and date of the order in council under the authority of which the permanent employees were dismissed?

Mr. McCann:

1. The following list shows the number of permanent and temporary employees of the Department of National Revenue, taxation division, released in each district office as a result of the staff rating program:

District Office	Permanent	Temporary
St. John's Nfld.	..	2
Charlottetown, P.E.I.	1	..
Halifax, N.S.	3	2
Sydney, N.S.	1	4
Saint John, N.B.	6	2
Quebec, P.Q.	5	3
Sherbrooke, P.Q.	1	2
Montreal, P.Q.	162	15
Ottawa, Ont.	10	1
Kingston, Ont.	3	2
Belleville, Ont.	1	1
Toronto, Ont.	44	18
Hamilton, Ont.	25	6
London, Ont.	16	2
Fort William, Ont.	5	1
Winnipeg, Man.	16	3
Regina, Sask.	3	2
Saskatoon, Sask.	3	4
Edmonton, Alta.	1	4
Calgary, Alta.	6	..
Vancouver, B.C.	5	9
Head Office	13	4
Totals	330	87

2. The local rating board in the Calgary office recommended one employee for release.

3. The order in council which is the authority for the release of permanent employees as a result of the rating program is P.C. 63/5922, dated November 3, 1951.

DEPARTMENT OF TAXATION, HAMILTON, ONT.—DISMISSAL OF CIVIL SERVANTS

Mr. Lennard:

1. How many permanent civil servants were released from the department of taxation at the Hamilton office during 1951?

2. Why were they dismissed?

3. Who dismissed them and upon whose recommendation?

4. Were they given an opportunity to appeal? If not, why were appeals not allowed?

Mr. McCann:

1. Twenty-five civil servants were released from the Department of National Revenue, taxation division, Hamilton office, in 1951.

2. They were released because their qualifications and experience did not suit them for further employment under the revised procedures being followed in the taxation division.

3. By authority of the minister, the employees referred to were released upon the recommendation of rating boards responsible for their rating.

4. The formal appeal procedure of the civil service commission was not available to the individuals released since the responsibility for the release program rested with the Department of National Revenue, taxation division. Each employee, however, could have his case reviewed, at his request, by the deputy minister.

WHEAT BOARD—VACANCIES IN ADVISORY COMMITTEE

Mr. Diefenbaker:

1. How many vacancies are there at the present time in the advisory committee to the wheat board?

2. Is consideration being given to the filling of these vacancies by appointment to such vacancies of bona fide farmers?

Mr. McIlraith:

1. There are no vacancies on the advisory committee at the present time.

2. See answer to No. 1.

INSULIN—PRICES—FEDERAL ASSISTANCE IN PRODUCTION

Mr. McCulloch:

1. Has the government any information as to the comparative prices of insulin in Canada and the United States?

2. If so, what are such prices?

3. Do any Canadian firms receive a subsidy from the federal government to assist in the production of insulin?

Mr. McCusker:

1. Yes. Comparative prices of insulin in Canada and the United States have been secured from the Connaught Laboratories, Toronto, the only manufacturer of insulin in Canada, and from the Eli Lilli Company, Indianapolis, the largest manufacturer of insulin in the United States.

2.

	Canada	United States
40 unit insulin	$ .83	$1.40
80 unit insulin	1.60	2.75
40 unit protamine zinc insulin	.96	1.65
80 unit protamine zinc insulin	1.85	3.15

Questions

The prices of N.P.H. insulin, which is also now available, are:

	Canada	United States
40 unit	1.00	1.65
80 unit	1.90	3.15

3. No.

ROYAL CANADIAN AIR FORCE—RESERVE SQUADRONS IN VARIOUS AREAS

Mr. MacLean (Queens):

How many reserve squadrons of the Royal Canadian Air Force are equipped and active, in each of the following areas of Canada: (a) British Columbia; (b) the prairie provinces; (c) Ontario and Quebec; (d) the four Atlantic provinces?

Mr. Blanchette: (a) Two; (b) four; (c) six; (d) nil.

WHEAT, BARLEY AND OATS—CLOSING AND TRANSFER OF POOL ACCOUNTS

Mr. Argue:

1. On what date was the wheat, barley and oats 1950-51 pool accounts closed out?

2. What was the quantity and price per bushel, by grades of wheat, barley and oats transferred to the 1951-52 pool accounts?

Mr. McIlraith:

1. Barley account closed out September 22, 1951; oats account closed out October 6, 1951; wheat account closed out October 20, 1951.

2. Wheat—Not yet transferred pending completion of relevant accounting.

Oats—Grade	Bushels	Price per Bushel	Value
No. 2 Canada western	61,621·17	$ .88	$ 54,050.92
No. 3 Canada western	324,950·19	.87	282,706.99
No. 4 Canada western mixed grain	6,694·32	.71	4,753.41
No. 1 feed	360,696·15	.83	299,378.05
No. 2 feed	1,120,638·31	.79	885,304.75
No. 3 feed	397,974·22	.76	302,460.73
Mixed feed oats	6,811·29	.67	4,563.94
Tough No. 2 Canada western	956·12	.86	822.46
Tough No. 3 Canada western	173,845·26	.85	147,768.90
Tough No. 4 Canada western mixed grain	49·06	.69	33.93
Tough No. 1 feed	293,169·04	.81	237,466.99
Tough No. 2 feed	76,726·15	.77	59,079.37
Tough No. 3 feed	18,347·11	.74	13,577.02
Tough Extra No. 1 feed	42,693·06	.85	36,289.20
Damp No. 3 Canada western	409·33	.82	336.18
Damp No. 1 feed	12,219·28	.78	9,531.46
Damp No. 2 feed	3,599·25	.74	2,663.80
Damp No. 3 feed	4,010·30	.71	2,847.73
Tough No. 2 feed heating	1,725·00	.74	1,276.50
Tough No. 3 feed heating	1,225·10	.71	869.96
Tough rejected mildew heated	482·00	.66	318.12
Rejected mixed heated	24,215·00	.73	17,676.95
Rejected mixed heated and heating	2,240·15	.70	1,568.31
Rejected musty	257·00	.68	174.76
Rejected mildew	35,697·31	.71	25,345.52
Rejected rotten kernels	27,134·24	.68	18,451.60
Tough rejected mixed heated	4,088·13	.71	2,902.75
Damp rejected mixed rotten kernels heating	215·28	.60	129.49
Sample heated	41,502·20	.70	29,051.81
Sample No. 4 Canada western mixed grain heated	237·12	.66	156.65
Sample musty	632·00	.66	417.12
Damp sample heated	2,148·25	.65	1,396.68
Sample heated and heating	788·00	.67	527.96
Sample rotten kernels	9,368·04	.63	5,901.91
Tough sample mildew rotten kernels	273·00	.58	158.34
Total	3,057,447·33		$2,449,960.26

Questions

Barley—Grade	Bushels	Price per Bushel	Value
No. 1 Canada western two-row	1,790·00	$1.32⅛	$ 2,365.04
No. 3 mixed grain	17,662·46	1.09⅛	19,274.70
No. 2 Canada western yellow	745·00	1.28⅛	954.58
No. 3 Canada western yellow	26,156·13	1.28⅛	33,512.72
No. 3 Canada western six-row	1,166,544·11	1.28⅛	1,494,634.84
No. 1 feed	4,077,403·41	1.24⅛	5,061,077.53
No. 2 feed	1,255,926·34	1.23	1,544,789.85
No. 3 feed	1,112,134·25	1.13¼	1,259,492.35
Tough No. 3 mixed grain	5,169·12	1.06⅛	5,485.87
Tough No. 2 Canada western six-row	168·16	1.28⅛	215.68
Tough No. 3 Canada western six-row	15,814·28	1.24⅛	19,629.85
Tough No. 4 Canada western six-row	3,278·31	1.20⅛	3,938.47
Tough No. 1 feed	213,850·32	1.18⅛	252,611.10
Tough No. 2 feed	89,142·28	1.15⅛	102,625.40
Tough No. 3 feed	109,011·25	1.10⅛	120,048.94
Damp No. 3 Canada western six-row	7,613·14	1.18⅛	8,993.20
Damp No. 1 feed	5,975·33	1.11⅛	6,640.48
Damp No. 2 feed	17,451·32	1.08⅛	18,869.61
Damp No. 3 feed	7,508·14	1.03⅛	7,742.93
Tough No. 3 feed heating	7,187·08	1.07⅛	7,699.25
Tough sample ergot	896·00	1.05⅛	941.92
Rejected mixed earth and gravel	941·00	1.10⅛	1,036.28
Rejected mixed heated	22,967·02	1.10⅛	25,292.45
Rejected musty	742·00	1.08⅛	802.29
Rejected mildew	7,658·12	1.10⅛	8,433.65
Rejected rotten kernels	6,440·42	1.07⅛	6,899.79
Tough rejected No. 3 mixed grain heated	372·44	1.03⅛	384.57
Tough rejected mixed heated	5,787·22	1.07⅛	6,199.81
Tough rejected mixed fireburnt	551·39	1.05⅛	580.09
Damp rejected No. 3 mixed grain heated	125·00	.96⅛	120.16
Damp rejected mixed heated	9,558·14	1.00⅛	9,570.24
Damp rejected mixed heated and heating	76·02	1.00⅛	76.14
Sample No. 3 mixed grain heated	57·04	1.04⅛	59.44
Sample mildew	10,329·26	1.08⅛	11,168.82
Sample smutty heated	1,583·00	.92⅛	1,458.34
Sample smutty	3,866·38	.95⅛	3,678.29
Damp sample heated	5,434·46	.98⅛	5,333.05
Sample rotten kernels	3,688·40	.98⅛	3,619.67
Sample mildew rotten kernels	631·00	.94⅛	593.93
Total	8,222,243·06		$10,056,851.27

NOVA SCOTIA APPLE MARKETING

Mr. Anderson:

1. Is the Nova Scotia apple marketing board still functioning?

2. If not, to what organization would any benefit to the apple growers of that province be paid?

Mr. McCubbin:

1. It is understood that the apple marketing activities of the Nova Scotia apple marketing board have been suspended but the exact legal status of the board is not known to the Department of Agriculture.

2. Assistance is intended to be of direct benefit to the apple growers but exact method of making payment has not yet been determined.

RUSTICO HARBOUR, P.E.I.—REPAIRS TO BREAKWATER

Mr. McLure:

1. Has the contract for the repairs to the breakwater at Rustico harbour been completed?

2. If not, can the work be completed during the winter season?

3. Who are the contractors?

4. What is the amount of the contract?

5. Does the contract call for a time limit for completion of same?

Mr. Fournier (Hull):

1. No.

2. Yes.

3. L. G. and M. H. Smith, Ltd.

4. $19,483.50.

5. Yes, December 29, 1951.

Questions

RADIO RECEIVING SETS

Mr. Brown (Essex West):

1. How many radio receiving sets were there in Canada according to the 1941 dominion census?

2. How many radio receiving sets were there in western Canada according to the 1946 prairie census.

3. How many homes in Canada had radios according to the 1941 census?

4. How many homes had radios according to the 1946 census in the sections of the country to which the prairie census applied?

5. How many radio receiving sets were manufactured in Canada in each of the years since 1941?

6. How many radio receiving sets have been sold in Canada in each of the years since 1941?

7. How many radio receiving sets manufactured in Canada were exported in each of the years since 1941?

8. How many radio receiving sets have been imported, by provinces, in each of the years since 1941?

Mr. McIlraith:

1 and 2. Information not available. The 1941 dominion census and the 1946 prairie census ascertained the number of occupied dwellings with radios but not the number of radios in each dwelling.

3. Number of occupied dwellings in Canada with radios (1941 census)—2,002,889.

4. The 1946 census of the prairie provinces collected information on the number of homes with radios only for urban centres of 5,000 population and over. These numbers are shown below:

Manitoba	
Brandon	3,673
Flin Flon	1,785
Portage la Prairie	1,479
St. Boniface	4,395
Transcona	1,356
Winnipeg	52,124
Saskatchewan	
Moose Jaw	5,819
Prince Albert	2,879
Regina	13,253
Saskatoon	10,383
Swift Current	1,531
Yorkton	1,181
Alberta	
Calgary	25,884
Edmonton	27,036
Lethbridge	4,311
Medicine Hat	3,046

In October 1949, a special survey of radios and household electrification was carried out by the dominion bureau of statistics in conjunction with its quarterly survey of the labour force. On the basis of this survey the estimated number of radios was as follows:

Estimated number of households with radios, by province.

Province	Number
Newfoundland	54,000
Prince Edward Island	17,000
Nova Scotia	141,000
New Brunswick	110,000
Quebec	814,000
Ontario	1,159,000
Manitoba	180,000
Saskatchewan	220,000
Alberta	229,000
British Columbia	323,000
Canada	3,247,000

5. Number of radio receiving sets manufactured in Canada.

Calendar Years	Number
1942	177,149
1943	979
1944	Nil
1945	50,317
1946	603,199
1947	984,276
1948	639,493
1949	791,051
1950	820,772

6. Information on retail sales not available.

Domestic sales of radio receiving sets by Canadian producers were as follows:

Calendar Years	Number
1942	209,163
1943	22,201
1944	595
1945	44,343
1946	568,320
1947	836,419
1948	596,467
1949	728,680
1950	788,242

7. Exports of Canadian-made radio receiving sets.

Calendar Years	Number
1941	6,899
1942	2,804
1943	48
1944	425
1945	9
1946	13,967
1947	52,643
1948	27,815
1949	33,334
1950	36,837

8. See statement following.

8. Imports of radio receiving sets (except sets imported by returning tourists) through customs ports in each province of Canada during the calendar years 1941 to 1950

Province	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950
	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.
Newfoundland	—	—	—	—	—	—	—	—	43	101
Nova Scotia	74	37	34	22	21	580	1,512	87	57	74
Prince Edward Island	5	4	3	1	—	2	21	6	3	8
New Brunswick	110	48	131	86	53	390	538	85	59	79
Quebec	794	330	939	870	579	9,253	23,694	859	328	606
Ontario	750	540	2,234	444	233	10,025	31,799	617	1,237	1,710
Manitoba	97	30	5	6	19	2,074	5,906	20	20	43
Saskatchewan	21	6	3	9	10	52	337	28	21	27
Alberta	100	37	30	6	22	146	1,091	34	19	29
British Columbia	113	73	129	50	63	484	3,076	148	91	148
Yukon	6	6	1	—	12	17	5	2	4	1
Totals	2,070	1,111	3,509	1,494	1,012	23,023	67,979	1,886	1,882	2,826

Imports of radio receiving sets by returning tourists, through customs ports in each province of Canada, during the calendar years 1941 to 1950

Province	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950
	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.
Newfoundland	—	—	—	—	—	—	—	—	19	15
Nova Scotia	20	18	2	—	1	6	55	15	42	80
Prince Edward Island	1	—	—	—	—	—	—	—	3	—
New Brunswick	116	76	38	42	66	1,486	2,478	109	2,420	2,189
Quebec	631	623	292	196	320	7,684	16,481	281	15,449	12,870
Ontario	683	502	168	130	204	5,086	12,297	214	18,428	16,814
Manitoba	164	107	15	13	31	1,051	3,022	43	3,442	3,052
Saskatchewan	33	26	3	8	13	333	1,073	43	1,226	1,229
Alberta	36	19	6	7	8	280	951	20	1,647	1,655
British Columbia	268	170	51	51	68	2,923	7,690	268	9,315	6,211
Yukon	—	—	—	—	—	3	3	—	3	9
Totals	1,952	1,541	575	447	711	18,852	44,050	993	51,994	44,124

NOTE.—Above figures include radio television receiving sets. Separate figures are not available.

Questions

HIGHLANDS NATIONAL PARK, N.S.

Mr. Black (Cumberland):

1. What have been the total expenditures during 1951 on the Highlands national park in Nova Scotia for (a) maintenance; (b) construction and improvements; (c) equipment?
2. Were tenders called for?
3. If so, who were the tenderers, and what was the amount of each?
4. To whom were contracts let, and what was the amount of each contract?
5. Was any work done by cost plus or fixed fee?
6. If so, on what basis?

Mr. Winters:

1. (a) $102,352.40 between January 1 and October 31, 1951; (b) $399,980.62 between January 1 and October 31, 1951; (c) $22,884.91 between January 1 and October 31, 1951.

2. Tenders were called for: (a) gravel surfacing of sections of the Cabot trail highway between mile 38 and mile 65; (b) construction of a central service building for low rental bungalow cabins; (c) diesel power maintainer.

The remainder of the expenditures mentioned in the answer to question No. 1 was for work done by the park's staff. In connection with such work many small orders for material were placed by tender.

3. (a) Fundy Construction Co., Ltd., $57,190.00; R. K. MacDonald Construction Co., Ltd., $84,710.00; Tidewater Construction Co., Ltd., $165,550.00; Municipal Spraying and Contracting Ltd., $169,850.00; (b) Fundy Construction Co., Ltd., $17,970.00; Messrs. Fraser, Chiasson and Merry, $13,900.00; (c) J. D. Adams, Limited, $14,697.00; Allis-Chalmers and Rumely Ltd., $14,800.20; Industrial Machinery Company, $15,884.00; Automotive Products Limited, $15,957.00; Lounsbury Company, Limited, $16,015.00; Dominion Road Machinery Company, $16,135.00; Charles Cusson Limited, $18,676.80.

4. (a) Contract let to Fundy Construction Company, Limited, for gravel surfacing of sections of Cabot trail, $57,190.00; (b) contract let to Messrs. Fraser, Chiasson and Merry for construction of central service building, $13,900.00; (c) contract let to J. D. Adams Limited for diesel power maintainer, $14,697.00.

5. No.

6. Answered by No. 5.

RADIO TELEVISION RECEIVING SETS

Mr. Brown (Essex West):

1. How many radio television receiving sets have been imported into Canada by years from and including 1945 to date?
2. How many radio television receiving sets have been manufactured in Canada in each year from and including 1945 to date?
3. How many radio television receiving sets have been exported from Canada from and including 1945 to date?
4. How many radio television receiving sets have been sold each year, by provinces in Canada, since 1945?
5. How many radio television receiving sets have been sold in Canada since 1945 by (a) federal constituencies; (b) by counties, districts or other provincial divisions?

Mr. McIlraith:

1. Radio television receiving sets are not separately classified in Canadian trade statistics, therefore the information is not available.

2. Number of radio television sets manufactured in Canada.

Calendar Years	Number
1945	Nil
1946	Nil
1947	Nil
1948	4
1949	9,189
1950	32,971

3. See No. 1.

4. Domestic sales of radio television receiving sets by Canadian producers:

	Calendar Years				
	1946	1947	1948	1949[1]	1950
Canada	—	—	—	4,163	29,622
Newfoundland	—	—	—	—	—
Maritimes	—	—	—	2	1
Quebec	—	—	—	2	108
Ontario	—	—	—	4,125	29,304
Manitoba	—	—	—	—	—
Saskatchewan	—	—	—	—	—
Alberta	—	—	—	1	1
British Columbia	—	—	—	33	208

[1] September, October, November and December only.

5. Information not available.

COLOMBO PLAN—SHIPMENTS OF AGRICULTURAL PRODUCTS TO INDIA

Mr. Catherwood:

1. Have any agricultural products been shipped to India under the Colombo plan, during the current year to date?
2. If so, what is the value of each of these products, and what amount in each case?

Mr. Lesage:

1. No.

2. Answered by No. 1.

IMPORTS OF MILK SUGAR

Mr. Tustin:

1. What quantity of milk sugar was imported during (a) the year 1950; (b) to date in 1951?
2. From what countries was this product imported, how much from each, and at what price (a) crude; (b) refined?

Mr. McIlraith:

1 and 2. Milk sugar is not separately classified in Canadian import statistics and the information is not available.

VETERANS LAND ACT—VETERANS ESTABLISHED IN QUEENS COUNTY, P.E.I.

Mr. MacLean (Queens):

1. How many veterans have been established in Queens county, Prince Edward Island, under the Veterans Land Act, since world war II, on (a) small holdings; (b) farms?
2. How many in each of the above categories have defaulted in their payments?

Mr. Mutch:

1. (a) 129; (b) 253. In addition there are 34 commercial fishing establishments.

2. (a) 3; (b) 14. Commercial fishermen—3. (The answer to part 2 relates to cases where, as a result of default, the properties have reverted to the director.)

COST OF LIVING—NEWFOUNDLAND INDEX IN RELATION TO GENERAL INDEX

Mr. Knowles:

1. Do the figures relating to the cost of living index for Canada as a whole include a figure for the cost of living in Newfoundland?
2. Is the cost of living index for Newfoundland based on 1935-39 as is the case for the rest of Canada? If not, what is the base period for Newfoundland?
3. If there is a different base period for Newfoundland, what method is employed by the bureau of statistics in incorporating changes in the Newfoundland cost of living into the general cost of living index for the whole of Canada?

Mr. McIlraith:

1. No.

2. No. The base period for the St. John's, Newfoundland, cost of living index published by the dominion bureau of statistics is June 1, 1951. Indexes on this base may be converted to base of October 1938 to provide continuity with the Newfoundland department of supply index, formerly published on that base, by multiplying each index on the new base by 185·4 (the June 1, 1951 index on the 1938 base). A detailed explanation of the Newfoundland cost of living index is given in dominion bureau of statistics reference paper, No. 28, entitled "St. John's, Newfoundland cost-of-living index (June 1951=100)".

3. Answered by No. 1.

TRANS-CANADA HIGHWAY—ROUTE THROUGH BRANDON, MAN.

Mr. Dinsdale:

1. What route will the trans-Canada highway take through Brandon, Manitoba?
2. Does this route involve the construction of a new bridge over the Assiniboine river?
3. If so, how will the cost of such construction be distributed?

Mr. Winters:

1. The province of Manitoba has not yet designated the route of the trans-Canada highway through the city of Brandon.

2. See answer to No. 1.

3. See answer to No. 1.

ARMED FORCES DEPENDENTS—SUPPLEMENTAL AND EMERGENCY ASSISTANCE

Mr. Dinsdale:

1. Is supplemental assistance to families of members of the armed forces serving overseas available from the dependents board of trustees?
2. If not, is emergency assistance provided from the benevolent funds of the respective armed services?
3. With reference to the army benevolent fund, does it cover the emergency financial needs of the dependents of non-veteran members of the armed forces serving overseas?

Mr. Blanchette:

1. No. The dependents board of trustees was dissolved in 1946.

2 and 3. Yes, with the exception that the army benevolent fund only covers those who served in the second world war.

DEFENCE PRODUCTION—CONTRACTS AWARDED DURING 1951

Mr. Brooks:

1. How many contracts have been awarded by the Department of Defence Production in each of the maritime provinces, monthly, since January 1, 1951, and what is the total value?
2. How many defence contracts have been awarded in Ontario and Quebec, monthly, during the same period, and what is the total value?

Mr. McIlraith: For the reasons indicated on November 5 in answer to a question by the hon. member for Brandon (Mr. Dinsdale), the information as asked for is not available. The information as to all contracts is published for each two-weeks period, and that is readily available.

Mr. Brooks: Do I understand the parliamentary assistant to say that this information which is published every two weeks is available.

Mr. McIlraith: The information as to defence contracts awarded is available and published for each two-weeks period, but the break-down by provinces as asked for is not available. The explanation as to why that is so was given on November 5, 1951, in answer to a question by the hon. member for Brandon (Mr. Dinsdale) and on March 12, 1951, in answer to a question by the hon. member for Moose Jaw (Mr. Thatcher).

The reason is that the indexing of the contract awards is done by the postal address given by the contractors. In many cases these postal addresses do not have relationship to the places where the work is to be done or the head office of the company or the factory, as the case may be. It therefore becomes meaningless when you attempt to group the contracts by provinces in that way. The index of contracts awarded does not take any account of subcontracts, and that of course is a very substantial part of the defence production effort.

Mr. Brooks: Mr. Speaker, I object to this question being dropped. It seems to me it is a far-fetched argument to say that the postal addresses where these contracts are let are available; they have the provinces. I think we should have it by provinces.

Mr. Speaker: Question No. 46 on the order paper, answered.

PULPWOOD—EXPORTS FROM NEW BRUNSWICK

Mr. Brooks:

How many cords of pulpwood have been exported from the province of New Brunswick for the years 1946, 1947, 1948, 1949, 1950 and 1951 to date?

Mr. McIlraith:

Year—Cords:

1946, 438,066; 1947, 489,409; 1948, 571,164; 1949, 418,090; 1950, 425,724; Jan. 1 to Sept. 30, 1951, 546,240.

Note: Above figures represent shipments cleared through customs ports in the province of New Brunswick. Province of origin is not recorded in trade statistics.

QUESTIONS PASSED AS ORDERS FOR RETURNS

NEWFOUNDLAND—ESTABLISHMENT OF NEW INDUSTRIES

Mr. Higgins:

1. Are new industries to be established in Newfoundland? If so, what are they?
2. What are the nationalities of the principals who are to establish the new industries?
3. What is the estimated cost of establishing each of the new industries, and how is the cost to be financed?
4. Has the government been requested by the government of Newfoundland to investigate the principals of these new industries as to their financial responsibility?
5. Has the government been asked by the government of Newfoundland to investigate the economic feasibility of these proposed new industries?
6. Has any assistance by way of loan or otherwise been requested by the government of Newfoundland in connection with the financing of these proposed new industries?
7. If so, what requests have been made?

Mr. Rinfret: Return tabled.

CANADIAN ARMY—EDUCATIONAL OFFICERS AND COURSES

Mr. Churchill:

1. Are educational courses under army direction available to personnel in the active army (a) in Canada, including camps and hospitals; (b) overseas?
2. What courses are offered?
3. Are there educational officers or N.C.O.'s with each unit or formation in the Canadian active army?
4. Are these officers or N.C.O.'s responsible in the first instance for education courses or are their duties in education secondary to other military duties?

FEDERAL HEALTH GRANTS—APPLICATIONS FOR RESEARCH PURPOSES

Mr. Knowles:

1. How many applications for grants for research purposes, under the federal health grants program, have been made by each province since January 1, 1950?
2. How many of these applications, by provinces, have been (a) granted; (b) refused?

PURCHASES BY DEPARTMENTS OR CROWN COMPANIES FROM ST. LAWRENCE MANUFACTURING COMPANY

Mr. Courtemanche:

1. Has any department or crown company purchased property, buildings, machinery, and/or equipment from St. Lawrence Manufacturing Company, Incorporated, of the city of Quebec, since January 1, 1949?
2. If so, what were such purchases, when were they made, by what department or crown company, and what were the terms of purchase in each case?

PURCHASES BY DEPARTMENTS OR CROWN COMPANIES FROM JOSEPH CAUCHON

Mr. Courtemanche:

1. Has any department or crown company purchased property, buildings, and/or equipment from Joseph Cauchon, of the city of Quebec, since January 1, 1949?
2. If so, what were such purchases, when were they made, by what department or crown company, and what were the terms of purchase in each case?

PURCHASES BY DEPARTMENTS OR CROWN COMPANIES FROM COLONEL GEORGES COUTURE

Mr. Courtemanche:

1. Has any department or crown company purchased property, buildings, machinery, and/or equipment from Colonel Georges Couture, of the city of Quebec, since January 1, 1949?
2. If so, what were such purchases, when were they made, by what department or crown company, and what were the terms of purchase in each case?

MOTION FOR PAPERS

PERSONS HAVING TRAVELLED TO U.S.S.R., POLAND, HUNGARY AND CZECHOSLOVAKIA SINCE JANUARY, 1950

Mr. Diefenbaker:

For the complete file of correspondence respecting each and every person who, to the knowledge of any department of the government, has travelled to (a) U.S.S.R.; (b) Poland; (c) Hungary; (d) Czechoslovakia, since the first day of January, 1950, together with a copy of all correspondence which passed between each of the said persons and the department of the Secretary of State for External Affairs, prior to the issue of passport to each of said persons.

Mr. St. Laurent: Mr. Speaker, we feel we must urge reasons why this request should not be granted, so perhaps it had better stand until the hon. member in whose name it is inscribed on the order paper is present.

Mr. Speaker: Motion stands.

WHEAT

STORAGE FACILITIES AT CHURCHILL—REQUEST FOR ENLARGEMENT

On the orders of the day:

Mr. R. R. Knight (Saskatoon): Yesterday I asked a question of the Minister of Trade and Commerce. I wonder if he can answer it today.

Hon. Lionel Chevrier (Minister of Transport): Perhaps that question should have been addressed to me. It reads:

Has the minister recently received representations from the Saskatchewan wheat pools as to enlarging the storage facilities for grain at the port of Churchill? Does the government propose to take any action in that regard?

So far as the first part of the question is concerned, no representations have been received by me from the Saskatchewan wheat pools to the effect mentioned in the question. I understand the position is the same in so far as my colleague the Minister of Trade and Commerce is concerned. I saw the members of the national harbours board, and they indicated to me they had received no requests along the lines suggested by the hon. member's question.

Inquiries of the Ministry

CANADIAN NATIONAL RAILWAYS

QUESTION AS TO RETENTION OF PENSION RIGHTS BY RETIRED EMPLOYEES APPLYING FOR OLD AGE SECURITY

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): On November 1 I directed a question to the Minister of Transport concerning gratuities granted for retirement on account of ill health by the Canadian National Railways. The minister stated he had asked the officials of the Canadian National Railways to give attention to that point, and when he heard from them he would communicate the information to the house. Has that information been received?

Hon. Lionel Chevrier (Minister of Transport): No, but I expect to have it tomorrow, and I shall be glad to give it to the house.

LABOUR CONDITIONS

NATIONAL EMPLOYMENT SERVICE—QUESTION AS TO PROTECTION FOR EMPLOYEES UNDER FAIR EMPLOYMENT PRACTICES ACT

On the orders of the day:

Mr. J. W. Noseworthy (York South): May I direct a question to the Minister of Labour? Are the employees of the national employment service in Ontario protected by the Ontario Fair Employment Practices Act, as are other employees in that province? If not, will the minister explain why not?

Hon. Milton F. Gregg (Minister of Labour): I shall look into the question, Mr. Speaker, and give the hon. member a reply.

OLD AGE SECURITY

PROOF OF AGE—QUESTION AS TO USE OF CENSUS RECORDS

On the orders of the day:

Mr. Gordon Graydon (Peel): I did not give the Minister of National Health and Welfare notice of this question because the situation that I want to bring to his attention only came to my notice through a constituent of mine about an hour or so ago. Is it the minister's intention to avail himself of the census records in connection with proof of age for applications for universal pension? The reason I ask is that I understand the government has that in mind. I was hoping the minister would make some statement soon that that was going to be done, so the older people would be relieved of the anxiety they feel.

Hon. Paul Martin (Minister of National Health and Welfare): As I indicated when

the bill was before the house last week, it was not practical, nor was it legal, to use census records in the sense contemplated by my hon. friend's question. As I indicated, steps have been taken to make census records available in our regional offices, and we hope that can be done by December 1. That undoubtedly will facilitate much of the question of assessing the validity of claims as to age. It should be pointed out, however, that even the census records are not necessarily absolute proof of age. That should be clearly understood because already some indications along that line have been established. I may say finally in answer to my hon. friend that the matter of applications is proceeding smoothly and no undue difficulty is being experienced.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed, from Monday, November 12, consideration of the motion of Mr. Robert Cauchon for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto of Mr. Drew, and the amendment to the amendment of Mr. Quelch.

Mr. George H. Hees (Broadview): Mr. Speaker, I am sure that all hon. members were glad to hear the Minister of Veterans Affairs (Mr. Lapointe) announce in this house a few weeks ago that legislation would be brought down at this session to deal with veterans pensions. This decision of the government was brought about solely by pressure brought to bear on the government by members of the opposition.

Some hon. Members: Oh, oh.

Mr. Hees: It is encouraging to us in the opposition to see—

Some hon. Members: Oh, oh.

Mr. Speaker: Order.

Mr. Knowles: They do not like the truth.

Mr. Hees: As I say, it is encouraging for those of us in the opposition to see that occasionally pressure of this kind can force the government to take needed action which otherwise it would not take.

It is obvious, Mr. Speaker, that the government is bringing down this legislation unwillingly; because if it had wanted to take action on veterans pensions at this session, this legislation would have been mentioned in the speech from the throne. Hence, as it is unwilling legislation, forced on the government by the pressure of the opposition, the likelihood is that the government will try to get away with the minimum which it believes it can get away with. I should like to remind the minister that the cost of living has gone up by twenty-eight per cent since the pension was last increased. This means that the war veterans allowance and the pensions of war veterans, war veterans widows and the dependent mothers of those who were killed in battle will buy approximately one-third less today than could be bought three years ago. I therefore believe that these pensions must be increased immediately in order to compensate for this loss in purchasing power. If this government could increase the pensions of judges by twenty per cent last spring, it can increase adequately the pensions of those without whose sacrifice we would not be free today.

When dealing with the pensions of war veterans and their dependents, let the minister also bring in legislation which will allow those who receive the war veterans allowance, and who are also eligible to receive the old age pension, to continue to receive their war veterans allowance intact. To apply the means test to these pensioners is, I believe, both unjust and unfair.

The Minister of Veterans Affairs had a distinguished career during the last war as commanding officer of the Chaudiere regiment, both in Normandy and in northwest Europe. I want to take this opportunity of warning the minister that he will look back on D-day as an extremely quiet day compared to the battle he is going to have on his hands with members of the opposition if the government makes any attempt to short-change war veterans or their dependents when he brings in his legislation.

To strike a quieter note, Mr. Speaker, I should like to deal with a matter which, though not of the same degree of urgency as veterans pensions, is of great national importance. I refer to the need for the construction of the proposed dam known as the South Saskatchewan river project. I was glad to hear my leader—

Some hon. Members: Oh, oh.

Mr. Hees: I will repeat, for the benefit of those who were not fortunate enough to hear me—

An hon. Member: What about the boys in Toronto? Do they agree?

Mr. Hees: You bet they will.

Mr. Cruickshank: That is one too many.

Mr. Hees: I was glad to hear the leader of the opposition (Mr. Drew) on Monday assure the government that they would receive the

wholehearted support of the Progressive Conservative party on immediate action to proceed with this much needed project.

When I was in Saskatchewan last summer I became acquainted with the great need of bringing water to the area south of Saskatoon, what could be done, and the results that could be expected. I learned that for an outlay of $100 million a dam could be built which would transform 600,000 normally dry acres into a producer of crops the equal of any in the country. It is estimated that this development would triple the number of farm families who could live in this area, and bring their number to over 3,000. In addition, it would give Saskatchewan a source of hydroelectric power the equivalent of 435 million kilowatt hours per year, which is one and a half times the present needs of this province.

I believe that the way to give Saskatchewan industries which will make that province less dependent upon agriculture is to provide it with hydroelectric power in quantities which this project would provide. I became convinced at that time that this is the sort of project which should be proceeded with for the good of the country as a whole. I say that advisedly as a resident of Ontario, because I have learned that the prosperity of Ontario depends upon the prosperity of the rest of Canada. We in central Canada cannot be prosperous unless the west and the maritimes are prosperous as well.

This type of project can only be undertaken by government, and it is the sort of enterprise which government should undertake. I therefore urge upon this government that they get on with this development at the earliest possible moment. I feel sure that the expenditure which will be necessary for this particular development will receive the wholehearted approval of members of this house from all parts of Canada, and particularly from Ontario.

The Progressive Conservative party has already given its wholehearted approval to this project, as evidenced by the statement made by the leader of the opposition (Mr. Drew) to this house on Monday last, and by the many speeches on this matter made in this house by the hon. member for Lake Centre (Mr. Diefenbaker).

Mr. Cruickshank: He now agrees with family allowances, also.

Mr. Hees: The position of the Progressive Conservative party is that what is good for one part of the country is beneficial for the nation as a whole. I therefore hope that the government will see fit to place in the estimates, which they will bring before this house next February, an adequate amount to ensure that this very advisable and necessary undertaking can be proceeded with immediately.

In conclusion, Mr. Speaker, I say that any country which can produce a surplus of more than $100 million a month can maintain the standard of living of its disabled veterans and their dependents, and can develop its natural resources as well. I believe that any government that refuses to do this does not deserve to remain long the government of this country.

Mr. E. A. McCusker (Parliamentary Assistant to the Minister of National Health and Welfare): Had I spoken earlier in this throne address I should have reviewed the needs of my constituency and of the province of Saskatchewan; but as we are now in the sixth week of this session, many things which are of interest to my constituents have already been dealt with, for example, the old age security legislation, that splendid measure brought in by my minister, which will bring so much comfort to the aged people of this country. The veterans pension and allowance act has been dealt with and passed to a committee. The equalization of freight rates has been referred to a committee. Grain transportation and handling have been discussed, and also storage. The question of advances on grain to western farmers who, owing to adverse weather conditions and difficulties in storage, have been unable to harvest or deliver their grain has been fully discussed, and the government has announced that it has under consideration plans to meet this emergency.

Last night the Minister of Agriculture (Mr. Gardiner) announced that he is proceeding west to have discussions with the wheat pool and with other interested parties, and I am sure that much good will come from these conferences. It is the desire of all of us who are interested in western crops to see that the system adopted to make these advances is equitable and does not lead to confusion.

The Minister of Agriculture also spoke of the South Saskatchewan river project. I will not take the time to discuss it today; I discussed it fully in the house last year, and I am glad to see that the recommendations I made then have been adopted, and a commission is now studying the project. As the minister assured us last night, action will soon be taken.

Price controls is a question in which many in my constituency are deeply interested, and on which there are among the public widely divergent opinions. I hope the committee appointed to deal with this will be able to bring in an acceptable solution.

Having briefly referred to matters of interest to my constituents, I should like to direct the attention of hon. members to a matter of interest to all parts of Canada. I refer to civil defence. Since I became parliamentary assistant to the Minister of National Health and Welfare (Mr. Martin) my interest as a medical man naturally has been primarily in the health aspects of this department's important and varied work. However, as one who has played some part in military activity during the two wars, especially on the medical side, I am also intensely interested in what is being done in the department in the field of civil defence. Since I have followed new developments in this field closely from day to day I thought it might be of interest to this house to report in some detail the progress being made in Canada's civil defence preparations because the responsibility in this field was transferred in February to the Department of National Health and Welfare. The primary purpose of civil defence is to reduce the effects of enemy attack upon the lives of our people and their property. But there is also an important although a secondary purpose, and that is to improve our facilities and organization to deal with certain day-to-day hazards to our communities such as fire, and for major disasters such as those caused by fires, windstorms, or floods. Much of the training given for civil defence, much of the equipment purchased and many of these facilities established can serve useful stand-by purposes in peacetime disasters if, as we hope and trust, our communities are never subjected to enemy attack.

Preparations for civil defence embrace many fields of action: health and welfare services, advance warning, communications, fire fighting, public information, liaison with the armed forces and so on. Before considering any of these aspects of the problem in any detail perhaps it would be best if I described briefly to the house the way in which civil defence facilities in Canada are organized. As every hon. member knows, civil defence is a complex of overlapping responsibilities involving the participation of federal, provincial and municipal government authorities. Let me briefly indicate the organizational structure on each level. First, the civil defence organization of the federal government:

1. The cabinet and cabinet defence committee: Matters of major policy respecting federal responsibilities in the civil defence field are decided by cabinet and the cabinet defence committee, subject always to the control of this parliament.

2. The Minister of National Health and Welfare: The Minister of National Health and Welfare has immediate and direct responsibility for all civil defence matters and reports to this house, as he did in May, on all questions of policy or administration. Both the cabinet and the minister are continually advised by the chiefs of staff committee on questions of defence policy as it relates to civil defence planning.

3. The co-ordinator of civil defence: The co-ordinator of civil defence, Major General F. F. Worthington, who is responsible, through the deputy ministers, to the Minister of National Health and Welfare, is chairman of the civil defence co-ordinating committee. He co-ordinates all federal planning and action in this field, and maintains close contact with provincial civil defence authorities in Canada and with federal agencies in the United States, the United Kingdom and other countries.

4. The civil defence co-ordinating committee: The federal co-ordinator is assisted and advised by the civil defence co-ordinating committee, which has permanent members representative of all government departments concerned with the problem of civil defence. For example, public works, resources and development, trade and commerce, finance, transport, labour, agriculture, the R.C.M.P., and, of course, national health and welfare. The secretary of the chiefs of staff committee and the dominion fire commissioner also sit on this committee. From time to time, representatives of agencies such as the national research council, the atomic energy control board and the defence research board are called in when matters affecting this field are under consideration. These latter organizations, of course, have a continuing responsibility to keep the Minister of National Health and Welfare advised on scientific developments applicable to civil defence in this and other countries.

To act in an advisory and planning capacity, there are a number of important federal committees in such fields as telecommunications, transportation, health planning, welfare planning, food, fire fighting, information and research. These committees are composed of federal civil defence and other specialist officers, representatives of national voluntary and professional associations, and representatives of industry.

5. We have a federal-provincial advisory council on civil defence. Before turning to a discussion of provincial organization I think I should add that there is a continuing committee known as the federal-provincial advisory council on civil defence, which was set up following the first federal-provincial conference on civil defence in August, 1950. This council is made up of federal and

provincial ministers and their advisers, and is concerned primarily with the division of over-all responsibility between the two levels of jurisdiction.

Now let me say a word about civil defence organization on the provincial level. Under the Canadian constitution, most of the matters bearing on civil defence, fire fighting, police, public health and welfare services, and so on, fall under the jurisdiction of the provinces which, of course, have complete control of their own affairs.

Every province has a minister directly responsible for civil defence, as well as a provincial defence co-ordinator. Each province also has a civil defence committee composed of senior provincial officials, and in many cases, representatives of province-wide voluntary organizations, and other leading citizens who assist in the development of plans and programs.

Provincial responsibilities cover such matters as the following:

1. Organization of municipalities for which civil defence is considered necessary;

2. Co-ordination of services of adjacent municipalities;

3. Provision of information to municipalities and other agencies operating within the provinces;

4. Training within the province;

5. Assistance to municipalities to meet civil disaster;

6. Protection against sabotage of provincial services and advice on methods of protecting municipal and privately-owned services;

7. In so far as within provincial authority, providing the necessary legislation to permit local authorities to operate, and to provide for co-operation with adjacent areas in the United States.

Finally, let me say a word about organization at the municipal level. Almost all the larger cities in Canada have established civil defence committees and appointed full-time civil defence directors. Every community of 50,000 population or more, with one exception —Ottawa—and a great number of smaller communities, already have nucleus organizations in existence.

To illustrate I shall briefly list the chief steps suggested for the organization of a target area for civil defence purposes:

1. Appoint a defence control committee of council members;

2. Appoint a planning committee of officials;

3. Appoint a civil defence advisory council, with representation of voluntary agencies;

4. On the basis of a survey of possible requirements and available resources, prepare a plan for civil defence;

5. Train one or more officers at the federal civil defence school;

6. Appoint and train a full-time or part-time official as civil defence officer;

7. In co-operation with provincial authorities and in collaboration with military authorities, establish a warning system where practicable;

8. Fix the location of control headquarters outside the target area;

9. Raise a group of volunteer workers to become instructors of larger groups;

10. Over the radio and through the press, inform the population of the main civil defence needs, methods and measures;

11. Arrange with municipalities within the mutual aid reception areas for the organization of assistance;

12. In town-planning and location of communities, industries and important installations, to take into account the desirability of dispersion;

13. Examine and, if possible, amend building codes so as to provide for additional shelter in basements, etc.;

14. Provide for a program of building up fire-fighting and rescue equipment.

Among the first acts of a new organization would be to survey its community under the headings of: fire-fighting, engineering, casualties, welfare, traffic, transportation, shelter, communications, control centres and blackout.

The local civil defence division could include the following units: headquarters section, wardens' section, rescue section, ambulance section, engineer section and welfare section.

So much for organization. The basic federal guide for this was prepared more than a year ago and has been followed, in its general details, by provincial and municipal planners.

It might now be of interest to the house if I outlined in very brief detail some of the major federal achievements in civil defence action since February when the sixteen specific federal fields of responsibility were clearly outlined, and when the division was transferred to the Department of National Health and Welfare.

In March, in meetings held with the Canadian Red Cross, St. John Ambulance, Canadian Legion, and the Boy Scouts Association,

the areas of co-operative action were outlined and agreement reached on the particular fields in which each national organization would accept responsibility.

In March also, an agreement was announced between Canada and the United States providing the basis for mutual aid in the event of enemy attack on either country, and preparing the way for close co-operation between the two countries and between the provinces and their neighbouring states in all fields of civil defence action.

In April, a conference was held in Washington between federal civil defence authorities in both countries to work out terms of this co-operation in greater detail.

In June, arrangements were made for a comprehensive coast-to-coast program for giving special training to nurses in the handling of casualties of atomic or other forms of attack.

In July, the basic civil defence pamphlet for the individual citizen "Personal Protection under Atomic Attack" was made available for very large scale distribution. Canada has now produced or has under production twenty basic manuals and pamphlets and has distributed one-quarter of a million copies to the provinces. Many of these pamphlets have been highly praised.

In August, the second meeting of the joint United States-Canadian civil defence committee met in Ottawa to further co-operative action in many important fields.

In September, a special federal grant was made available to assist St. John Ambulance in giving first aid training to 135,000 volunteers who agree to enrol for civil defence work. These volunteers are to be trained in addition to the normal complement of 55,000 enrolled by the order each year in its regular courses. To assist with this training program, a basic civil defence first aid manual is now being distributed in very large quantities, and instructors' training kits will shortly be distributed.

Also in September the government announced that after a careful study of all alternative communications systems, arrangements had been made to lease special facilities so that communities could quickly be warned of impending attack, and that the government, after extensive tests, had ordered and would distribute sirens, at federal expense, for local warning systems in target areas.

The armed forces are establishing the advance warning system to detect any threatened attack on Canada. A radar network will be supplemented by the efforts of a large ground observer corps which will feed information to a number of strategically located air defence centres. Civil defence liaison officers to be located at these centres will instantly alert the civil defence authorities in target areas lying in the path of any predicted enemy approach.

Apart from these random examples of the chief recent developments in the federal civil defence program, I might briefly review the highlights of recent federal activity under a number of headings:

(a) Fire fighting. To extend the effective reach of mutual aid in this field the federal government is assisting the provinces in standardizing their fire fighting equipment. Ontario has already come forward with its plan and will receive a federal grant of $300,000. The other provinces are being encouraged to make use of the moneys available. Extensive tests have been made to find the best type of auxiliary fire fighting units to be supplied by the federal government to local divisions for training purposes.

(b) Equipment. Respirators, steel helmets, special anti-gas protective clothing for thousands of designated civil defence workers are now being distributed by the federal government to the provinces. Several thousand stirrup pumps are being provided for training purposes. Training aids such as stretchers, blankets, thunder-flashes, tear-gas capsules and incendiary bombs are being distributed. Special equipment is being supplied to detect after-effects of atomic attack. After extensive research, a prototype rescue vehicle has been chosen.

(c) Health services. Under the direction of a special federal unit, the program for health services is making good progress. Federal committees are working on such vital problems as casualty services, first aid, hospital and ambulance services, the provision of laboratory and sanitary services in time of enemy attack, the creation of first aid stations and the large-scale stockpiling of supplies and so on. Nearly 200 physicians and 25 nurses have been given training as instructors in medical aspects of atomic war. A travelling team now moving across Canada is training 400 nurse-instructors this year.

On Monday I attended the third conference of the federal civil defence casualty services working party, representing professional associations of Canada's doctors, dentists, nurses, pharmacists, as well as national voluntary health associations and federal departments. I may say that this was a most interesting and active meeting.

(4) Welfare services. A special federal unit is working in the field of civil defence welfare services. The care of the homeless, the evacuation of casualties, the housing,

clothing and feeding of victims of atomic attack—such problems are being dealt with, key workers are being given special training, and basic programs are being shaped up with the active participation of voluntary welfare organizations and of provincial and local welfare officers.

(e) Research. An important aspect of federal effort in civil defence is research into the many aspects of modern warfare. The defence research board and the national research council supply expert advice and assistance on defensive measures against atomic, biological and chemical warfare, and in technical aspects of civil defence planning.

(f) Training. By the end of this year, apart from hundreds of nurse-instructors, we will have trained 400 leaders and instructors in civil defence. These 400 federally-trained leaders and instructors then are going on to train provincial instructors who, in turn, will train the many thousands of volunteer workers required and who are now beginning to come forward in large numbers.

(g) New activities. The federal government has many plans actively in mind:

(1) The stockpiling of millions of dollars worth of essential medical supplies across Canada;

(2) We are strengthening the staff of our federal civil defence headquarters;

(3) Through plans to train 100 instructors and 2,500 volunteer workers, we are proceeding with the protection of the federal civil servants living in Ottawa;

(4) We are working out a formula for sharing with the provinces the cost of compensation for anyone injured while training for civil defence;

(5) We are planning to extend our training program by providing financial assistance to provincially-operated schools.

From what I have said today it can be seen that a great deal of progress has been made in the nine months in which we in the Department of National Health and Welfare have had this grave responsibility of preparing a program for the protection of Canada's civilian population.

No one pretends that there is not still a great deal to do. But I might remind the house, as I have already pointed out earlier in this talk, that civil defence is the responsibility of all three levels of government—and the chief operational responsibility must inevitably and properly rest with the municipal authorities.

Mr. Ferguson: Could we not just take this as read and have it put on the record? Surely that would save a lot of time.

Mr. McCusker: I would not say that my hon. friend is not interested in the defence of our country or in civil defence.

Mr. Ferguson: I heard the hon. member say that he had said something, but would it not be better if he said that he had read something? Let it go at that; put it on the record. Just pass it over because that will save a lot of time.

Mr. McCusker: This is the first time I have read anything to this house. Usually I speak without notes but I considered it most important that this should appear on the record correctly and I would not trust it to memory. I repeat, I would not wish to say that the hon. member is not interested in matters of civil defence and national defence, but I suggest to him that when he gets an opportunity, he take this and read it at home and use it in his own constituency.

Mr. Ferguson: I still suggest that we take it as read.

Mr. McCusker: I have only a few more words.

Mr. Ferguson: The hon. member has no right to read it.

Mr. Speaker: The hon. member for Regina City says that he has only a few more pages to read.

Mr. McCusker: I shall not delay the house much longer.

Mr. Speaker: Probably the objection to reading this speech might have been made a little earlier. Perhaps under the circumstances the house will give unanimous consent to the hon. member finishing.

Mr. McCusker: I notice the hon. member for Winnipeg North Centre (Mr. Knowles) is amused and laughs. If I repeated a speech as frequently in this house as he does I would not have to refer to notes, but this is the first time this speech has been made.

Mr. Ferguson: My speeches are always made from knowledge and I do not have to read them.

Mr. Knowles: On a point of order, have I not the right to show my approval of Your Honour's ruling without being subjected to the remarks the hon. member has made?

Mr. Speaker: The ruling I made was that under the circumstances the hon. member for Regina City should be allowed to finish reading his speech.

Mr. McCusker: If I misunderstood the hon. member for Winnipeg North Centre I will withdraw that remark.

In many of our communities the authorities are alert to their responsibility. In most parts of Canada civil defence programs are beginning to take on solid form. The federal government, for its part, is steadily increasing its capacity and programs to assist the provinces and, through them, the municipalities.

But the key to any really effective civil defence program is voluntary effort. Now that most civil defence organizations are ready to receive and train recruits, individual citizens must come forward in their thousands. To us in this house, aware of the necessity for what must be done in these days to ensure fellow Canadians against the effects of enemy attack, aware of the determined efforts of the federal government to play its part in this vital work, there is a clear responsibility to give leadership in our own communities in our local civil defence activities.

I know that many members are already active. But if we are not to close our eyes to reality, we more than any other group of Canadians, I suggest, should be leaders in developing Canada's civil defence program. By coming forward and volunteering to play our part as good citizens in our own communities, we will help to encourage the general citizens' movement now developing to support the efforts of the civil defence authorities.

Our objective in Canada is to build a responsible and yet realistic program for the protection of our civilian population. As a nation, our first goal is still to work with the free nations to preserve the peace. At the same time we are readying our military defences in case war is forced upon us. But all the while, and moving steadily from the planning into the training and operational stage, we are building a nation-wide network of co-operating civil defence organizations to ensure that if war should ever come upon us we will be ready to protect the lives and property of our fellow citizens.

I thank you, Mr. Speaker, for allowing me to continue. I confess freely that I read a good part of it, but I wished to put it on record in full so that it might be of some service, even to my friend who interrupted.

Mr. H. R. Argue (Assiniboia): Mr. Speaker, in speaking this afternoon I wish to emphasize to the government once again the really catastrophic situation that faces the farmers of western Canada with respect to disposing of this year's crop and their serious financial predicament, particularly for the farmers who have been unable to harvest any of the 1951 crop. I wish also to repeat that I am in full support of the demands of the Canadian Legion with regard to an increase in the war disability pension and the war veterans allowance.

I believe that the government and the people of Canada have a great duty toward our veterans who have helped in the fight for democracy in two world wars. I believe the people of Canada are most anxious that their government meet the veterans' request in full. I want to make it abundantly clear that I support the Canadian Legion's request for a one-third increase in the war disability pension. While I welcome the resolution which forecasts an increase in the pension, nevertheless I regret it has not been stated therein that the request of the Legion would be met in full. I am most anxious that veterans on war veterans allowance shall have their pensions increased at least to the amounts requested by the Canadian Legion, namely, $50 for a single man and $100 for a married man. My opinion is that with today's cost of living these amounts are most modest and could be even higher. The November issue of *The Legionary* contains an excellent editorial with respect to the war veterans allowance. It points out:

> It is regrettable that the government did not see fit to have a parliamentary committee set up to deal with war veterans allowance during the current fall session so that the increase, whatever it may be, could have helped to tide the recipients over the coming winter months, when expenses are heaviest. The government having announced its decision, however, *The Legionary* can only express the fervent hope which it feels sure all ex-service men and women will share, that when the amount of the increase is determined, it will be sufficient to enable these gallant old defenders of Canada's freedom to spend their remaining years in reasonable comfort, free from fear of want or outright poverty. Nothing less than that will satisfy their younger or more fortunately placed comrades—nor, we firmly believe, the citizens of this country generally.

I further suggest that the government should give the same treatment to those veterans now receiving war veterans allowance as has been accorded to other Canadians who will be in receipt of the old age security pension. I think it would be most unfair to these veterans, and it would be dragging the means test in by the back door, if the war veterans allowance is reduced in any way to those recipients of it who qualify for the no means test old age pension. I believe the Canadian people are generous and want their government to meet the request of the Legion so that veterans on pension may be better able to meet the high cost of living.

Turning now to the situation confronting the farmers of the prairie provinces, I should like to outline first of all some of the facts of the present catastrophe. The first is that the 1950 crop was exceedingly large, was severely damaged by frost and consequently was of relatively low grade. The present crop is even larger, and because of adverse weather the grades are a good deal lower than normal. Much of the grain is being graded tough or damp. Last year's crop was large and we find, according to the grain

statistics weekly published by the dominion bureau of statistics, that on October 25 of this year there were on hand in all Canadian positions over 220 million bushels of wheat compared to something over 191 million bushels on the same date of the preceding year.

Not only has there been an increase in the amount of grain in storage at terminals, country elevators and other points but the bulk of the grain in storage is No. 5, No. 6 and feed wheat. As a result there is a real marketing problem. The very severe shortage of box cars in western Canada has been raised in this house already a number of times. Insufficient box cars are available and more elevators are becoming plugged week by week. I have here the latest map of congested pool elevator points in the province of Saskatchewan. Looking at it one can see quite readily that points on the C.P.R. lines are in a much worse position than points on the C.N.R. lines. I suggest to the government, and to the Minister of Transport (Mr. Chevrier) particularly, that they should take a hand directly in this situation and make certain that the C.P.R. allots a greater number of box cars, especially to points on their branch lines, so that the congestion may be alleviated. In replying to a supplementary question put by the hon. member for Lake Centre (Mr. Diefenbaker) on October 30 with respect to the number of congested elevator points in Saskatchewan, the Minister of Trade and Commerce (Mr. Howe) had this to say, as recorded at page 512 of *Hansard*:

> I must say that I have not received that wire. I did receive a letter from George Robertson, the secretary, signed by his own hand, as we say in the house, which mentioned the congested points. I did not count them, but if there were one hundred I would be greatly surprised.

That followed a statement by the member for Lake Centre (Mr. Diefenbaker) that there were 528 pool elevator points in Saskatchewan congested on that date. In my hand I have a report of the Saskatchewan wheat pool as it appeared in the *Leader-Post* of November 1. The first paragraph of that report reads as follows:

> In our message to the Minister of Trade and Commerce under date of October 19 the minister was advised that as at that date 528 pool country elevators out of a total of 1,165 elevators are plugged for all practical purposes and cannot take in grain as offered.

The wheat pool had indicated to the Minister of Trade and Commerce on October 19 that there were 528 pool elevator points in Saskatchewan plugged, yet on October 30 the Minister of Trade and Commerce gets up in the house and says that so far as he knows there were less than 100 elevator points in Saskatchewan that were plugged. The Minister of Trade and Commerce should get his facts straight, and should realize that this is a deplorable situation. Unless something is done, great hardship will be suffered by the people of Saskatchewan. The situation is not getting any better.

In a further report a week later the Saskatchewan wheat pool said that instead of 528 wheat pool elevator points being plugged, there were then 663 pool elevator points in Saskatchewan that were unable to take grain as offered for sale. Once again I ask the government to take a hand in the situation, and to see that more box cars are made available for the disposal of grain in Saskatchewan. When the farmers are unable to market their grain, then some steps must be taken in order to provide the farmers with sufficient cash to pay their store bills and to meet their family living costs for the winter. In a question to the Prime Minister (Mr. St. Laurent) I asked that consideration be given to the suggestion that a 75 per cent advance payment be made on farm-stored grain. The Prime Minister stated that the matter is under consideration, but an official decision has not been reached yet.

I want to point out to the government that an advance payment equal to 75 per cent of the initial price on farm-stored grain is not a political question. In a letter to the government the premier of Saskatchewan made that request. I see by the *Leader-Post* that the leader of the Saskatchewan Liberal party, Mr. Walter Tucker, favours such a program. Farm organizations are calling upon the government to make an advance payment on farm-stored grain. I feel that, in a situation such as this, the government should act speedily to assist our farmers. At this session I have placed on the order paper a bill to provide for payment of storage on farm-stored grain. Under the present wheat board act the Canadian wheat board has authority to make a payment on farm-stored grain if directed to do so by regulation. The bill I have proposed would make it mandatory on the Canadian wheat board to make a payment on farm-stored grain. I believe it is only fair that the farmers should receive the same payment on farm-stored grain as that received by the elevator companies. Why should a farmer have to go to the expense of building and repairing granaries every year and receive no storage payment, when the elevator companies at the local points spend large sums of money building annexes in order to receive a payment of one-thirtieth of a cent per bushel per day from the wheat board for the grain stored in those annexes?

The Saskatchewan wheat pool has always handled a larger percentage of the farmers' grain when the wheat pool was in a position to accept all the grain the farmers offered to their own co-operative organization. When you have a situation, as you have at present, with over half of the wheat pool elevators plugged, then the farmers' own co-operative marketing organization is at a great disadvantage. The majority of the farmers haul their grain to their own co-operative marketing agency, the Saskatchewan wheat pool. But as soon as the pool elevators become plugged they are often forced, through financial circumstances, to haul their grain to the line elevators. If storage were paid on grain on the farm, a farmer could possibly then afford to store his grain on the farm until such time as there was room at his local elevator point for that grain. So I say that a storage payment, in addition to helping the individual farmer, would greatly assist the wheat pool, the farmers' own marketing organization.

If the government should decide, as I hope it will, to make an advance to farmers of 75 per cent of the initial price for wheat on the farm, it will be of material help to those farmers who have already harvested their grain but who are unable to market any substantial quantity of it. But it would still leave unassisted a smaller portion of farmers who are in an even worse position financially because they have been unable to harvest any of their crop. The premier of Saskatchewan has stated that over $200 million worth of grain is under the snow in Saskatchewan, and is likely to go through the winter unharvested. For those farmers who have their whole crop unharvested, and who have no hope of getting any harvesting done before next spring, I believe the government of Canada should co-operate with the provincial and municipal authorities in assisting the farmers by making a loan of $10 per acre on the crops still unharvested. Once again I say this question seems to me to be outside the realm of politics. The premier of Saskatchewan, and, as well, the leader of the Liberal party in that province, have advocated that plan. The rural municipalities are prepared to co-operate, as is the provincial government. A loan of $10 per acre on unharvested grain will be made if this government decides as it should to co-operate with the other governmental bodies. I have suggested to the government that the steps to be taken in order to deal with this calamitous situation should include a better allocation of box cars in the west, a 75 per cent advance on farm-stored grain, the payment of farm storage, and co-operation with other governments in the advancing of $10 per acre for grain which is unharvested. In addition to that, I believe that the Minister of Trade and Commerce (Mr. Howe) should immediately announce the final payment on the 1950 crop and see to it that the cheques are mailed just as quickly as possible.

In an answer to a question of mine that was brought down today, I am informed that the wheat board account for the 1950 crop year was closed out on October 20, but the amount of payment and the price for wheat when the account was closed has not yet been determined pending, as the answer says, completion of the relevant accounting. From that return I would take it that it is going to be some considerable time before the final payment is announced, the cheques are in the mail, and the farmers receive their payment. In a situation such as this, where farmers are so desperately short of money, I think that the final payment on the 1950 crop—which is the farmers' own money—should be made available immediately, and that the Minister of Trade and Commerce should take steps to see that that is done.

So much then for the present marketing difficulties in western Canada. I now want to deal with the long-term wheat price. The present price is insufficient to cover their cost of production and provide a reasonable standard of living and a fair share of the national income. We in this group were not at all satisfied with the final payment made on the five-year pool. But as I have said before, farmers receiving $1·833 a bushel as they did during that five-year period were in a much better financial position than they are at the present time. According to the dominion bureau of statistics' eleven-factor index, the average cost of production during that five-year period was 176·1. The last available eleven-factor index was published in April of this year; and shows the cost of production at 232·5. If $1.83 was a fair price for wheat during the years 1945-49 on the basis of the then prevailing cost of production, then in order that the farmer may receive the same purchasing power today the price of wheat should be at least $2.42 per bushel. We all know that the final price is going to be very much lower than $2.42.

Canada signed the international wheat agreement plan. We in this group have always supported international agreements for the marketing of farm commodities. But we say to the government that never again should the farmers of western Canada be asked to support an agreement which sets a stable or frozen price for wheat a number of years in advance, unless the government will guarantee that they will not allow the farmers' cost of production to get out of hand

until a point is reached as it now is where that international wheat agreement price becomes completely inadequate.

As I have said already in this session on another matter, I believe that in the government's wheat policy—as in other policies affecting agricultural products—the farmers should have a guaranteed floor based on a parity price. The wheat farmer in the United States is infinitely better off than the wheat farmer in Canada. The United States government signed the international wheat agreement and agreed to supply a greater quantity of wheat than that supplied by Canada. But the United States government has never forced United States farmers to take merely the international wheat agreement price for wheat with their increasing cost of production. The cost of producing wheat has risen in the United States, but the United States farmer is guaranteed 90 per cent of parity, which this year is $2.17 a bushel.

In addition to that guarantee, the farmer in the United States receives any increase in the price finally obtained for wheat. He receives the highest prevailing price. The Chicago price recently has been approximately $2.55 a bushel. The United States farmer receives the full price. For the hundreds of millions of bushels of United States wheat being sold under the international wheat agreement the United States farmers are not asked to make up the difference, as are the farmers in Canada, but rather the government of the United States pays the difference between the highest price and the international wheat agreement price. In Canada, however, our government refuses to pay anything more than the international wheat agreement price; and in addition, it forces Canadian wheat producers to subsidize the Canadian consumer, at the present time, to the extent of more than 50 cents a bushel. I say it is a gross injustice to force any group within Canada to subsidize everybody else in Canada; and I think the time has arrived when the government should give to the wheat producers of Canada the best possible price for wheat going into the production of Canadian flour and for use in Canada.

If the government does not want wheat sold to the Canadian millers at $2.50 a bushel to result in an increase in the price of bread, then I suggest to the government that it provide a subsidy to the Canadian consumer in order that the price of bread will not be increased. But in the meantime it is certainly unjust and discriminatory for the government to force prairie wheat producers to subsidize everybody else in Canada, when the Canadian government and the Canadian public are risking absolutely nothing in the way of placing a floor price under wheat. I think it is time the wheat producers of Canada received a guaranteed price for wheat year in and year out, at a price commensurate with the cost of production.

Once again, Mr. Speaker, I impress upon the government the need to give more than mere consideration to all of the questions we have raised in regard to storage, the 75 per cent advance, increased box car facilities and so on. The time has arrived when the wheat producers in western Canada want action, not merely consideration.

Mr. Solon E. Low (Peace River): Mr. Speaker, I make no apologies whatever for taking part in this debate the second time. I say that because, since I first spoke on the C.C.F. amendment, a number of very important things have taken place in the house which require that I do say something this afternoon. I do not intend to take very long to do it, but I feel perfectly justified in speaking in support of the amendment which was moved by the hon. member for Acadia (Mr. Quelch) on behalf of the Social Credit group.

Before I launch into things which I want to say in connection with the amendment, and other things, Mr. Speaker, I should like to comment just briefly on some things that have been said here this afternoon by other hon. members. First, the hon. member for Regina City (Mr. McCusker), who placed before the house what I think is very useful information concerning civil defence. Let me assure you, Mr. Speaker, and the hon. member for Regina City, that I look upon this whole matter of civil defence as of very great importance to this country, and I feel that too much information about it cannot possibly be given to the Canadian people. Therefore I welcome any information we can get here. I have been personally interested in the whole program for civil defence, and have stated on various occasions what my own views were. I do not want to go into them this afternoon, but I should like to point out to the hon. member for Regina City that in the program as it is now going forward something seems to be lacking.

I am told by various people that considerable complaint is being made about the training schemes that are being conducted in various centres throughout the country. The complaint is that trainees are taken into the centres; they are given a period of training in civil defence, and when they go back home to their own communities they have nothing to work with. Well, that is like what the United States government did a few

years ago. About the time that they were building the Alaska highway, early in the second world war, the United States government sent medical officers and nurses up into the far reaches of Alaska to teach the Eskimo the art of modern living. They thought that the Eskimos were backward. They brought representatives from the various tribes into certain centres to give them training, and then they were supposed to go back and help their less fortunate friends and members of their families and their communities. Well, one of the interesting things they did was to tell the Eskimos that they should be more up-to-date in the way they expressed themselves in art. As you know, the Eskimos are very clever in the carving of ivory tusks and that sort of thing. They make ivory statuettes, and very interesting little things that become very valuable. But these people from the United States said: "You are doing it wrong. What you need to do is use our electric stylus." So they trained these young people in the art of carving with an electric stylus, and when they went back home to their igloos, what did they have? Nothing at all. I am afraid that in some respects the civil defence program reminds me of the program of training the Eskimo in the art of modern living. What I and what I believe everyone who is keenly interested in this thing and concerned about it would like to see is more equipment to work with in the various communities that are concerned or that may be in danger, so that when the trainees finish their courses and go back to their communities they will have something worth while to do and worth while to work with. I just throw that suggestion out, but I do want to commend the hon. member for Regina City on bringing the matter before the house as he did this afternoon. I for one was not bored by his reading the address. Sometimes we find that people have to read addresses in order to get the details on record.

I should also like to commend the hon. member for Assiniboia (Mr. Argue) on what I think was a very timely and sensible address this afternoon on the western Canadian farm situation. I understand that he has now gone to the same committee that I should have been attending, and which I had to sort of chuck for a little while in order to speak, as I wanted to say something on this amendment.

The hon. member for Assiniboia raised this whole tragic situation as it exists in the prairie provinces, and it is no less than tragic in many parts of those provinces, particularly in the province of Alberta, although I am not at all minimizing the difficulties they are having in Saskatchewan and in Manitoba. I am advised that in Alberta not more than 49 per cent of one of the greatest crops in their history has been safely gathered in. That is a tragic situation. Last summer I saw many wheat crops that would have yielded 60 bushels to the acre. Many of them now lie under the snow or lie flat on the ground and frozen so that they cannot be harvested.

Much of the beet crop in the Lethbridge southern area is still under the snow, and perhaps they never will get a good deal of it. These things are hard to meet. They are things about which we can do little in this parliament, but we certainly can do some other things to alleviate the results of this tragic situation as they affect the farmers in those smitten areas.

I should like to say a word about this whole matter of marketing. People in many parts of Alberta had a hard time to get their grain to market. Those who were fortunate enough to harvest the grain could not get it into the elevators because they became plugged very early in the season. In the Peace river country, which I represent, we have not been able to ship more than a very small portion of our grain simply because there has been a shortage of cars, and in many parts of my riding today you find huge piles of oats, barley and wheat out in the fields subjected to severe weather conditions. Under these circumstances it is inevitable that the grain will deteriorate and farmers will take great losses. Why is it there? Simply because there is no storage space to receive it. The elevators have been plugged for weeks. There have been no cars in some areas in the Peace river country, and particularly north of the river, for quite a long time, and many fewer cars than there ought to have been to bring out the wheat that is there.

Let me say, Mr. Speaker, that in the area around Grimshaw, Fairview, Hines Creek and points in between, there are vast quantities of milling wheat. That is something that is important. It is milling wheat that ought to be brought into market as quickly as possible. I understand that vessels have actually sailed across the seas from European points to be loaded with our wheat here in Canada, and they have had to return empty, or had to wait for quite a lengthy period before they could load. There has been quite a lot of milling wheat in the Peace river country that should have been brought out. You see, we have been more fortunate up there than they have been in the southern part of the province, although we are five

hundred miles farther north than the Lethbridge district. I understand we have been able to harvest about 80 per cent of our wheat. Some of it, as I said, is of milling quality.

I urge upon the wheat board who, I understand, have direction of shipping policy now, and I urge upon the transport controller, to see to it that a fair allocation of available cars is made so that grain can be drawn out of the Peace river country, and taken to market.

The situation is such that the farmers in that area cannot pay their debts, because they cannot market any grain. They cannot buy the clothing they need and the clothing their children need, because they cannot market their grain. That is why I think some suggestion such as that offered by the hon. member for Assiniboia (Mr. Argue) is timely. I say the government ought to give consideration to allowing some sort of advance on grain stored on the farms, so as to help those people out. It is a cold country, and when winter sets in up in that area, it stays. The children of families up there need warm clothing and good food; and they cannot have it until the farmers market their crops.

The government should also attend to something else. The shipping situation now existing in the Peace river country is not one peculiar to this year, but is one which develops all too often. Almost every year for quite a number of years we have had a shortage of box cars and grain cars up there. We are told one of the reasons is that the Peace river country is isolated. Of course it is isolated; but one of the biggest reasons for this is that the railways in this country do not supply that far northern area with its fair share of shipping space.

I believe the government ought to put pressure on the railroads to build a link from the western terminus of the Northern Alberta Railways, at Hines Creek, on the north side of the river, or from Dawson Creek on the south, to the Pacific coast; or to link up at some point with the Pacific Great Eastern Railway; and it should be done just as quickly as possible. That is the only way the people in that area can get justice in the matter of shipping. I appeal to the Minister of Agriculture (Mr. Gardiner) and the Minister of Trade and Commerce (Mr. Howe) to see what they can do to relieve the bad situation that develops in all too many years in that area.

I have one further consideration. I am beginning to think the government ought to give consideration to the building of a storage elevator in that great northern area, where grain could be accumulated, properly cleaned, properly dried and processed before coming out. I believe this would effect a large saving not only to the farmers themselves but to the wheat board. I am asking the government to give consideration to the building of a government elevator with a capacity of one or two million bushels up in that area, so that the farmers may market their wheat. In those years when we have large quantities of frozen or low-grade wheat it can be received into the elevator and properly dried. Some of it may require processing and cleaning before it is dried out. I believe this might be a solution for some of the difficulties in that part of the country.

I should like now to say a few words about the subamendment moved on behalf of this group by the hon. member for Acadia (Mr. Quelch). Perhaps I had better read it again because, while it has been put on the record a number of times, I believe it does not do any harm to draw it to the attention of hon. members frequently.

The subamendment is worded as follows:

That the amendment be amended by adding thereto the following words:

"Furthermore we regret that Your Excellency's advisers have failed to compensate the recipients of war veterans allowance for the increase in the cost of living by an appropriate increase in the amount of the allowance."

No group of people in Canada are more desirous of some increase in their allowance than these people who have been receiving or are likely to receive war veterans allowances. We moved the subamendment because we were sincere and earnest in our efforts to try to get some help for this particular group of people, who have been suffering because of the terrific increase in the cost of living, and who have not been able in many instances to live decently.

The government has received appeals from veterans organizations throughout Canada asking that the same kind of consideration be given in connection with war veterans allowances as was given in connection with pensions. But when the appeal was made on behalf of war veterans and their dependents, the government has said, "Well, we will give consideration, anyway, to doing something some time. Perhaps next session we will take the matter up, when a committee is appointed."

Let me point out that when the urgent call for men went out in 1914 and again in 1939, asking them to give their time and effort, and their very lives if necessary, to save the world for democracy, these men did not say, "Well, we will set up a committee next spring to consider the matter, and if at that time it is thought advisable we may

ask our people to do something about it." They did not do that at all. They asked no questions. They made no reservations or qualifications whatever. Those men saw their duty. They came forward at once and gave themselves to the task awaiting them, without waiting for committees or for consideration of any kind.

They did their duty. They protected Canada in her time of stress, and I say it is only common decency that Canada should protect them now in their time of economic trouble. One can imagine these veterans and their families attempting to get along on $70 a month, with a cost of living that has almost doubled since 1939. It is shameful, and it casts a shadow of doubt upon the gratitude of the Canadian people.

It is true that at one time we established for these men allowances that were perhaps as generous as those provided by any nation in the world. At that time they were fairly adequate. In those days the Canadian dollar would buy a dollar's worth of goods. But that time has gone. Today the allowances are not adequate to the needs of the veterans, their widows and dependents. Today, to give these men the allowances they are now given is just about like giving a person an umbrella to protect him in a hurricane.

A thankful people should do more than that. We can do more.

I have not heard a single person argue in the house that we cannot do more. It was with the hope that the consciences of members in the House of Commons might be touched and quickened that we Social Crediters moved our subamendment. We have no desire in moving it to embarrass anybody. We have no desire to play politics with such a serious matter. I claim that the amendment is straightforward. Everyone who has spoken on it thus far has approved of it, has indicated his support, and this includes members of all the opposition parties. There have been only one or two on the opposition side of the house, speaking in this debate since the amendment was moved, who did not indicate their support. An interesting thing to note is that not one single speaker has risen in his place since the amendment was moved to speak against it or to indicate in any way that he was opposed to it.

What does it mean? It means that there is a remarkable unanimity of opinion in this house with regard to these war veterans allowances. I am certain that if they were free to speak on this matter at this time there would be remarkable unanimity among Liberal members. I am not blaming them for not taking the floor at the moment, but I do submit that before this debate closes somebody from the Liberal side ought to get up and give good reasons why war veterans allowances should not be increased to at least $100 per month for married and $50 per month for single veterans. That should be done now and not wait until next spring.

There is a fund from which this money can be obtained. That fund is not depleted. Many of these veterans are going to be in straitened circumstances this winter. Cold weather is coming on and their dependents may need warm clothing. Goodness knows, warm clothing costs money these days. Just go down and see how much it costs to buy a decent suit of underwear for a child, let alone warm underclothing for a veteran who may be working outside in the cold weather, provided he can get a job. That is the catch because most of them are suffering some form of disability.

Surely no one can argue that this is not the time to help these men. We should hang our heads in shame if we allow this debate to conclude without having a statement from the government side to the effect that they intend to do the decent thing at this session for these veterans and their dependents. The cost would not be very great. If it were a matter of $100 million or $200 million, or even $25 million or $30 million it might be necessary to wait until next spring, but let me point out some of the facts. The total number of war veteran allowance recipients as at September 30, 1951, was 30,876; the total number of widows of veterans was 8,038; of dependents, 724; of orphans, 143: or a total of 38,781.

The report of the Department of Veterans Affairs for the year ended March 31, 1951, gives the total annual liability as at March 31, 1951, including the liabilities as a result of the amendments of the 1950 session, as $23,096,744. To provide $100 to married veterans and $50 to single veterans, and to do the other things that have been asked for by the veteran organizations across the country, would not cost this country more than $6 million or $7 million annually.

Is it not shameful for us to hesitate and say that we will take up this matter next spring when only $6 million or $7 million is involved to bring happiness and a decent way of life to 38,000 of our valiant people who are faced with the near approach of Christmas? Hon. members of this house will have pretty hard hearts if they do not do something about the situation at this session.

Speaking on behalf of the members of my group may I say that we appreciate deeply the stand that has been taken by the representatives of all the parties on this side of

the house who have spoken. I should like to mention them individually, but let it be reduced to this simple sentence. I think some very stirring and eloquent appeals have been made and we appreciate the support that has been indicated because we are earnest and sincere about this amendment.

Let me say by way of conclusion that there would be no need of forcing a vote on this subamendment if someone on the government side, preferably the minister or his parliamentary assistant, would rise in his place and give the house the assurance that before the end of the session something will be done. The hon. member for Acadia (Mr. Quelch) says that it will be all right if I say to you, and to the house through you, that in that circumstance he would be prepared to withdraw the subamendment immediately and not attempt to force a vote on it. That is how we feel in connection with war veterans allowances.

During the course of his remarks the other night on this same matter the hon. member for Kootenay West (Mr. Herridge) said that he was supporting this subamendment. He made a most interesting appeal for granting to these veterans and their dependents some measure of relief from the high cost of living. Then the hon. member went on to deliver a mild reprimand or rebuke to the member for Peace River because of an alleged statement that he was supposed to have made in British Columbia. As reported on page 946 of *Hansard* of November 12, the hon. member made this statement:

> I regret I find that duty requires me to bring to the attention of the house some of the remarks of his leader—

He was referring to the hon. member for Acadia (Mr. Quelch).

> —on a certain occasion and to do my best to correct the false impression he may have created. I am speaking of the hon. member for Peace River (Mr. Low).

Then the hon. member for Kootenay West is reported as follows on page 947:

> I have been asked by a number of members of the Fruit Growers Association of British Columbia, to which I belong, to bring this matter before the house to correct the false impression created by the hon. member's remarks. I will be generous enough to say that I think the hon. member for Peace River spoke without thoroughly examining the situation, and without a full knowledge of the facts.

Then the hon. member proceeded to give some valuable information, which I deeply appreciated, and he went on further to give some kindly advice to me and other members of the house, which I also appreciated. We cannot have too much good advice, but I usually like to see the giver of advice prepared to take his own medicine. I do not like to see doctors prescribe certain things for patients unless they are prepared under similar circumstances to take their own medicine. Evidently that is something that the hon. member for Kootenay West was not prepared to do. He said to me in effect: A lot of trouble can be stirred up if people talk about things they know nothing about; it is always wise, if you are going to have something to say, to get the facts. I agree with that; I think that is sound advice, and I am quite prepared to follow it and to thank him for it. But the hon. member turned right round and did what he accused me of doing. He did not get the facts. He did not attempt to.

The hon. member was doing his duty because he had been asked by the fruit growers association to raise this question on the floor of the house, and I suppose he took as his cue a letter which he received from them, or maybe several letters. Then he said he had seen a dispatch in a Vancouver paper, had read an article in *Country Life*, and had been asked by the fruit growers to bring up the matter on the floor of the house. I suggest that the hon. member had a perfectly easy way of finding out if the alleged statements had been made, but he did not, and because he did not he took for granted that the reports he had read were true. He accused me of taking for granted some things that somebody told me were true.

I suggest with all deference, and with the kindliest feeling toward the hon. member for Kootenay West, that very often too much can be said about certain things and a lot of trouble can be stirred up without getting at the facts of the situation. That is exactly what has happened in this case. Actually what my hon. friend did the other night was to try to correct impressions not created by me but created by a newspaper report that did not accurately represent what I had said at my Summerland meeting. My attention was drawn to this newspaper report by a telegram which I received in Mission, B.C., a few days after I had been in Summerland, from the president of the fruit growers association, Mr. Garrish. I dictated a reply to that telegram and arranged to have it sent from Salmon Arm, British Columbia, on the second day of October. In it I explained the situation to Mr. Garrish and exactly what I had said.

Evidently Mr. Garrish did not make that letter available to Mr. Hayden, the writer of the article that was quoted by my hon. friend as having appeared in *Country Life*. Furthermore, I did reply to the article that appeared in *Country Life*, and I am going to read into the record what I said as a means of correcting this whole situation, if I possibly can. I

do not need to quote all of it, but I want to read the pertinent part of the letter which I sent to Mr. Charles A. Hayden, editor and manager of *Country Life* in Vernon, British Columbia, on November 6. It reads as follows:

It is quite evident that you were not present at my meeting in Summerland. It is also quite apparent that your whole article is based on hearsay which you have assumed to be wholly true, without making any effort to check its accuracy. Moreover, it appears that you have not seen, or heard of, a letter which I wrote to Mr. A. R. Garrish on October 2, and arranged to have typed and posted to him from Salmon Arm. This letter was in reply to the telegram which Mr. Garrish sent to me on the evening I spoke in Mission. If you did see my letter, then your article is all the more amazing in that you completely ignored the facts stated therein. I would rather think that you hadn't seen it.

A copy of my letter to Mr. Garrish is attached hereto. It will make clear to you what I did say at my Summerland meeting, which was the only place where I made any comments about the fruit situation, except at Mission and Salmon Arm when I merely replied to Mr. Garrish's telegram in much the same terms as expressed in my letter.

Now, sir, I should like to make it perfectly clear to you that in my Summerland meeting I never mentioned the B.C. fruit growers organization. I did not even allude to them in my speech. I did not attempt to blame them for any situation whatsoever. My only reference to "gestapo" methods was in connection with the practice of stopping visiting cars and trucks and requiring them, before leaving B.C., to unload and leave any fruit for which the drivers cannot show a receipt as having been purchased through "authorized channels." Even my reference here was specifically to surplus fruits, or fruits which for some reason were considered unsaleable, and which might have been given to the visitors as a gift, or which might have been traded to the visitors for grain feeds so badly needed by B.C. farmers. I was not referring to the fruits ordinarily considered by the B.C. fruit growers to be marketable at a fair return to the farmer. Even then, I did not blame the fruit growers organization for the practice, for I am thoroughly acquainted with the market problems under which they labour in the present financial state of affairs in this country.

I did refer in my Summerland speech to the year 1950 when the big problem harassing the fruit growers was the problem of finding a lucrative market for 8 million boxes of apples and a bumper crop of plums and some other fruits. I want to make it abundantly clear that I did not at Summerland, nor at any other point, advocate a return to what you call "wildcat" selling. In the course of my public life I have always advocated orderly systems of marketing under the local control of producers boards or organizations, with sympathetic and helpful assistance from provincial and dominion departments of trade, finance and agriculture. If the mischievous reporter who rushed out of my meeting and garbled what I did say had remained long enough to hear the whole story, he would have learned that the sort of marketing system which I believe would be successful in your province, as well as other parts of Canada, is not very different from the system presently followed by the B.C. Fruit Growers Association. If he had stayed long enough he would have learned that the emphasis in my address was placed on what become "unsaleable surpluses" of good fruits in many years of our experience.

In that part of my Summerland address dealing with fruit marketing I placed the emphasis on three things, namely:

1. Encouragement of the production of an optimum quantity of fruits in those areas that are suited to fruit growing.

2. Close co-operation between growers and provincial and dominion authorities to ensure orderly and complete distribution, with smallest possible wastage, of the fruit that is produced.

3. The use of a compensated price discount type of subsidy, to ensure that the people of Canada can buy the fruit at a price to the producers which represents a fair profit to them on their investment and their efforts. It would require only a comparatively small per capita increase in consumption of any one of our fruits in any year to cause a surplus to disappear entirely.

With all these facts and proposals before you as I said and used them, how can you possibly contend that I "basely harmed" the fruit growers of B.C.? I am wondering now if you are fair and just enough to print these letters in the next issue of your periodical. I hope so. My thanks if you do. I have nothing but good will towards the B.C. Fruit Growers Association.

That ends the letter I sent to Mr. Hayden in answer to the article which appeared in the October issue of *Country Life*. Let me say most emphatically, Mr. Speaker, that I have never at any time on my visits around the country attacked organizations like the B.C. Fruit Growers Association because I know what they have gone through. I lived on the prairies. I saw the development of our co-operatives and pools, and appreciated the necessity that drove our people to organize these pools and co-operatives. I know the terrible difficulties they had during the thirties to market their products. At the same time I have always deplored waste of any kind, especially when there are thousands of people needing and wanting what is being wasted.

I know that nature is prodigal in many years, especially in the production of fruits, and that sometimes vast surpluses of some of these fruits are produced which to many people appear to be unsaleable. I am aware that fruit surpluses are very perishable but there is no insurmountable obstacle, in my judgment, to getting them to people who will make good use of them. The co-operative efforts of such organizations as the B.C. Fruit Growers Association to prevent waste and to distribute efficiently are most commendable, and I have nothing but the highest praise for them. I think they have gone a long way, but their co-operation can only go so far. In addition to their own co-operative efforts, they require the co-operation of the provincial and federal governments through the departments of Agriculture and Finance to make world markets available. The group co-operatives will not prevent waste of good food. They will not achieve full and efficient distribution of the fruit unless the people of Canada have the purchasing power available with which to buy the fruits that are produced. Now, that is fundamental, and that

was the thing I stressed in my speech at Summerland. Here is where the federal government must take the responsibility, because they have the authority to see to it that sufficient purchasing power is distributed amongst the people of Canada so that they can buy all the fruit that is offered for sale.

The fact is that many thousands of our people would like to get more fruit, or even some fruit—I will put it that way. But in spite of this so-called buoyant period, the people have to spend what little they have for what they consider to be much more pressing needs. I believe it is clear to everybody in this house that if fruit and bread and butter are competing with one another for the meagre dollars people do have in their pockets, then fruit generally comes off second best. That is the difficulty: the people have not got the purchasing power for both. It is a fact also that we have never had a fruit crop which would not have been entirely bought up if the Canadian people had had the money to buy it. In the years when there were surplus apples, it would have required only a small increase in the per capita weekly consumption to cause the surplus to entirely disappear. One more box per family per year in Canada would have caused the disappearance of 3·5 million boxes. That is the point I was emphasizing in my address in British Columbia. We Social Crediters have a technique by which such a thing as increasing this per capita consumption sufficient to do away with any surplus can be accomplished. I refer to the consumer discount mechanism. It was this sort of thing that I placed before my Summerland meeting. I did not blame the British Columbia Fruit Growers Association. I did deplore some of the things they have to do under the present economic set-up, but I blamed then, as I blame now, the provincial and federal governments for allowing those conditions to exist and to persist; conditions which make necessary, in the interests of self-preservation, a lot of peculiar and illogical practices by fruit growers as well as other producers in this country.

That is all I am going to say about it, Mr. Speaker. I have placed my case before you in answer to the statements made the other night by the hon. member for Kootenay West. I do not bear him any ill will for bringing the matter to the attention of the house. I thank him, because it gives us an opportunity of getting this matter cleared away. I assure him again that I bear the B.C. Fruit Growers Association no ill will; I have no desire to hurt them or place any more obstacles in their path than they have. I only wish to be helpful and this is the spirit in which I spoke to the meeting at Summerland.

Mr. Cruickshank: May I ask the hon. member a question? In June, 1949, did he not say that the small fruits at Yarrow in the province of British Columbia were going to waste? I am quoting from memory, and I can be corrected if I am wrong. Did he not say that the fruit was rotting in the sun in barrels? I presume the hon. member did not know that those small fruits had already been purchased by the British government at a sacrifice, in so far as the price to the farmers was concerned. Did the hon. member make that statement at Abbotsford, Chilliwack and other places when, if he had inquired, he would have learned the facts? I know the hon. member, and I know he wants to be fair. I have every appreciation of his sincerity, but I believe he made that statement as recorded in the press in June, 1949. Is the hon. member not willing to admit—

Mr. Wylie: When you sit down.

Mr. Cruickshank: Either the hon. member is in favour of the co-operative movement, the B.C. Tree Fruits and the Fraser Valley Co-operative Union which markets our small fruits, or he is not. Are you in favour or are you not?

Mr. Low: Mr. Speaker, I certainly favour the co-operative efforts that are being made and that have been made through both my hon. friend's Fraser Valley constituency and my hon. friends for Kootenay West (Mr. Herridge) and Kootenay East (Mr. Byrne). I have never at any time criticized those activities, but I did—I am going to answer my hon. friend's first question—during the election campaign of 1949 draw the attention of the people of Canada to the fact that there were large hogsheads of berry pulp lying out under the sun at Abbotsford. I saw them with my own eyes. I was taken over by the manager of the co-operative plant there, a Mennonite plant, who showed me these surpluses and told me definitely that they could not be sold. Furthermore, he told me, Mr. Speaker, what I have heard the hon. member say in this house often—no one has said it more often than he—that fruits were allowed to go to waste, and that in his own constituency there were surpluses that had to be moved somehow.

At that time, Mr. Speaker, I claimed, as I claim now, that those surpluses that were lying out under the sun were not returning a single cent to the growers, and that something ought to be done to see that they were distributed amongst the Canadian people. I am told that it was not long after that that the federal government did something about it, so that the berry pulp was taken care of and was used. I am quite sure that what I

said had the effect of causing some action on the part of the government that was locked in an election campaign.

Mr. J. H. Ferguson (Simcoe North): The longer I sit here as a member of parliament, the more I am reminded of that very popular song "Cruising down the river on a Sunday afternoon." This government frequently reminds me of that picture, cruising down the river on a Sunday afternoon. So far as the vitally important things pertaining to this country are concerned, they are still cruising along. Let me remind you that last June there were four boatloads of these sailors who reached the open sea of public opinion, and they were badly wrecked. I believe when the next election comes along this government will find it is not cruising down the river on a Sunday afternoon, and it will be wrecked.

So far as a national government with national ideas is concerned, it certainly is an eye-opener to reflect upon the fact that this government has been in power since approximately 1935. They have simply steered away from a reef here and a reef there. They have not faced up to actual realities. Their whole desire is to stay in power at any price, irrespective of the suffering of the people, as long as they can blindfold the people to their suffering.

Today we find what? We find housing shortages, transportation lacking for wheat, armed forces not adequate or not equipped properly actually to meet the conditions that face Canada and the world today. Our armed forces and their equipment are sufficient to meet the viewpoint of this government as to requirements, but it is as plain as anything in the world that they are not sufficient to meet the unfortunate requirements that we find in the world today. This government are saying: We are doing all right; we are doing our fair share. They seem to be afraid to set an example, as they should, to the entire world, and to step out much further than they have in their contribution to world events and the progress toward peace.

Since 1935 this government has not shown, as it could have, a great national spirit, a great desire to develop a great country nationally. In the year 1951 we find ourselves puttering around with this government over the damming of a river, something which most people believe to be essential and absolutely necessary, in a great and glorious province called Saskatchewan. It is being pushed around as usual. In the matter of the irrigation of these farms, the development of the public utilities and the power projects of the province of Saskatchewan we are trying to leave that poor sister province of ours to develop itself without the proper and necessary urgent aid that should have been given years ago. It is all right for us to talk as businessmen and say: We have another commission. We will see what this commission has to say. But I contend that a government composed of businessmen able to grasp the significance of the potentialities of the Dominion of Canada would have said to the people of Canada years ago either one of two things. They would have said: The damming of this South Saskatchewan river is not feasible; or they would have said: It should be gone ahead with at once. We have no assurance in the house today that this project is workable or desirable or, if it is, that it will be gone ahead with in one month, six months or five years. Every member of the House of Commons knows that he is in a quandary, with the probable exception of a few members of the cabinet. The rest of Canada, with a population of about 14 million people, are wondering what is going to be done with regard to a project which, if carried out, would result in tremendous benefits to Canada from coast to coast.

We in Ontario are interested in the development of every part of Canada from St. John's to Vancouver. We realize that the essential development of every province will be a great boon to Ontario, the province in which I live. Ontario cannot prosper unless all of Canada prospers. No province of Canada can prosper as it should without the development of this entire great dominion, supported by Canadians from coast to coast with one thought in mind, namely the development of a great country.

We talk about high taxes and the high cost of living. Both those conditions can be laid at the feet of this government. This is a wealthy country. This is not a poverty-stricken country which cannot produce the wherewithal to keep our people employed in developing the country from coast to coast. That is true of every single province, without exception. But what do we find? We find the cost of living increasing, not because we are short of the things that God gave to Canadians and not because we are short of the necessary monetary remuneration for effort. We find it increasing because we are short of labour, because we are short of planned immigration for this country. What did the minister of immigration do during the war period? He sat and drew his wages and did nothing. When the war was over, everybody wondered what the immigration development would be in the Dominion of Canada. We got the usual thing: procrastination from one minister after the other. Right to this minute—whether it is the fault of the present minister or whether it is a disease he has contracted from this

government since he has been minister—there is the same old lack of planned immigration.

We talk about the development of the great St. Lawrence waterway. If the word were given tonight to go ahead with it, you have not the necessary cement or materials and you have not the labour to produce all the necessary commodities. It is all poppycock. There is absolutely no common sense in anything this government tells the public today. They may as well face up to the facts.

Then when we come to our veterans allowances, what do we find? Imagine a country like the Dominion of Canada saying what has been said to one group—and it should have been any other group but that one—the war veterans, men drawing burnt-out pensions agreed on by this government and supported wholeheartedly by everybody in Canada; men who served in the first war and who lay in the mud every night in the first month on Salisbury plains, who had to move their blankets every day they were there for the first month; men who stood in the trenches without adequate reinforcements for days, and who spent half the time in the front lines with water up to their knees. It was felt and truthfully believed that these men had aged ten years already. The man who was thirty in 1914, thirty-five years later is sixty-five; the man who was verging on forty is seventy-six, which, plus the ten which this government agreed he had aged—and that was felt to be so by every honest and decent citizen in Canada—makes that man eighty-six now. That group of aged people have been selected by this government to be under control and to have rationed out to them an inadequate amount of money with which to keep themselves and to provide themselves in any slight degree with the comforts of life which they should be enjoying in the dimming days of their life on this earth.

Can any man in the House of Commons imagine a man who feels the ravages of his service, a man who although he is sixty-five feels he is seventy-five, having to go out and cut a lawn or shovel snow from in front of the home of a man who is a little bit more fortunate with respect to worldly possessions, or to tend a furnace, trudging through the snow early in the morning and late at night, and with the little pittance he may derive from this source to augment his meagre $40 a month on which he is now trying to eke out an existence? How can any member of this government face a veteran on the street, shivering with the cold this winter—as he will within the next few days, or certainly within the next few weeks—and say: I am a member of the government that is at fault with regard to contributing needed money to the burnt-out veteran. I am a member of the government but I never stood on my feet and said: These men cannot possibly live and keep body and soul together in their dying days, their days of need, they cannot do it on $50 a month. Try it.

If you men do not know the prices of food today, if your wives do all the buying, ask them what they pay for food. Can you pay your rent, buy your clothing and pay your necessary doctor's bills, more particularly at that age; can you buy your food on $50 a month? No, you cannot.

I believe that the government is responsible for the present high cost of food. That is all the more reason why, without any further procrastination or juggling of facts, this government should proceed immediately to try to erase the blight which is already on their characters by saying: "We will remember these men who have aged ten years over their actual age, and we will give to them the moneys that are rightly theirs and what they have earned as protectors of this Dominion of Canada." As an hon. member said today, these men without hesitation on August 4, 1914, and in the years following 1914, volunteered, and Canada was proud of her voluntary army. They stepped forward and they offered their lives. They did not hesitate. But in the year 1951, the government of the Dominion of Canada—may I ask the cabinet ministers to return to the cabinet room and consult each other. This is not the place to hold cabinet meetings. If they are not interested in what I have to say on behalf of the burnt-out veterans of the Dominion of Canada, then it is pretty near time they retired behind the curtains, because there are other hon. members, including hon. members of the Liberal party, who are interested in what I have to say. I am glad to say that many men in that party served, and honourably served, as soldiers. I know they know what I say is true. I know the members of the Liberal party in this House of Commons feel in their hearts that every word I am using is true. What I am saying is not simply a political plea. It is a plea for men who cannot plead for themselves. What I am saying on behalf of these men and of other men who served overseas, irrespective of party, is true, and I know that hon. members feel that the member for Simcoe North is telling the truth.

As I have said, Mr. Speaker, I lay this condition and the necessity for this kind of economy at the very feet of this government, but I pray that they do not start to practise their economy on the burnt-out veterans of the Dominion of Canada. Let them start

anywhere else. Let them postpone the appointment of the two commissioners to the Vancouver harbour commission. Let them close up the Prime Minister's house for a while, take some of that money and give it to the burnt-out veterans, not next month but immediately. Let there be no delay. When the universal old age pension begins to be paid, let us say with pride that one group that was not held back was the men who offered to sacrifice their lives in the defence of this country. To every man, woman and child who listens I say that is my plea on behalf of the veterans.

I served with these men. Fortunately—and I thank God almost every day for it—I have no incapacitation from my service. I was fortunate in being able to provide a livelihood for myself and family. When I see what this government is trying to do with the burnt-out veterans today I thank God more than ever that I came out whole and hearty, and that I do not have to place myself on the generosity of this government.

There is another matter to which I should like to make reference. The government are trying to get out of a muddle. They are trying to sail down the river on a Sunday afternoon by taxing where taxation is not necessary. They have placed a tax on cigarettes. By doing so they have crippled considerably a very new, outstanding and necessary industry, namely, the tobacco industry. Up in my part of the country the people running these tobacco farms came mostly from Europe. They are men who came here with their families with practically nothing as far as worldly possessions were concerned. By the sweat of their brows they have developed an industry which means millions of dollars to this country. In the government's struggle to get out of the conditions into which they have placed themselves they said: "Oh, tobacco? That is almost the same as liquor. It is horrible that people smoke. Let us put a tax on it; let us increase the tax on every package of cigarettes up to 25 cents". What has been the result? The tobacco companies, which in my opinion are nothing but octopuses and trusts and should be investigated, said: "We cannot bear the tax. Our employees have asked for a rise in salary, and quite properly so. We have to give it to them but we will take it out of the hides of the tobacco producers this year." In my opinion that is exactly what was done. They could fall right back on the poor old producer, the farmer, the hewer of wood, and they said: "We will not pay you what you should receive because the federal government had added an unnecessary tax on tobacco". There is another crippling of industry which has been brought about by this government's past nonsense and present lack of a sane and sensible course.

That should not take place in a country that has the resources that Canada has. When we leave school in Canada we leave a history book and a geography book about an inch or so thick. From then on practically all of us are educated by United States literature which is sold on the newsstands. The magazines are in glowing colours, and the advertising contained within them is put out by the greatest advertising agencies in the world. The net result is that most people in Canada have champagne appetites and beer incomes when one considers the way they are being educated by the newsstands. From the time they graduated or skipped out of school, either one or the other, they have been subjected to the same kind of education. We are trying to live beyond the incomes we have. Take railway engineers. Our railway engineers drive to the border, unhook a trainload of cars and drive their engines back into Canada. The cars are then taken on by an engineer from the United States who gets a much better salary than do our engineers, but yet they drive identical locomotives. We are separated from our neighbours by only an imaginary boundary, and yet the people of Canada have to pay higher prices for refrigerators. They see them advertised in United States literature, and they desire them, and rightly so. What this country must have is expansion to meet the necessary taxation to permit our people to live on a comparable basis with our neighbours to the south. What do we find? Here are some comparative figures. In Canada, because of the new regulations and taxation imposed by the Minister of Finance (Mr. Abbott), the purchaser of an automobile is required to make a down payment of $1,363. That same car in the United States can be purchased with a down payment of $687. To finance that car in Canada costs $121 a month. In the United States they can finance with $84 a month. That is the champagne of it. But the beer end of it is that we cannot afford to pay $121 on the incomes we receive. The federal tax on a Canadian automobile is $474, while the federal tax on an American automobile is $70.

We have all the wherewithal with which to go forward. All we need is selective immigration from the British isles, sprinkled with Europeans of the right calibre. In my opinion immigration is one thing that should have been attracting the attention of this government for years, ever since 1935. There is no mystery about it.

We need the home market. If we have people here they will buy here. They will

construct buildings for one another and produce food for one another. In that way we would not be so dependent upon our foreign markets. We are down on our hands and knees today praying that Russia will not raise the iron curtain, and that Mr. Stalin will not put his arm around Mr. Churchill and say, "Nonsense; rearmament is over." Because, if he did that, what would happen? The English would be buying wheat from Russia, and other commodities from other places. In those circumstances what would happen in this country with its population of fourteen millions, and now keyed up to supply forty millions or fifty millions? All hon. members know what would happen. We would see one of the greatest slumps Canada has ever experienced. That is what would happen, and those are the facts.

There is ground for criticism when we see the government hesitating to pay the veterans that to which they are entitled, and when we see the government procrastinating about the building of a dam to which the people of Saskatchewan are entitled. Indeed, Mr. Speaker, I say nothing could be more appropriate than to visualize and to hear that popular song, "Sailing down the river on a Sunday afternoon," because that is exactly what this government is doing.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, rising to speak in the debate at this stage I wish first of all to say that we, too, support the subamendment moved by the hon. member for Acadia (Mr. Quelch). We were disappointed when no legislation was foreshadowed in the speech from the throne which would give any hope to our veterans, their dependents and widows across the country at a time when the mounting cost of living makes it necessary to do something more than has been done for them.

So much has been said about it, and so many excellent and eloquent speeches have been made, that I intend merely to leave the matter there and to add that we are wholeheartedly in support of the subamendment and will vote for it, if it reaches a vote. I would hope however that the plea made this afternoon by the hon. member for Peace River (Mr. Low), that the government give an assurance to the house that this will be done now, would make the pressing of the subamendment unnecessary. That, I suggest, would be a most satisfactory outcome of the moving of the subamendment.

What I would say particularly this afternoon is this, that I think sometimes members in all parties are something less than generous to those who have preceded us in the house, and perhaps to members of other parties and groups in the house, when they attempt to take to themselves credit for the successful fruition of seed sown and projects suggested by persons other than themselves or their parties.

Last night I listened to the opening remarks of the Minister of National Health and Welfare (Mr. Martin). I did not hear all that he said, because I could not remain longer, but I did hear him give deserved credit to Senator King who piloted the first old age pension bill through this house after, indeed, the Senate had turned that legislation down at the beginning. But may I remind the hon. member that that legislation was promoted, not by the Liberal party, but rather by two hon. gentlemen who were elected by the citizens of Winnipeg to represent them in this house. They were a former member for Winnipeg North Centre, in the person of the late J. S. Woodsworth, and a former member for Winnipeg North, Mr. A. A. Heaps, who I am glad to say is alive and well.

Those of us who know the story, of how that bill was introduced because of the necessity of obtaining the votes of these gentlemen in 1926, know where some credit at least should be given by those who today take the credit for this legislation. I remember very distinctly myself in 1925 being a candidate for parliament and being defeated—yes, and indeed losing my deposit—in the city of Regina. At that time I was urging the bringing into effect of old age pension and unemployment insurance measures. As a matter of fact I had just returned from a visit to Britain, and I remember the extent to which it was said that I had picked up these ideas in Britain, and that Canada, a new country, had no need for this kind of social legislation which had originated in European countries.

And so I say that when we are thinking of this type of legislation we should remember not only those who finally had the opportunity, after long years of public pressure, of putting the legislation on the statute books of this country. Let us also remember the efforts of those who pioneered such legislation in days gone by.

On Monday evening I listened to the Minister of Agriculture (Mr. Gardiner), who made this statement regarding the South Saskatchewan river scheme, in which some of us have been interested for the last thirty years or so:

> The reason that I immediately agreed is because I have been the promoter, so to speak, of this project. Everyone admits that, both east and west.

Then, at page 937, and turning over to page 938, we find this:

I want to repeat that I was the promoter of the project from the time I came to Ottawa, and I will have something to say a little later, in dealing with one of the other questions, as to why I became the promoter of it at that early date.

I do not want to take any of the credit from the Minister of Agriculture that he may take to himself in this connection. I hope any efforts he has made over the last number of years will be successful, and that we shall have this great project completed within the next few years. I say "the next few years" because I am well aware of the fact that a project of this description cannot be completed within a year.

But I was in the house when this project was under discussion in the thirties, when we had that shocking state of drought across the prairies—and when there was little or no support in the house for any pleas that one made for this particular irrigation project. I remember that on February 11, 1937, for example, we were discussing P.F.R.A.—and may I say at once in passing that I will not take one jot or tittle of the credit away from those who promoted P.F.R.A. The original act, of course, was placed on the statute books in the dying days of the Bennett regime. It was amended in 1937, particularly, by the present Liberal administration in Canada and, from the point of view of our Canadian prairies, I think it has been one of the most beneficial policies ever undertaken. I remember that at that time some of us were interested in the larger scheme. The Minister of Agriculture was telling us about the P.F.R.A. and he informed us also about the changes in the committee that had been established under the old Prairie Farm Rehabilitation Act and of the discussions that had occurred in that committee. The minister said:

Then, there were projects, such as the building of a dam on the Saskatchewan river, to the northwest of Moose Jaw. This dam would have involved a very heavy expenditure of money, and a further expense would have been involved in connection with pumping the water from the river to the banks. There would have been a further construction of works to carry irrigation to the south and east of the bow of the river.

That matter was discussed before the committee. I assume they got their information from exactly the same engineers as would give it to the department or any other body if it were investigating a matter of that kind. The decision was reached that such undertakings were too costly and perhaps would not bring the results expected from them. It was felt that an expenditure of money to that extent would be more or less uneconomical.

In stating that in the house, the minister did not state it with any disapproval as I remember, or as I can find from the records of the house.

[Mr. Coldwell.]

Mr. Gardiner: The question which is being discussed now is not the South Saskatchewan river project. That was a project that was voted on by the municipalities between the Saskatchewan river and Regina and turned down in 1918. It was a proposal under which water was to be supplied to Regina and Moose Jaw. There was very little discussion with regard to irrigation; it was only in connection with the points along the pipe line.

Mr. Coldwell: This was not in 1918, it was not in 1920, it was not in 1926—this was in 1937. Back in those earlier years the water situation in Regina was most acute and once again this project was brought forcibly to the attention of the city. I remember it quite distinctly because at that time I happened to be a member of the city council.

Mr. Gardiner: I was referring back to the other matter, when discussing it in 1937.

Mr. Coldwell: Excuse me, I did not interrupt the minister the other night when he was taking to himself all the credit for this.

Mr. Gardiner: I still take it.

Mr. Coldwell: I remember those days and I made up my mind that I would go into this Saskatchewan river irrigation project. On February 21, 1938, I moved the following resolution:

That, in the opinion of this house, the government should place before parliament at an early date plans, or proposals, for a comprehensive and authoritative survey of water conservation, irrigation possibilities, and other feasible projects for the permanent rehabilitation of the drought stricken area of western Canada and its people.

I well remember that debate and I looked over it again in *Hansard* during the last day or so. My recollection of that debate is that it received a fairly unsympathetic reception from the government and many hon. members in this house. I remember describing the situation that existed then in the western provinces and being told that I was belittling the province from which I came. I know that Saskatchewan, like Alberta and Manitoba, given the right conditions can produce enormous quantities of new wealth. That has been demonstrated again quite lately.

The history of the prairies warns us that while we may have years like those we have just had, years of bountiful rains, they are always followed by periods of great drought. When I was discussing this resolution in the house I submitted reports that had been made by Palliser and Hind, both of whom had travelled the prairies in the 1850's making surveys of the conditions at that time. From their reports we know that the conditions in the period 1930-38 were not

nearly as bad as the droughts prior to 1858. The records of the trees and of other kinds indicate clearly that from time to time the prairies provinces, particularly that part known as the Palliser triangle, have been subject and will be subject to drought conditions.

Yet in that same Palliser triangle there are two mighty rivers, the North Saskatchewan and the South Saskatchewan, one touching the north and the other cutting across the triangle to the south. In those days of great drought, as the minister and other hon. members from the prairie provinces know, when the land was parched there were millions of cubic feet of water running down those rivers wastefully to lake Winnipeg and on to the sea.

I want to emphasize something the minister said the other evening. He said that the drought conditions that existed from 1930 to 1938 had cost this country $186 million. We are now discussing the building of a dam across the South Saskatchewan river and this, together with at least some of the channels to convey water on to some of the land, will cost approximately $100 million. I say that that is one of the best investments Canada could make. It is one of the best premiums we could pay against the time when we may have to face another drought comparable to that which faced us in the 1930's. It may not come for ten, fifteen or twenty years, but those who have lived on the prairies for fifty or sixty years know that these periods do come.

I remember quite well losing my way one night when driving across the prairies in the constituency represented by the hon. member for Moose Mountain (Mr. Smith). I came to a stone house where I was given shelter for the night by a Mr. Warner who has since passed away. This was during the drought period and in the course of our conversation he told me that shortly after he had established himself on that land, in the early 1880's, a man drove up one night and stayed overnight with him.

There was a pretty dry period at that time and this visitor said that many years before he had camped right in the middle of the nearby lake. Mr. Warner said that that was impossible. The visitor said, "You may think it is impossible, but I did camp right in the middle of the lake and I will show you". It was a bright morning, the water was clear, and they rowed out into the lake and they could see that the bottom was covered with stumps and roots of trees. There was at least some evidence to show that there had been many years before a prolonged drought when it seemed some bush had grown in what had been the bottom of a dry lake, but that once more water came with wetter years. I say that the South Saskatchewan river scheme is most necessary, and at the same time may become one of the most profitable investments that this country has ever made. I should like to quote from what I said on a former occasion, as recorded at page 638 of *Hansard* of February 21, 1938, as follows:

> Hence it is not a question of large quantities of water, but of being able to deliver at the right time to the growing crops the comparatively small amount of water often required. For this purpose I believe there is sufficient water in the rivers and streams of western Canada.

I went on to say:

> A friend of mine last summer, when the days were hot, stood near Saskatchewan Landing—

That is where the bridge has recently been built.

> —and watched the South Saskatchewan, incidentally lower than usual, roll by. He told me that the river was in flood—not a great flood such as we have known in the past, but comparatively in flood—at a much higher level than normal last year, and flowing at about eight miles per hour in a channel one quarter of a mile wide. He estimated that if the water were diverted it would cover many sections of land one foot deep within twenty-four hours.

I do not think you need water one foot deep, but he was computing it on the flow of the water and the level of the land in the plain at that point. I continue:

> Mr. Stirling: What month was that?
> Mr. Coldwell: That was in July. I do not know how correct that estimate is, but I do know that vast quantities of water are flowing through the parched lands both from the North and South Saskatchewan rivers to the Arctic seas without being utilized in any way whatever.

I went on to say:

> I have endeavoured to discuss these matters with engineers and others who have looked into the problem; I have gone carefully over the contour maps of the dried-out area, and as a layman I would say that wide-scale irrigation seems to present no insuperable difficulties, either physical or financial, on the northern side of the Missouri-Coteau divide.

Then, as the minister said of it the other day, I made this remark:

> The valleys of both the Saskatchewan rivers lie between great banks and there are several places where dams could be conveniently located and power generated if desired. If it were necessary to divert some water from the North to the South Saskatchewan river—

That is what the old Pearce plan suggested.

> —and to supplement the latter, irrigating the intervening country as it flowed, I believe that could be done.

I am not saying that would be something we should or could undertake at the present time. I want to say to the house that I believed at that time and I am still persuaded

that this project is desirable and feasible. As a matter of fact I went to a great deal of trouble because of the lack of interest in it by the government and because of the lack of support for it in this parliament to see some of the most competent engineers I could find in this country, even one who is a very competent water engineer but whose political activities I have criticized from time to time, and to secure their advice on this particular matter. The advice I received at that time was that the project was feasible and I have never lost my faith in it. I have been told by engineers that dams placed at intervals along the South Saskatchewan river right back to the Red Deer river would irrigate a very much larger area of land than we contemplate irrigating under the proposed South Saskatchewan scheme. However, at that time it received very little support. Even my good friend, Mr. MacNicol, a man who subsequently did so much to assist us in popularizing the project, at that time knew virtually nothing about the South Saskatchewan river scheme. He made a speech discussing water conservation, at that time a problem in the province of Ontario.

What was the official stand of the government at that time? It was given during the course of the debate by the minister who spoke for the government, the Hon. Mr. Crerar. What did he say? As recorded at page 682 of *Hansard* for February 21, 1938, he mentioned some small schemes and then said:

> There were several others, including finally one known as the North Saskatchewan project. That project contemplates the diversion of the waters of the North Saskatchewan river—

He discussed the North Saskatchewan; I discussed the South Saskatchewan.

> —somewhere west of Prince Albert, bringing them down over the countryside of which the hon. member for Rosetown-Biggar spoke this afternoon to irrigate the lands lying beyond. They hoped in that scheme to embrace some 1,410,000 acres but the cost would be about $75 an acre. There is no question that engineering science could solve the problem of irrigation.

Then, sarcastically, he added:

> As an engineering question, it is not an impossible thing I suppose to take the waters of lake Superior and put them on the prairies of Saskatchewan.

Near the end of his remarks he said:

> I think the facts I have given are sufficient to indicate certain conclusions: First, that there is today a complete body of information available along the lines suggested in the resolution of the hon. member for Rosetown-Biggar. In the second place, extensive surveys have been made as to the possibility of utilizing the water available for irrigation in Saskatchewan and Alberta. May I say in passing that these reports indicate that of the acreage which could possibly be benefited by irrigation over 90 per cent is in Alberta. So that if we look for relief in undertaking vast and costly schemes of irrigation on the prairies I am afraid we are doomed to disappointment. That, however, does not mean that in certain localities irrigation projects cannot be undertaken but such projects must be on a modest scale such as those being undertaken today, which are situated almost entirely in Alberta.

That was the attitude, and consequently when I hear a good deal of credit being assumed by members of the government, the government party and even by the opposition, for popularizing this great scheme, I want to say that there are others in the country who have spent a good deal of time and energy and have done a great deal of talking in order to try to get support for this great irrigation project. It is not often—I do not know when I have done so before—that I have risen in the house and have made something of a protest against the assumption on the part of hon. members on the government side, or even in the opposition, of all the credit for everything that they subsequently are forced to do or support by public opinion in this country.

That is why I am saying something about the matter this afternoon. There is no question whatsoever that the project is feasible. I think it was unnecessary for the government to appoint a new commission to review all the reports that other committees and commissions have made on this project in the past. May I say that I was very much surprised to note the composition of the commission. This is primarily an irrigation project. Indeed, to the extent that it may become a power project, and I hope it will, that is more or less not the concern of the federal parliament because power is under the control of the provincial governments of Canada. Nevertheless a project that is primarily an irrigation project is being reviewed by a commission consisting of three gentlemen, for whom we have respect, only one of whom is primarily an irrigation expert, Dr. Widtsoe of Salt Lake City. As the minister has said, he is one of the outstanding authorities on irrigation on this continent or indeed throughout the world. In fact, I have seen some writings of his concerning irrigation in various parts of the world. The other two gentlemen were both primarily power men. I was rather surprised that we had a commission composed of one irrigation man and two power men to make an investigation of what is primarily an irrigation project.

This is a big project. As the minister has said, it will be the largest project of its kind on this side of the Canadian-United States border. Before I moved a resolution in the house in 1938, I made it my business to see the great earth dam at Fort Peck, Montana. I also went down to the State of Washington and saw the Coulee project. I say immediately that the Fort Peck dam was not primarily an irrigation project but

only incidentally so. It was a flood control project, but when I saw that great earth dam being built across the Missouri river I thought that, from the nature of the country, it would be a much more difficult project than the South Saskatchewan river project. After all, on the South Saskatchewan river we have steep banks, while at the Fort Peck project they had to build banks all around that great lake which I believe is some 1,500 or 1,600 miles around the perimeter. So, an earth dam of that description could be built, and a great lake could be created. There is sufficient water in the South Saskatchewan I believe to irrigate a larger area of the prairie than the estimate given by the minister and by the engineers, if it is undertaken in steps. I am not asking for anything greater at the moment than the situation seems to demand now.

I am saying, Mr. Speaker, that many of us have worked throughout the years for consideration of this project. We hope and we trust that we have now everyone's support. I was interested in hearing the leader of the opposition (Mr. Drew) support it the other day. I was interested also in hearing the hon. member for Broadview (Mr. Hees), and the hon. member for Simcoe North (Mr. Ferguson), eastern members, support the project this afternoon. I am very happy about that, but it has taken a long time. I remember when the Right Hon. R. B. Bennett was head of the Conservative party—I have the reference to the page in my notes, but I am not going to give it at the moment—he warned the house against some of these big projects. I recall that he said the irrigation that had been undertaken in the province of Alberta up to that time was one of the darkest pages of prairie history. May I just say that one of the first speeches I heard in this house, in favour of these large scale irrigation plans, was made by the hon. member for Lethbridge (Mr. Blackmore), who is still with us. He had had experience with large scale irrigation both around Salt Lake City and in southern Alberta, and knew how beneficial such projects could be to the communities. Most of all, I want to say this. Let us go ahead with this project, because as sure as the sun will rise tomorrow morning the day will come again when we shall have a shortage of moisture; when the heavens will not drop the beneficial rain. This has been the history of that great country, which is worth preserving, and worth developing.

There was some criticism of what was being done to relieve the distress in western Canada at one stage, but the late R. B. Bennett said that no group of people in the history of the world ever produced more new wealth per capita in a shorter space of time than the men and women who settled the prairie provinces. That is true. We sometimes hear it said perhaps we bring these prairie problems to the House of Commons frequently. We do, but let us not forget that upon the prosperity of the three prairie provinces and their ability to produce new wealth largely depends the prosperity of this entire country.

Mr. G. A. Cruickshank (Fraser Valley): I should like to take a short time, Mr. Speaker, to join in this debate. I want to assure you that I personally am not worried as to who claims the credit for anything that we may accomplish in Canada. It seems strange to me that, possibly for political reasons—I do not say it is—some members seem to be worried about who gets the credit for this or that. I am in the unfortunate position of having to follow one of the most distinguished speakers in this house, a man for whom I have the greatest admiration. I would have preferred to follow the hon. member for Broadview (Mr. Hees) but I did not have that privilege. I have to follow the hon. member for Rosetown-Biggar (Mr. Coldwell) for whom, as I said, I have the greatest admiration. I think that sometimes he is right, but unfortunately more often he is wrong.

I have heard about this irrigation scheme. Like the hon. member who preceded me, I have had the privilege of motoring through nearly every state in the United States during the past few years. I have seen what they are doing by way of flood control and irrigation. I found that, in most cases, they are endeavouring to combine those two features. I am not going to enter the debate about the Saskatchewan project. I personally do not care, and the people of my riding do not care, whether the hon. member for Rosetown-Biggar gets credit for bringing a certain portion of Saskatchewan into production or whether the credit goes where it should, to the Minister of Agriculture (Mr. Gardiner), so long as that portion is brought into production.

You have irrigation problems, but one of my Quebec colleagues has introduced a resolution concerning river bank erosion. I remind the hon. member for Broadview that there is such a thing as river bank erosion. To some of us in western Canada, and those along the St. Lawrence, it is just as important as irrigation on the prairies. In the old days it was said that river bank erosion was a local matter. In the old days, that may have been true. I am glad to see that my hon. friend and

genial colleague the Minister of Public Works (Mr. Fournier), who knows how to say no better than any man in this house, is present. What might have been true of river bank erosion in the past is not true today. Those of us who come from the province of British Columbia, which as you know is a great timber country, would remind hon. members that we produce approximately 55 per cent of the soft timber produced in Canada. Naturally, in logging off that country as we have done in the past, we have changed the entire water course of the mighty Fraser river. In the old days it was said that it was a local matter, one either for the municipalities or for the province. But through you, Mr. Speaker, I want to submit to the Minister of Public Works that that principle no longer holds true; and I believe the same thing may be said with regard to the St. Lawrence. We as local taxpayers—and I know of no better word to use—are not capable of protecting our river banks from erosion. This is something which affects not only the lives and the homes of farmers and industry, but also affects navigation both on the St. Lawrence and on the Fraser rivers. I submit that it is of vital importance to the inhabitants along both these rivers—in exactly the same manner as it is important to the people in Saskatchewan that they have irrigation—that the larger course be pursued, and that the matter of river bank erosion be recognized as a federal matter and not be one confined to local taxation purposes.

I want to admit that in the past the federal government have been fair within my own riding, as I know they have in other ridings, to a certain extent. But I know that it is not realized, I am sorry to say, by my colleagues from my own province, how important it is to the province of British Columbia—not only to Fraser Valley but to the city of Vancouver—that the main navigable river on the Pacific coast is maintained as such; and that cannot be done unless some attention is paid to the matter not merely by the Department of Public Works but by what I have been given to understand is the more important body, namely the Department of Finance. Apparently certain boys over in that ivory tower do not realize or so far have not appreciated how important this matter can be.

Mr. Speaker, although I have until 6.15 in which to speak, I do not intend to take that long. As you will notice, I do not speak from notes; and I have never yet read a speech. I want to refer for just a moment to my friend the hon. member for Peace River (Mr. Low)—I believe that is the riding he represents—in connection with his remarks and his apology for being opposed to the co-operative movement.

Mr. Fair: It was no apology.

Mr. Shaw: No apology at all.

Mr. Fair: Do not say that when he is not in the house. You know it is not right.

Mr. Cruickshank: I am glad to have some assistance from some of my friends from that district. If the hon. member for Peace River was not apologizing for his attack upon British Columbia Tree Fruits, I do not know what he was doing.

Mr. Shaw: He did not attack the British Columbia Tree Fruits, and you know it.

Mr. Cruickshank: May I say that British Columbia Tree Fruits, who happen to be the most representative body of agricultural distributors on the American continent outside of California, think it was an attack on them and have so stated publicly.

Mr. Shaw: That does not make it an attack; you know that too.

Mr. Cruickshank: The hon. member made this statement and he made it in my own riding. It is convenient to make statements at the time of an election when you hope to get a few votes. I hope the same statements are made in my riding again. Incidentally I want to say to my friends in that great province that I endeavoured, with little support from them, to get the pipe lines through a Canadian route, although I must admit support from them until the big stick apparently said: Thou shalt not speak; we must not have the pipe line through a Canadian route. That is a great province, and it is one of the wealthiest. If it associates itself with the province of British Columbia, as was mentioned by the hon. member for Vancouver South (Mr. Laing), we will be the two greatest provinces in the Dominion of Canada. But apparently you must depend on the guidance of those in British Columbia to achieve that end.

In my own riding at the time of an election it was stated that small fruits—strawberries and raspberries—were rotting in Yarrow, British Columbia. This statement was made publicly by the leader of the Social Credit party. But he did not recognize the fact that these strawberries and raspberries were in SO_2, were already not only purchased but paid for and were not rotting. But no retraction was made. In apologizing for the statement and for the excessive rate charged for the frozen wheat from Red Deer, I should like the hon. member to explain away that fact.

Mr. Shaw: He explained it so that anyone could understand it if he wanted to.

Mr. Cruickshank: He might have explained it so that anyone could understand it, provided he did not want the true facts. But I am not referring to that.

I now want to refer for a moment to the hon. member for Broadview. I have been on the veterans affairs committee since I came back here in 1940, and I want to admit frankly that I have not made a particularly good job of it. I have not done all that I should nor accomplished all that I should on behalf of the veteran. But through you, Mr. Speaker, I want to say this to the veterans and the members of every Canadian Legion; and may I say that I have a letter from nearly every branch in the Dominion of Canada. The opposition at no time forced me to take the stand I took on behalf of my fellow veterans; and that is a matter of record in *Hansard* and in the veterans affairs committee, and is something of which I am exceedingly proud. I rather resent being told that I and my friend the hon. member for Spadina (Mr. Croll) were dictated to in any way, shape or form by anybody in the stand that we took.

Through you, Mr. Speaker, may I say that I regret the fact that the government have not as yet seen fit to do what I think they should have done, particularly in behalf of recipients of the war veterans allowance. But at least we have obtained the promise that at the next session of the house a committee will be set up to review those cases which must of necessity be interlocked with those under the new Old Age Security Act which has been brought into force at this session. I resent any injection by a gallant member with a distinguished war record and, I know, a generous nature—I refer to the hon. member for Broadview—of a remark to the effect that we were coerced or forced into the action we have taken. Rather, I would prefer to believe that the action of the government to date was taken largely on the advice of men of more mature judgment than some of those who criticize the most.

I believe that the government are making a mistake in the present session in not bringing the war veterans allowance up to the proper rate at which I believe it should be. I believe that this amount could be arrived at in twenty-four hours by a meeting of the previous committee, under the same chairman, and with the same members, if necessary. I believe we could arrive at a figure that we think should be allowed these recipients of war veterans allowance. I am pleased that the government has announced, through the minister, that legislation will be brought down this session raising the basic rate of pension of disability pensioners. I want to make myself perfectly clear. I do not believe that the civil servants will be overpaid when they get the new increases that have been mentioned. I want to make that perfectly clear because, after all, there may be a few civil servants in my own riding. But if the government admits that in order to cope with the present cost of living the civil servants need the increase as announced, proclaimed, advertised, and I will not say boasted of, by the Minister of National Revenue (Mr. McCann) two days ago, then these poor war veterans are entitled to an increase not next year, but this session, and it should be made retroactive immediately.

I want to say one more thing, Mr. Speaker, with reference to the province of British Columbia—and I am speaking only for my own riding because I was reprimanded once before for speaking for other ridings. But I have the definite authority to speak on behalf of my own riding. Not only can I speak for my own association, which embraces every local from one end of the riding to the other, but in this particular instance I have the confidence of the people of all parties in my riding. If we can find a surplus, which I am proud to say we have found, of half a billion dollars, we can find the money necessary not next year but this year to see that no veteran or dependent goes short, no matter how bountiful the present pension may be.

I should like to touch on one other thing, Mr. Speaker. I will have to revert to irrigation on the coast, but I am particularly interested in my own riding and I frankly admit it. I should like to refer to the matter of river bank erosion. It has been often said by an hon. member from my own province that we in British Columbia will, as we see fit, support the St. Lawrence waterway because we believe it to be for the benefit of Canada as a whole. Along with the hon. member for Rosetown-Biggar (Mr. Coldwell), we are prepared to say that there should be no discussion about the irrigation of Saskatchewan. We are prepared to go along with the St. Lawrence waterways, remembering, as was pointed out by both the premier of Ontario, the leader of the opposition of the province, and by other leading statemen, that the St. Lawrence waterway development is not merely a ship canal but a power development. Let there be no mistake about it. The main reason the St. Lawrence waterway development is to be undertaken is not to build a ship canal but to build power lines. Mr. Saunders has openly said so; Mr. Frost has openly said so; Mr. Thomson has openly said so. Every other leader in that province has said so and we in British Columbia—and I speak only for the Fraser Valley—are

willing to go along with that because the development of power within the two central provinces will ultimately build up the province of British Columbia. But I want to point out that we in British Columbia, the Pacific gateway to your great commercial and manufacturing provinces, built up our hydroelectric system on a free enterprise basis without one dollar's worth of assistance from any government, either federal or provincial. We were not successful at it at first, but eventually we put a young Canadian in charge. The only black mark he has against his name in the great advancements he has made in our hydroelectric development in British Columbia, the leading and the greatest province in Canada, is that he is a Rhodes scholar, but he is living that down and building our hydroelectric without assistance from any government or any source other than free enterprise. When my hon. friends over there in the corner talk to me about socialism I say let them look to my own province, the province that has increased more in population and more in industrial strength per capita than any other province in Canada in the last ten years without one dollar of assistance from any government at all. Let them try that.

One thing more, Mr. Speaker; I want to be very brief in this because I may be accused of harking back to an old subject. Let me say this in deference to a certain friend of mine in whom I have the greatest confidence and whose ability I recognize. I did not have the opportunity of hearing his talk today because I had to go to the radio station to make a speech. I will not call it a speech because I know there will be some dispute about it from my friend and colleague the hon. member for Coast-Capilano (Mr. Sinclair). I had to go and say something at the radio station. I would have much preferred to stay and listen to the hon. member for Regina City (Mr. McCusker), but preferably to listen to the football game. I am not going to say anything about civil defence at this time other than to say I do not think any real attempt has been made to deal with civil defence. I have listened to great men such as the Secretary of State for External Affairs (Mr. Pearson), the Prime Minister of Great Britain and the President of the United States. Frankly, what I might say about national defence is of no more significance than what might be said by the hon. member for Carleton (Mr. Drew); we are both amateurs. But when these three great gentlemen speak, what they say is of importance. I believe the time has come when we in Canada must realize we are going through most critical times. I believe, sir, that one way in which we can say to the people of Canada, to the veterans of Canada and through the veterans of Canada to their sons, that we are not hesitating, that we are not asking them to wait until next year, is to bring down suitable legislation enabling those receiving war veterans allowance to receive their just dues. Do not let us wait until next session; let us bring it down now.

As I see it, I can do nothing to help them that would be of any material benefit. Should I vote for the amendment of the hon. member for Acadia (Mr. Quelch), it would not help. I think that is one of the fallacies of our system. We talk about reforming the rules and regulations of the house, and we bring in those ten-minute and fifteen-minute periods, which I am sorry to say was instigated by the hon. member for Peel (Mr. Graydon) for whom I have the greatest admiration. One thing we could do to reform the rules of this house is to see that a matter as important as the amendment moved by the hon. member for Acadia is voted on on its merits, and not as a motion of confidence in the government. I have confidence in the government, and—as the minister of external affairs knows I have in the past—I will refrain from voting.

On motion of Mr. Fulton the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, tomorrow we intend to proceed with the two resolutions in the name of the Minister of National Defence (Mr. Claxton), one concerning amendments to the National Defence Act, and the other to approve an agreement between the parties to the North Atlantic treaty regarding the status of their forces. Then we will take up the resolution in the name of the Minister of Labour (Mr. Gregg) concerning amendments to the Government Annuities Act, followed by the resolution in the name of the Secretary of State (Mr. Bradley) concerning public printing and stationery. Then if we have time left we will take up the bill which received first reading today, concerning the amendment to the Bills of Exchange Act. Then we would resume debate on the motion of the Minister of Finance (Mr. Abbott) for second reading of Bill No. 10, to approve the financial agreement between Canada and the United Kingdom.

At 6.15 p.m. the house adjourned, without question put, pursuant to the order of the house passed on November 2, 1951.

HOUSE OF COMMONS

Thursday, November 15, 1951

The house met at 2.30 p.m.

POST OFFICE

PRIVILEGE, MR. MCLURE—OMISSION OF PRINCE EDWARD ISLAND FROM MAP PUBLISHED IN ADVERTISEMENT

Mr. W. Chester S. McLure (Queens): On a question of privilege, Mr. Speaker, I hold in my hand a copy of the *New Liberty* magazine for October, 1951. On page 69 I notice that the Canada Post Office has a large advertisement over the name of the Hon. G. E. Rinfret, K.C., M.P., which is captioned "Building Canada by Making Her Smaller".

The objection I take to this advertisement is that the cradle of confederation, Prince Edward Island, has been left off the map of Canada. Even if the Post Office Department does not recognize Prince Edward Island as a separate postal district, as it should under the agreement of 1873, the Post Office Department has no right to get rid of Prince Edward Island by leaving it off the map. I hope that the Postmaster General (Mr. Rinfret) will correct this and not allow any more of these advertisements to be published.

LABOUR CONDITIONS

NATIONAL EMPLOYMENT SERVICE—QUESTION AS TO PROTECTION FOR EMPLOYEES UNDER FAIR EMPLOYMENT PRACTICES ACT

Hon. Milton F. Gregg (Minister of Labour): Yesterday the hon. member for York South (Mr. Noseworthy) asked me the following questions:

Are the employees of the national employment service in Ontario protected by the Ontario Fair Employment Practices Act, as are other employees in that province? If not, will the minister explain why not?

The answer to the first question is no. The answer to the second question is that the employees of the national employment service are federal civil servants employed through the Civil Service Commission of Canada in the manner provided by law. Provincial legislation of this nature is not applicable to them.

RAILWAY LEGISLATION

CHANGE IN PERSONNEL OF SPECIAL COMMITTEE

Mr. W. G. Weir (Portage-Neepawa) moved:

That the name of Mr. Whiteside be substituted for that of Mr. Stewart (Yorkton) on the special committee on railway legislation.

Motion agreed to.

LABOUR CONDITIONS

MOTION FOR ADJOURNMENT UNDER STANDING ORDER 31

Mr. J. W. Noseworthy (York South): I ask leave, seconded by the hon. member for Cape Breton South (Mr. Gillis), to move the adjournment of the house under standing order 31 for the purpose of discussing a definite matter of urgent public importance, namely, the critical unemployment situation in the industrial areas of Ontario, particularly in Toronto and district, now authentically reported to be worse than it was even before the outbreak of hostilities in Korea. If Your Honour will permit me to debate that question, I may say that I have the figures to substantiate my claim.

Mr. Sinnott: Has that anything to do with the Ontario election?

Mr. Fraser: That is entirely a federal matter.

Mr. Speaker: Order. The hon. member for York South (Mr. Noseworthy) moves, seconded by the hon. member for Cape Breton South (Mr. Gillis), the adjournment of the house under standing order 31 to discuss a matter of urgent public importance. Under this standing order it is provided:

The member desiring to make such a motion rises in his place, asks leave to move the adjournment of the house for the purpose of discussing a definite matter of urgent public importance, and states the matter.

The hon. member has done that. The motion must be made after the ordinary daily routine of business has been concluded and before notices of motions or orders of the day are entered upon. Accordingly, the motion has been made at the correct time. The rule goes on to say:

He then hands a written statement of the matter proposed to be discussed to Mr. Speaker, who, if he thinks it in order and of urgent public importance, reads it out . . .

And so on. It is my duty to determine whether or not this matter is of urgent public importance in accordance with the rules of this house. May I say that according to Beauchesne, third edition, paragraph 174:

"Urgency" within this rule does not apply to the matter itself, but it means "urgency of debate," when the ordinary opportunities provided by the rules of the house do not permit the subject to be brought on early enough and public interest demands that discussion take place immediately.

It is also provided in Beauchesne, in paragraph 173, that the matter raised must not be one that has already been discussed during the current session. It seems to me that this matter has been discussed from time to time this session during the debate on the speech from the throne. That may or may not be correct, but it occurs to me that it has already been discussed.

It is also provided in Beauchesne, in paragraph 176, that the matter must be of recent occurrence. This unemployment situation, according to the motion, has apparently been in existence for some time but is now authentically reported to be worse than it was even before the outbreak of hostilities in Korea. The recent occurrence would be with regard to the fact that it is authentically reported to be worse. My difficulty, however, in allowing the motion would be because the debate on the speech from the throne is still in progress; it will be resumed on Monday of the coming week and, if it is not concluded then, it will continue on Wednesday. I would remind the house that at the present time there are two amendments before the house. It is true that a number of members have spoken on one of the amendments but on the other amendment I believe only one or two members have spoken. It therefore occurs to me that there will be opportunities in the near future for the hon. member and others to discuss the question stated in this motion. I feel sure that it would not be in accordance with the rules of the house for me to put the motion at this time.

FINANCIAL ADMINISTRATION

PROVISION FOR CONSOLIDATION AND REVISION OF CERTAIN ACTS, AUDIT OF PUBLIC ACCOUNTS, FINANCIAL CONTROL OF CROWN CORPORATIONS, ETC.

Hon. Alphonse Fournier (for the Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to consolidate and revise the Department of Finance and Treasury Board Act and the Consolidated Revenue and Audit Act, 1931, and certain other acts; to provide for the organization and functions of the treasury board and the Department of Finance, and the appointment and functions of the comptroller of the treasury; to regulate the collection, management and disbursement of public money, public borrowing, the management of the public debt, and the acquisition, recording and issue of public stores; to provide for the keeping of adequate public accounts, the audit thereof, and the appointment, salary and functions of the Auditor General of Canada; to provide for the control of the financial affairs of crown corporations; to regulate the terms and conditions upon which contracts may be made on behalf of His Majesty; to provide a procedure for the write-off of debts owing to His Majesty that have become uncollectible; and to provide for the management of the consolidated revenue fund and for the making of certain payments therefrom.

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

Motion agreed to.

PENSION ACT

PROVISION FOR INCREASES IN RATES OF PENSION FOR DISABILITY AND FOR DEATH

Hon. Hugues Lapointe (Minister of Veterans Affairs) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to bring in a measure to amend the Pension Act to provide for increases in the rates of pension for disability and for death under the act.

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

Motion agreed to.

WHEAT AND COARSE GRAINS

MARKETING SITUATION—PREFERENCE TO LOW GRADE WHEAT—CAR LOADINGS

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I should like to direct a question to the Minister of Trade and Commerce—there are really three questions—arising out of the wheat marketing situation on the prairies. The first is this. Is the minister in a position to give a report on the wheat marketing situation and, in particular, whether in those areas where the elevators have been plugged something has been done to provide the necessary cars?

The second question arises from correspondence from various municipalities asking for consideration of this matter. In view of the tens of millions of bushels of damp and tough grades of wheat that are lying on the ground today and are in danger of complete destruction unless marketed, will the minister consider giving a preference for the time

being for wheat of those grades, so that the loss will not fall as heavily as otherwise on the farmer?

The third question is this. In many of these areas the elevators are plugged. In those areas will the minister consider giving the farmers an opportunity to load their wheat on cars on the loading platform instead of the wheat having to go through the elevators, which is now the rule generally adopted on the prairies? I ask these questions in order to clarify the situation for many western farmers and rural municipalities that are asking for information.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, the first question refers to localities where all the elevators are plugged with wheat. I may say that that situation is being relieved rapidly. Car loadings from country elevators are now running at their peak of the season and we are able to make the loading more selective. In the past the difficulty has been that we have not been able to move forward low grade wheat. At the moment we are able to move a reasonable quantity of that wheat. Sales of low grade wheat have been substantial in recent weeks and we find that we need more low grade wheat at Fort William for movement east. That situation will be relieved shortly, I believe. While there are a good many individual elevators plugged, there are not so many elevator points that are plugged. There is a distinction. The pool elevators handle a greater proportion of the grain at most points than do private elevators, and it is not possible in all cases to keep individual elevators clear. We are doing our best to permit all elevators to handle the wheat that is offered. I think that before long we will have all points relieved so that wheat that has been threshed and coarse grains that are deliverable can be delivered.

My hon. friend referred to damp wheat. We have not yet been able to move forward damp wheat. My hon. friend knows that it cannot be stored in country elevators with safety, but we hope within a matter of two or perhaps three weeks the wheat board will be able to give a complete preference to damp wheat.

Mr. Diefenbaker: And tough.

Mr. Howe: And tough, which will be loaded into cars and sent to the lakehead for drying. That will be the next objective of the wheat board.

My hon. friend will see why damp wheat cannot be handled when the rush is on, because many of these cars require special bins at the lakehead; but we do expect to be able to give a complete preference to damp and tough grain, particularly damp, within the next two or three weeks. As far as grain over loading platforms is concerned, I think any producer can deliver over a loading platform if he can get the cars. To my mind that is not a solution. We hope to be able to make it possible to load through the elevators, which is the best way for the producer and all concerned.

Mr. Diefenbaker: But where elevators are filled in a marketing point, would consideration be given there?

Mr. Howe: I think it would be more efficient to use the car supply to unplug the elevators than to use the car supply to load over platforms. My hon. friend knows that loading over platforms is a slow process. I think we can achieve the same objective more quickly by supplying cars through the country elevators at the loading point.

INQUIRY AS TO ADVANCE PAYMENT ON FARM STORED GRAIN—INTERIM PAYMENT FOR 1951 CROP—FINAL PAYMENT ON 1950 POOL

On the orders of the day:

Mr. H. R. Argue (Assiniboia): I have two questions along the same line that I should like to direct to the Minister of Trade and Commerce. My first question is based on the latest report from the *Western Producer* of an increased number of congested pool elevators. My question is: Has a final decision been made on the request for a 75 per cent advance payment on farm stored grain? My second question is: Will the government grant the request of the United Grain Growers and other farm organizations that an interim payment on deliveries of the 1951 crop of wheat, oats and barley be made at an early date?

Right Hon. C. D. Howe (Minister of Trade and Commerce): The problem of western Canada is not the problem of farm stored grain particularly. We hope shortly to have elevator points relieved. If country elevators are not relieved now they will be relieved shortly so that farm stored grain can be delivered. That of course is the desirable arrangement as far as the government is concerned, and I think as far as the producer is concerned.

I have stated before that the government is actively considering the problem of wheat, oats and barley that are still in the fields. Representatives of the Department of Trade and Commerce and the Canadian wheat board are in western Canada at the present time exploring the situation with the wheat pools and with elevator companies, and I hope very shortly to be able to announce a method of financing wheat that could not

be harvested. That is the problem, I believe, rather than the problem of farm stored grain.

Mr. Argue: I am afraid the minister did not answer my second question. Will the government consider an interim payment on the 1951 crop at an early date? Then I have a further supplementary question. Do I take it from the minister's answer to my first question that the government has decided not to make an advance payment on farm stored grain?

Mr. Howe: In reply to the second question first, I made no such statement. I said that question was being studied with a view to making arrangements to finance grain that could not be harvested. I said nothing more, and I hope my hon. friend will read nothing more into that statement.

The answer to the second question is, an interim payment on wheat of the 1951 crop will be made at the usual time, which is usually about February 1.

Mr. Wright: May I follow that up with just another question? Sometime ago the minister said that early in November he would hope to be able to make an announcement with regard to the final payment on the 1950 wheat pool.

Mr. Howe: I still hope to make that statement shortly. The difficulty is that the wheat crop of last year involved about 350 separate grades. The accounting problem of putting a price on all those grades has proved enormous. The staff have worked night and day. I have not received the final results, but as soon as I do I will announce it in the house.

PENSIONS

INQUIRY AS TO RECOVERY BY MUNICIPALITIES TO COMPENSATE FOR PAST RELIEF PAYMENTS

On the orders of the day:

Mr. Solon E. Low (Peace River): I should like to direct a question to the Minister of National Health and Welfare. Has the minister's attention been called to the fact that certain municipalities are recovering from pensions granted to aged citizens of this country certain relief payments that had been made to those citizens prior to the time that they were granted old age pensions?

Hon. Paul Martin (Minister of National Health and Welfare): My hon. friend was kind enough to give me notice of his question, and in reply I would say first of all I am not aware of any such contemplated action. I am also not sure as to whether my hon. friend is speaking of payments made under the Old Age Security Act, the Old Age Assistance Act, or the Old Age Pensions Act; but in any event, I should like to make it clear that all of these acts contain a clause which provides that no pension payment can be attached, assigned or seized in satisfaction of any claim against a recipient. This is provided directly in the Old Age Security Act and in the Old Age Pensions Act, and it is provided indirectly in the Old Age Assistance Act through the requirement contained in the federal act that the provinces must give an undertaking to include such a provision in their provincial legislation.

CHINA

INQUIRY AS TO PROHIBITION OF EXPORT OF CANADIAN FUNDS

On the orders of the day:

Mr. G. K. Fraser (Peterborough West): I should like to direct a question to the parliamentary assistant to the Minister of Finance. The question is similar to the question I asked on January 31, 1951. Owing to the reports that communists are continuing to blackmail Canadians of Chinese descent who have friends and relatives in China, in order to protect these Canadians has the government given consideration to prohibiting the export of Canadian dollars and other funds to communist China and to countries behind the iron curtain?

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): I will take that as a notice.

KOREA

INQUIRY AS TO NUMBER OF CANADIANS TAKEN AS PRISONERS OF WAR

On the orders of the day:

Mr. Gordon Graydon (Peel): I should like to direct a question to the Minister of National Defence. During the Korean campaign have any Canadians been taken as prisoners of war?

Hon. Brooke Claxton (Minister of National Defence): I have not had notice of this question, but speaking from recollection I do not think any have been captured. If any have been captured, it is I think only one, but I will have to verify that.

Mr. Graydon: The reason I asked the question is the controversy now raging with respect to the treatment of soldiers of the United Nations generally who have been taken as prisoners of war.

Mr. Claxton: I have a return on my desk, and I will look it up and let my hon. friend know later in the afternoon.

ARMOURIES

QUESTION AS TO USE BY PISTOL AND REVOLVER CLUBS

On the orders of the day:

Mr. G. K. Fraser (Peterborough West): I should like to direct a question to the Minister of National Defence. Are pistol and revolver clubs allowed to use the rifle ranges in armouries, or has notice gone out to the effect that they cannot use them any more? Police officers and other men have been using them in the past, but I understand a notice has gone out that they cannot use them any longer?

Hon. Brooke Claxton (Minister of National Defence): I will have to look into that.

Mr. Fraser: I brought up the question, Mr. Speaker, because I feel that it would be to the advantage—

Some hon. Members: Order.

Mr. Fraser: It would help in civil defence.

Some hon. Members: Order.

Mr. Fraser: These men should be allowed to use the armouries.

UNION DUES

REQUEST FOR SUPPLEMENT TO BULLETIN NO. 5 REGARDING DEDUCTION FOR INCOME TAX PURPOSES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): May I direct a question to the Minister of National Revenue?

Mr. Stick: Don't make a speech.

Mr. Knowles: No, and it will be just one question, Mr. Speaker. Will the minister have his department consider the possibility of sending out a supplement to the department's information bulletin No. 5 regarding the deduction of union dues for income tax purposes so as to make it clear that in the case of unions whose superannuation funds have already been approved payments made to such funds can still be deducted, as well as regular dues for the work of the union? As the minister knows, bulletin No. 5, dated October 26, 1951, a copy of which he has sent me—

Some hon. Members: Order.

An hon. Member: Ask your question and sit down.

Mr. Knowles: Just a minute. This bulletin sets out the form of receipt that trade unions can use. But it is confusing some trade unions on the matter of pension fund payments that are already authorized as deductible.

Inquiries of the Ministry

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, I will see to it that officials of the department give consideration to the suggestion of the hon. member for Winnipeg North Centre, if that information is not already contained in bulletin No. 5.

Mr. Knowles: I thank the minister. I am afraid it is not, so I will come over and talk with him about it.

NATIONAL DEFENCE

AUXILIARY SERVICES IN KOREA—SALVATION ARMY

On the orders of the day:

Mr. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I should like to ask a question of the Minister of National Defence. Would the minister care to revise the statement he made to the house on October 29 concerning auxiliary services in Korea, in view of the evidence in the *Globe and Mail*—

Some hon. Members: Oh, oh.

An hon. Member: It is always right.

Mr. Churchill: —showing a reproduction of an advertisement of the Salvation Army that appears in the *British Weekly*, indicating—

Some hon. Members: Question, question.

Mr. Churchill: —that the Salvation Army is supplying auxiliary services to British troops in Korea?

Hon. Brooke Claxton (Minister of National Defence): The information I gave the house on that occasion was based upon information received from officers of the department, and I verified it carefully with them. It was based upon reports received from officers who, themselves, had been in Korea. Since the article to which my hon. friend has referred appeared in this morning's issue of the *Globe and Mail*, I have asked them to check up with the British authorities, and to learn directly from them what the situation is.

CANADIAN NATIONAL RAILWAYS

EFFECT OF PENSIONS UPON GRATUITOUS ALLOWANCES

On the orders of the day:

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, may I answer a question asked by the hon. member for Rosetown-Biggar (Mr. Coldwell), which was prompted by a question which his colleague the hon. member for Winnipeg North Centre (Mr. Knowles) had asked concerning the application of rule 9 to pensioners of the Canadian

National Railways. My answer, in effect, was that the interpretation of rule 9 would not affect those in receipt of old age pension after January 1 of next year.

The supplementary question was as to whether the same answer could be given with respect to gratuities of the Canadian National Railways. I am now informed that gratuitous allowances are granted, under conditions, to employees who do not qualify for pension under the rules. These allowances are subjected to a means test, and the eligibility to receive an old age pension at seventy has been one reason to discontinue such allowances at that age. The number of gratuitants whose allowances have been discontinued for this reason is very small, namely seventeen, including two this year.

Mr. Knowles: May I ask a supplementary question? Is there in prospect any fundamental change in Canadian National Railways pensions, to be announced before the end of this year or, in other words, before the new old age pension plans come into effect?

Mr. Chevrier: I can only reply to that, as has already been stated in the house, that Canadian National Railways pension rules are now under reconsideration, and my understanding is that the brotherhoods and the railways are discussing changes to the pension rules. I have not been advised what they are; but when I am, I should be in a position to give information to the house.

INQUIRY FOR RETURN

LEGAL SERVICES—TORONTO, MONTREAL, WINNIPEG

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, can the Prime Minister tell us now when the return passed as an order for return on April 30, regarding legal fees, will be brought down? The Prime Minister said he would have the matter looked into.

Right Hon. L. S. St. Laurent (Prime Minister): I did have it looked into, and there are still two or three matters about which further information is required. I hope, however, that it will not take more than a day or two to get that further information.

LABOUR CONDITIONS

REPORTED CONDITION OF UNEMPLOYMENT IN TORONTO AREA

On the orders of the day:

Mr. J. W. Noseworthy (York South): Mr. Speaker, may I ask a question of the Minister of Labour? Has his attention been called to the fact that unemployment in Toronto is now building up at a rate of over two thousand a week? If so, what steps is the government taking to relieve that situation?

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, our attention of course has been drawn to the fact of unemployment, and of employment, throughout Canada. I can report to the house that while there are small pockets of unemployed, particularly in central Ontario, on the whole the employment picture in Canada is exceptionally good at the present time.

CANADIAN FORCES ACT

TO PROVIDE FOR COMPENSATION, PENSIONS, ETC., TO MEMBERS OF ARMED FORCES AND ALLIED SERVICES

Hon. Brooke Claxton (Minister of National Defence) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the National Defence Act to provide for the payment of compensation in respect of the death or disability of persons employed in or with the public service of Canada while performing functions in relation to the Canadian forces, the defence research board or forces co-operating therewith; to amend the Defence Services Pension Act to permit the payment of a pension to an officer or man who has served in the Canadian forces for twenty years or more and to provide that the act shall continue to apply to a man who, having been promoted from the ranks, is granted a short service commission; to provide that persons who have accumulated pensionable service under the Defence Services Pension Act may be able to count that service under the Civil Service Superannuation Act when they retire from the forces to accept civil service appointments in the Department of National Defence; to amend the Department of Veterans Affairs Act to provide continuing authority for that department to administer, on the same basis as in the past, the service estates of former members of the forces; to amend the Visiting Forces (United States of America) Act to provide for the attendance of civilian witnesses at American courts-martial held in Canada; and to amend other statutes to make their terminology consistent with that of the National Defence Act.

Mr. Knowles: Explain.

Mr. Claxton: I could explain it in committee.

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

Mr. Claxton: Mr. Chairman, hon. members will recall that at the first session of parliament in 1950 we enacted the National Defence Act. That act contained a comprehensive revision of all legislation related to defence, and also incorporated in one measure a single disciplinary code for the navy, the army and the air force.

Subsequently the various sections of that act have all been brought into force by proclamation, and the regulations of the three

services were brought into effect on September 1, 1951. So that all the defence legislation that was planned four years ago has now been put into effect. Now there are a number of amendments to be made to other statutes consequential upon the amendments made to the National Defence Act.

For example a definition of the word "military" was given in the National Defence Act, and it is now considered desirable that that same definition be used in all other legislation. Altogether there are twenty-nine clauses in the bill which will be introduced. Of those clauses, some eighteen are purely textual changes. They are verbal, and are not even of a technical nature. Then, eleven clauses have to do with amendments of a textual nature, but of some substance.

Perhaps it will be of some assistance to hon. members in considering the bill which will be distributed immediately this resolution is adopted if I refer to the sections which make specific amendments and indicate briefly the nature of those amendments.

Section 5, subsection 2, would enable persons who served overseas with the Royal Canadian Navy during the second world war other than at sea to count such service for the purposes of the Civil Service Superannuation Act. It would thus give personnel who saw such service with the navy the same rights as have been given to personnel who served in the army and the Royal Canadian Air Force.

Section 6 would enable the governor in council to provide that persons who have accumulated pensionable service under the Defence Services Pension Act to count that service under the Civil Service Superannuation Act when they retire from the forces to accept civil service appointments in the Department of National Defence. A man who retires from the services to take a civil service position with the department may count his service for pension purposes.

Mr. Adamson: But only with the department?

Mr. Claxton: Yes. Section 8, subsection 2, would protect the pension rights of men appointed to short service commissions. This is now covered by order in council P. C. 2932, dated June 7, 1951. It is estimated that this would relate to three men in the navy, 171 in the army, 201 in the air force or a total of 375. It is only just that men who accept commissions on a short term basis and are promoted from the ranks should not lose their pensionable rights.

Section 8, subsection 6, will enable the governor in council to grant a pension to a contributor who has been a member of the military services for twenty years, who served on active service during the second world war and subsequently in the regular forces but who has, at the date of his retirement, served for less than ten years in the regular forces. In other words, from the point of view of qualification for pension, service with the active forces during the war would be taken together with service with the regular forces since the war in order to make up the minimum period of ten years. It is estimated that 334 officers and men would be covered by this at the present time, but that number will be progressively reduced as these men complete ten years' service.

Section 14, subsection 2, would change the word "military" to "army" and would also delete reference to Newfoundland and the Irish Free State in a section of the Visiting Forces (British Commonwealth) Act. The Irish Free State, formerly designated as the Republic of Ireland, ceased to be a member of the commonwealth in April, 1949, and Newfoundland became incorporated with Canada by the act of union of that year. Clause 14, subsections 4 and 5, similarly delete reference to Newfoundland and the Irish Free State.

Section 17, subsection 2, would amend the Department of Veterans Affairs Act in order to continue the authority of that department to administer the service estate of former members of the forces who die while in DVA hospitals. That was provided for in the previous national defence legislation, but it was not carried into the National Defence Act.

Section 22, subsection 2, would provide for the attendance of civilian witnesses before United States courts-martial held in Canada. That is a privilege which we enjoy now with the United States and we want to put it on a reciprocal basis. Even in these cases the attendance of witnesses would require an order issued by a Canadian civilian magistrate.

Section 25 provides for the appointment by the governor in council of an officer as chairman of the chiefs of staff committee. This is now provided by order in council. It also gives the governor in council authority to make provision for compensation to civilians employed in the public service of Canada or doing research or consultative work in relation to the Canadian forces and the defence research board where disability or death is suffered in connection with their service. In applying this section it is expected that the governor in council will order that the Pension Act be made applicable in these cases. Cases might occur where a civilian worker engaged on research in connection with a dangerous weapon is killed or injured along with service personnel. At the present time a pension would be paid to the member

of the service, but not to the civilian. We think it is only just that the same provision should extend to the civilian.

Section 26 relates to offences committed or commenced, but not disposed of, prior to the coming into force of the disciplinary parts of the National Defence Act on September 1, 1951. This point is now covered by order in council, P.C. 3417, dated July 4, 1951.

Section 28 would extend the operation of section 4 of the Official Secrets Act to cover persons who by reason of service with but not in the forces may have obtained information that should not be disclosed.

As I said, these changes are almost entirely of a technical nature or consequential upon the enactment of the National Defence Act and our experience with the operation of that act during the past year. I commend them to the consideration of the committee.

Mr. Green: Mr. Chairman, apparently the proposed bill is to include quite a few amendments to the National Defence Act. I suggest to the minister that he give consideration to an amendment having to do with the welfare and educational services. We now have troops in Korea and Europe and I believe that this question has become one of the most important to be dealt with by this parliament.

I was somewhat disturbed to hear over the radio last night and to read in the *Citizen* this morning a dispatch from Edmonton reporting an interview with the Primate of the Anglican Church, the Most Rev. Archbishop W. F. Barfoot, who has just returned from visiting the troops in Korea. The primate reported that he had visited every unit in Korea and had found the morale of the troops excellent, which we would expect. He also said that they were well clothed, well led and well fed. But he made this disturbing statement:

> Not everything had been done that could be in the way of education and recreational facilities for front-line troops. Plans were projected but not yet in operation because the brigade could not spare many men from military duties.

That statement confirms what we have been hearing from the men themselves. For example, they say that there has been very little provision made for entertainment. Apparently what entertainment there is is of United States origin. No Canadians have been sent out to provide entertainment, although I understand offers have been made by Canadian groups.

We also hear that, while radio broadcasts are provided, the troops do not have sufficient radios available to listen. I believe that the United States forces have at least one radio for every company. There may or may not be a similar provision for Canadian troops but my information is that there is no such provision. We are also told that the troops cannot get Canadian cigarettes, that they cannot get pipes and that there is a shortage of reading material in Korea. Evidently because of the damp climate and the long wet periods paper books and other reading material do not last long, and therefore a larger supply is needed than would be the case in other climates. Apparently educational services are not very extensive.

I appreciate the great difficulties there must be in making provision for welfare and educational services. I do not suppose there has ever been a battle area where it has been more difficult to make adequate provision, but it does seem that some better method could be adopted. I understand that at the present time there is a staff captain welfare at brigade headquarters and a welfare officer with each of the units but that the duties of the welfare officer are not restricted to welfare services. He may be put on messing or other duties; it is not his sole job to look after welfare services for the unit.

My information may or may not be correct. I cannot vouch for the accuracy of all the details but the statement made by the primate shows that something must be done to bring about a better situation. I know that the minister is just as anxious as I am to have the best possible welfare services provided for the troops. I suggest to him that he have the situation investigated right away either by people in the government service who are not now in the Department of National Defence or perhaps by representatives of the national organizations which did such splendid work in providing welfare services for the Canadian forces during the second world war. I refer of course to the Canadian Legion, the Y.M.C.A., the Knights of Columbus and the Salvation Army.

It should be possible to get experts also from one or more of these organizations who could be flown to Korea to help make a survey of the situation and then make recommendations to the government. From my own experience in the first world war I think it is of great value to have these national organizations with the forces. They bring a home touch which cannot possibly be brought by welfare men in the fighting forces. There is a great deal of value in having the contact provided by the representatives of these national organizations.

For the time being I merely urge the minister to have an independent investigation of the whole situation made without delay. If our fighting forces are getting the best welfare and educational services that can be provided we should know about it. Their loved ones should know about it and the

Canadian people generally should know. If they are not getting the best that can be provided then I think that fact should also be made known and we should all be given an opportunity to suggest remedies.

Our young men have been called on in such a short time after the last world war to go out and make sacrifices again, and I know that every single member of this house would insist just as much as I do that these young Canadians be given the best services that can be obtained. It certainly looks as if they are not getting that type at the present time.

Mr. Gillis: Unfortunately some of us are members of a very important committee that is to meet at 3.30. Otherwise I think this resolution should get a thorough going over before the bill is introduced. The amendments it is proposed to introduce by way of legislation, as envisaged by the resolution, certainly fall short of what I think is required. With reference to the point raised by the hon. member for Vancouver-Quadra as to entertainment and welfare services in Korea, I should like to say that I received a letter directly from Korea last May from a person who has been there since the first troops were landed. He is one in whom I have supreme confidence that he is not only there to serve his country well—he did that in the last war—but is completely reliable and reasonable in anything he might expect by way of comforts or pleasure.

His letter indicated that, so far as recreation was concerned, they were charitable patients depending on the Americans and the British. He did not make any particular request as to what should be done but he thought something should be established similar to what we had in the last war, for example, the Legion war services. I wrote the department on this matter and received an answer from the minister that he was taking it up with the proper officials, and he did so. I received a letter from one of the officials who apparently have to do with this matter, and it sounded almost resentful that anyone should suggest that everything was not being done that should be done. It definitely stated that everything was all right. It was quite a lengthy document.

Since that time I have met boys who have come back from Korea and they confirm the fact that recreational facilities leave much to be desired. I am not going to make any recommendations as to what the minister should do about it. That is his job. I think the least that should be done is to place our boys in the position that when they come out of the line they will not have to go to the Americans or the British as charitable patients. They should have their own place to go to and the right to go into a Canadian canteen. Most members of the house know what it is like to walk into the other fellow's canteen when there is a shortage of beer or cigarettes. They do not want to see you there when there is little enough for themselves. I want to support the hon. member for Vancouver-Quadra in his statement that there is a necessity for the minister to check up on welfare facilities available to our men in Korea.

I notice the minister is proposing amendments to the act in regard to superannuation of members of the permanent force and related services. Well, that is all to the good. I hope that those drafting the legislation will recall something I have said several times during the past year concerning the way in which the act is now applied to members of the permanent force. They may pay into that fund for 10 or 15 years, then incur some disability that is not related to military service as such and pass away while in the service. What happens then? The dependents receive what the man paid in plus a little interest, but minus the income tax.

Several times I have put a case on the records in which a captain in the service incurred a heart condition, and despite the fact that he was in the war the Department of Veterans Affairs stated that his death was not attributable in any way to his war service. I still claim it was largely caused by the stress and strain of the war, but the medical experts in the department do not agree. His widow received the money he had paid into the superannuation fund, minus $650 which the income tax department took. When you are redrafting this act for service personnel, I think some safeguard should be put in there. This woman has not been able to establish a claim to a dependent's pension, because she is not old enough. She has not been able to get any help under war veterans allowance, despite the fact that she lives 20 miles away from any place where she can obtain employment and is tied down by two children. I feel that that is a very poor return to a person who had given so much to the service. I feel that particular thing should be taken care of when you are redrafting this act.

Yesterday I said, and I am going to repeat it for the benefit of the minister, that the dependents allowance requires overhauling. The maximum appears to be $126 a month. I am badly affected because there have been a lot of enlistments in my part of the country. A married man goes into the service and leaves his wife and three or four children to live in a home he is building upon which

there is a mortgage. After he is in the service the wife finds that this $126 does not replace her husband's earnings. She is not able to meet the mortgage payments and maintain the children. Then there is a controversy started by mail in an endeavour to get him out of the service. In some cases he is let out, but in most cases he is not. When a man is let out we have wasted the money in outfitting and training him and transporting him across the country. Some revision is necessary. If married men are accepted, then the wife should be enabled to maintain the same standard for her family as the husband provided before he enlisted.

There is another angle to this question of married men in the service. By joining the army today many married men can get completely clear of their responsibilities to their families. I have brought to the attention of the department cases in which married men have joined the army. A couple of months later the wife finds she is getting no allowance at all. The man has to make an assignment and he will not do so, so the wife is left at the mercy of the municipality. I have ironed this out so far as I could with the department. I asked the department to parade that man and ascertain whether or not he should be supporting his family. The department takes the view that they have no authority to do that. They say that you must get a court order. If this woman is living on Cape Breton Island or in Vancouver, she has to go to a magistrate and make application under a certain section of the Criminal Code in order to get a court order. The wife must produce her husband in court, and if he happens to be up in Camp Borden it means that the municipality has to send police officers up there to get him. The municipality is not going to do that, and the defence department take the position they have no responsibility in the matter. In the meantime, the man is in the service and his family is on the outside starving. That is not an ideal situation, and I think the department should do something about it. If married men are to be taken in, then their families should be properly looked after. Otherwise, married men should not be taken into the service. I do not see how we can justify enabling a man to get clear of his responsibility to his family by going into the service. I believe those two points should be corrected.

I have said two or three times, but I am going to repeat it, that it is not fair that a clothing allowance is not granted to men who are leaving the service after having served in Korea. After the last war a man received 30 days' pay, and 30 days to look around and find out what he was going to do. Upon going into the service most men have a suit, perhaps two. During the period in service the suit is either moth-eaten or out of date. He is given a uniform to go out in, but he is not going to wear that around very long before he becomes conspicuous in the neighbourhood. I do not think it is asking too much to provide at least a clothing allowance and 30 days' pay to the man who has seen combat service. If we are going to start revising many of these acts, I think those points should be remembered.

I strongly urge the minister to take a look at the superannuation arrangements that are in effect now. Apparently they are to be changed. He should consider also the position of a man serving 10 or 15 years in the service, who has seen combat service, and who dies while in service but whose death the medical officers will not attribute to service, because he has not a big hole shot in him. In the case I mentioned earlier the man had two or three years of combat service; he went through Italy and central Europe, and upon coming back to Canada stayed in the service. I do not think that any medical people could make a dogmatic assertion that in large part that man's death at that age was not due to military service. In that case the benefit of the doubt was not given to the man or his wife and two children. I have talked about this case so much that it has become a phobia with me. I am going to continue to talk about it until somebody does something about it. I appreciate the minister's position. He has the army, the navy and the air force on his hands at the present time. I know that his personnel department are working hard devising new regulations and all that kind of thing. It may just not seem to be particularly important to consider a case like that when you have a billion dollars' worth of equipment to work on. But do not forget that equipment is no good without men; and unless you are going to get men with contented minds, with the assurance that they and their dependents are going to be taken care of, all of our equipment and all of our money is no good.

There are many other things I should like to say.

Mr. Wylie: Say them.

Mr. Gillis: No, I must go to a committee and look after maritime freight rates. I am going to leave these few thoughts with the minister. I hope that I will never again have to say anything about these matters and that they will all be taken care of.

Mr. Fulton: I have just two comments that I should like to make on points of substance and one on a matter of form with respect to the legislation. On the matters of substance, it is perhaps not necessary to enlarge—

certainly not to any great extent—on what has been said by the hon. member for Vancouver-Quadra and the hon. member for Cape Breton South; but I want to back up fully what they have said as to the necessity for providing auxiliary services, as they were known during the last war, for the forces in Korea.

The picture appears to be confused, and under the circumstances I think we should not make any exaggerated statements until the minister has had a chance to make the further investigation which I understand he has now instituted as a result of reports of what is available to other forces. But I would urge upon the minister and the department that even if his investigation should show that other forces do not have auxiliary services, we should not take that as a compelling reason why we ourselves should not provide them, particularly as the Canadian organizations which provided those services in the past have indicated not only a willingness but an anxiety to do so at present. While it may be difficult to provide them in Korea on the same scale as was done in the United Kingdom, northwest Europe and Italy, nevertheless if they are willing to provide them at all it certainly seems to me that we should not discourage them and that we should not simply content ourselves by saying: No other country which has forces there does it either. I think it is a matter in which we might well set the pattern.

Then I want to bring to the minister's attention another matter which I think is of importance in connection with this question of morale. I had it brought to my attention shortly before coming down here to Ottawa, as a result of a conversation I had. This came fairly well direct; there was one secondary stage in between, but that is all. Some of the men coming back here from Korea find that the reception they are given is, to say the least, disappointing. This reaction came from a man who came back to Canada via the United States. On landing at the United States port he observed the exceedingly enthusiastic official welcome which had been staged by the United States authorities. Not only had the civil auxiliary organizations arranged a sort of turnout to make the men realize that they were welcome back and that their country was proud of them, but there was the matter of the whole official reception which they received from their own service. The same sort of rehabilitation advice and counsel which our men received after the last war was available in full measure to the United States troops when they returned from Korea. Then this man, coming from the United States up to Vancouver—which was his official return to Canada—was greatly struck and terribly disappointed by the contrast between the atmosphere in which he was received in Canada and that in which the United States troops had been received in the United States.

It may be that perhaps some of these things can be rather overdone, but it is difficult to overdo the reception which should be accorded to our troops coming back from Korea. I doubt if the most elaborate official reception could be overdone in terms of what they merit. I think that we should certainly make sure that the military as well as the civilian reception, and the attitude shown to our men on their return form Korea, lacks nothing and does not in any way suggest to them that possibly their service and their sacrifice is not appreciated. I am not suggesting—and I would not do so for a moment—that it is actually indicative of the fact that it is not appreciated; but in these matters it seems to me that it is exceedingly important to be meticulous not to allow the impression to creep in that possibly the service is not appreciated.

Then with respect to the question of form, I should like to ask the minister to consider this suggestion. If it is too late to incorporate it into this bill, I should like to ask him to do so in connection with any future legislation of the same type. As I understood what the minister said, the bill will consist of twenty-eight sections amending a large number of the other acts.

Mr. Claxton: Twenty-nine.

Mr. Fulton: I am not sure whether I heard him aright; did he say sixteen other acts?

Mr. Claxton: I did not say.

Mr. Fulton: Anyway, it was a large number. As I understand it, it is all to be in the one bill. It will be one bill amending quite a number of other statutes. It seems to me that procedure certainly may make for inconvenience, if not worse, in the future, when someone is trying to find what statutes have been amended and what ones have not. Of the statutes which are to be amended, one is the Pension Act; another is the Visiting Forces (U.S.A.) Act; and the Department of Veterans Affairs Act is also to be amended. It seems to me that if all these amendments are consolidated in one statute it will be inconvenient, to say the least, for a person wishing to study the Department of Veterans Affairs Act. Looking through the index of statutes to find out the titles of amending acts, you would not normally expect to find an amendment to the Department of Veterans Affairs Act under the National Defence Act, or to the

Official Secrets Act or any of the other acts that have been named as being amended, except the National Defence Act itself.

I therefore suggest that, when this type of legislation is introduced, it should be introduced as separate bills. Each amendment to each of the other statutes should be introduced as a separate bill standing on its own. After all, we do that in connection with the budget every year. We do not introduce one act amending the Income Tax Act, the Excise Tax Act and the Customs Act. Three separate bills are introduced, although they all stem from the one set of budget resolutions. In the same way here, I think it would be much more convenient, when more than one statute is to be amended, if the bills amending the statutes were themselves introduced separately or if the clauses amending the statutes were introduced separately as separate bills. I do not think it would make for any substantial increase in the amount of time consumed, any more than it does on the budget; because the main debate would take place on the resolution. At the present time, if there were any objection to the points which are involved in the amendments, the time will be consumed now on the clauses of the bill.

So that it would not, as I see it, make for any increase in time beyond the merely formal procedure necessary to be gone through which, after all, does not take a great deal of time anyway. I mean when the motion to leave the chair is put, and for the sake of convenience and clarity in dealing with statute law—I readily admit it is too late to do it this time—I would urge him in the future, when what I might call omnibus amendments are being introduced, to consider introducing the amendments in substance separately.

(Translation):

Mr. Gagnon: Mr. Chairman, I wish to take advantage of this opportunity to tell the Hon. Minister of National Defence (Mr. Claxton) that I was surprised and astonished by the statements he made following my remarks of Monday last.

I was surprised by the manner in which these statements were made and by the terms the minister used. Of course I did not expect him to say that I was right but, to say the least, it was rude and unparliamentary to claim there was not an ounce of truth in my charges. However, I did not attach to the words of the minister as much importance as he did. It would be much better for him and for us if he were to take to task the French-baiting officers of his department, whom I will denounce just as long as they persecute the French Canadians.

[Mr. Fulton.]

My duty in this house is to defend and protect my fellow countrymen and I will unfailingly fulfil this duty, whether the government likes it or not.

In order to do so, I do not need the approval of any minister or the assent of the whip of my party. All the statements I made in this house, since I have the honour of being one of its members, were true to the best of my knowledge and they have not been contradicted.

They may have been denied, as in this case, but those denials did not prove anything.

I said that I was surprised at the statement made by the minister. In fact I was surprised at how quickly it was made. At nine-thirty in the evening I disclosed that special consideration was shown to the French Canadians in Korea in that they were assigned to the most exposed battle positions and given the most tedious tasks and at three o'clock the very next afternoon the minister cried out that it was all false.

I am anxious to know what kind of inquiry the minister had made. He certainly did not have time to go to Korea to check my contentions on the spot. How, then, did he make sure I was entirely wrong? Did he phone, wire or communicate personally or through other people with the commanding officers of our units in Korea? Which officers did he consult? Did those officers tell him the whole truth? Or, as it may well be, was he convinced beforehand that I was wrong?

Can he assure me that he has never received complaints, either directly or indirectly, from French-Canadian soldiers about the way they were being treated in Korea? Can he assure me that his officers have received no such complaints? Can the members themselves swear that they have never been informed of such complaints?

How is it that the minister was so anxious to give me an answer on Tuesday last, and yet he will not do anything about the investigation I have been asking for months on the unwarranted dismissal of Flying Officer Desrochers? Have I not submitted to him all the evidence necessary for such an investigation? Why be so anxious on the one hand and so indifferent on the other?

When the minister answers my questions I shall tell him something else. In the meantime, the minister and others should not expect me to reveal my sources of information.

I have reasons to believe that the information supplied to me is in accord with the facts. I will not disclose to the house the names of those who have entrusted me with the information, as it would put them in a difficult situation.

Only those who close their eyes to the evidence contend that French Canadians are treated fairly in the armed services on the battlefield as well as in training camps. I am not of that opinion.

That is what I wanted to say today to the Minister of National Defence.

Mr. Gauthier (Portneuf): Mr. Chairman, I have listened with a great deal of attention to the statement just made by the hon. member for Chicoutimi (Mr. Gagnon).

If French-Canadian soldiers in Korea are being discriminated against, if they are the object of a special affection, in the sense that they are placed in the most dangerous spots, I will be the first to protest, to urge the Hon. Minister of National Defence (Mr. Claxton) and the whole house to demand that this state of affairs be brought to an end.

I read the newspapers after the hon. member had made his statement. Commanding officer Dextraze is reported to have said that not a word of it was true.

I do not know what the Chicoutimi member's sources of information are; they may be excellent. I have not the slightest doubt that he is sincere, but just the same, when he makes charges as important and as serious as those he brought to the attention of this house the other day, from his seat in parliament, as a man responsible not only to the people of Chicoutimi county but to all Canadians, it is important that all hon. members should get further information. We do not ask him to divulge the names of those who gave him this information, but simply to state his charges more precisely, so that we may know if, in fact, certain commanders place French-Canadian soldiers in more exposed positions than others. Personally I cannot see how that can be possible, since there are French-speaking commanding officers in Korea.

The minister made a statement after our hon. friend had stated his allegations, and said that the charges were unfounded. After all I should think these men who command a company or a regiment must be somewhat responsible and sincere.

That is what I wanted to say, Mr. Speaker. I do not in the least wish to blame my hon. friend. The only thing I could blame him for would be that he has not been more definite. I would be very much surprised, though, if the situation that he spoke of really existed.

After all the efforts made by French-speaking Canadians in the past in order to strengthen the bonds of fraternity in Canada among Canadians of English, French, Ukrainian, Polish, Italian or any other origin, I do not see why English-speaking Canadians would not do the same. I am sure that if such were the case, we would not have to deplore the condition mentioned by the hon. member.

May I say again that I do not doubt the statement made by the hon. member, but we must have proof that such a condition exists.

Mr. Claxton: Mr. Chairman, when the hon. member for Chicoutimi (Mr. Gagnon) took the floor, I thought he had meant to withdraw, unreservedly, his remarks of two weeks ago. But he did not. He repeats them and reasserts, without a scintilla of evidence, that his contentions are in accord with the facts.

We now have seven thousand men fighting communists in Korea. They are seven thousand miles away, and Korean terrain is very rugged. Because they are engaged in combat almost every day, it is essential that they have the utmost confidence in their officers and in other units fighting by their side. If differences were to arise between units, they would cause a great deal of trouble both in Korea and here in Canada.

Now what are the facts? The fact is that there is not a single word of truth in those allegations. Colonel Jimmy Dextraze, D.S.O., C.B.E., is the commanding officer of the 22nd Regiment. A man of great experience, one of the best officers in the Canadian army, he is held in high esteem by his men. When he heard of those allegations, his reply, as reported by Bill Boss, through the Canadian Press was: "It's a damn lie!" Such was the answer of the commanding officer of the 22nd Regiment in the theatre of operations.

The fact is that, through no fault of their own, but because of the hazards of war, the casualties sustained by the 22nd Regiment are much lower than those of the other infantry battalions. It is not their fault, but it is nevertheless true. We cannot hope to achieve the degree of national unity so desirable in Canada when a person, whatever be his race, raises a matter such as this without formal proof. I believe that the allegations made by the member for Chicoutimi (Mr. Gagnon) have not met with the approval of

all French Canadians, since they have aroused unfavourable comments in some newspapers in the province of Quebec and other parts of the country. I do not think that his remarks have contributed anything to the cause of the French Canadians or to national unity.

Mr. Graydon: Mr. Speaker, I would like to direct a question to the Minister of National Defence. Would he tell me the French equivalent for "damn lie"?

Mr. Claxton: Those words are not mine.

Mr. Gauthier (Portneuf): It is "un mensonge éhonté".

(Text):

Mr. Hees: Mr. Chairman, I should like to associate myself with the remarks of the hon. members for Vancouver-Quadra, Cape Breton South and Kamloops regarding our desire to have a clear picture from the minister with respect to auxiliary services in Korea at the present time. As the minister knows only too well, being a distinguished old soldier himself, a soldier's worst enemy is not fear: it is boredom and discomfort. I think probably there never was a battleground in which that was as true as it is in Korea. During the last war when soldiers were not fighting, at least there were places to which they could go when on leave, and where they could be reasonably comfortable. Of course in Korea there are simply no places to go.

I suggest that for that reason it is most important that our troops out there have the very best auxiliary services that can be provided. They can be provided on the brigade level because I know they were during the last war. I happened to be a brigade major myself, and had a good deal to do with operating the auxiliary services. For this reason I know they worked satisfactorily at the brigade level.

Those services also did a tremendous job of raising the morale of all troops with whom they worked, by way of providing facilities for sports, as well as moving pictures, canteens and the like. I would be very much interested to hear from the minister what is being done by way of providing auxiliary services for our troops in Korea at the present time.

Mr. Herridge: Mr. Chairman, reading this resolution one realizes that his remarks under it could be almost as wide as they would be under the first item in the minister's estimates. However, I intend to speak only briefly, and in doing so I would support the remarks of the hon. members for Vancouver-Quadra, Cape Breton South and Kamloops with respect to the necessity for auxiliary services and recreational facilities for our troops in Korea. I hope when the minister replies he will tell the committee exactly what is to be done to improve the conditions described.

In addition to that, I was interested to hear reference by the hon. member for Cape Breton South to the correspondence he has had with various people who are affected by the fact that their husbands have failed to assign pay. I am informed there is no regulation in effect at the present time to compel a serviceman to assign pay. I have received a few letters from wives who are seriously affected by the fact that their husbands have refused to assign pay. My information is that it is up to the wife, under the present regulations, to apply to the courts for an order. I do suggest this matter should receive careful consideration, and that the regulations should be changed so that a woman cannot be left under those circumstances, and would not be compelled to use the ordinary courts of law to get the income she requires to live on.

I am one who appreciates the good work done by members of the reserve forces. I know that in many smaller places it is a discouraging job, and is not something receiving publicity from day to day. The work of the people in the reserve forces does not receive the support it should. I have always been interested to watch how reserve force units function, and in travelling around the country I have been told, by men who have transferred from one unit to another, that there is a great difference between the administration in one reserve unit and that in another.

When the minister replies I would ask him to explain what latitude is allowed to the officer commanding. In some cases officers commanding have the right attitude, while in other cases one sees an altogether different attitude and a different spirit. However, I have found a great deal of difference in things that can be done and things that cannot be done.

Would the minister tell the committee if some reserve units have enlisted men to take part in sports, either on a baseball team, a hockey team or a basketball team, with the understanding that they are never to wear a uniform, and to attend only pay parades. In the past have men enlisted under those circumstances been injured while playing for a unit, or playing for Canada? The men about whom I am speaking might not take part in drills. Have any of them received pensions or disability benefits under the Pension Act?

These thoughts occurred to me when the hon. member for Cape Breton South was

referring to morale. It is very necessary for reserve force units to feel that they are treated on exactly the same basis across Canada, and that the same regulations apply to all.

Mr. Churchill: May I say a few words in support of what has been said with respect to auxiliary services in Korea, so as to impress upon the minister the importance of this particular feature of service in the field. As has been pointed out, I do not think it matters what other countries are doing or are not doing. Canada could well afford to set an example in the employment of auxiliary services even if other countries are not using this type of service. I do not think it matters about the terrain or the difficult living conditions in deciding whether auxiliary services should be supplied. In fact, I think the more difficult conditions are the greater the need for auxiliary services.

I am not suggesting that large recreational centres should be set up in a country like Korea. What I am thinking about is auxiliary services at the unit level. That is where I think the emphasis should be placed until such time as it is feasible to provide more adequate recreational services elsewhere.

I am not too sure that the present arrangement of welfare officers and N.C.O.'s is as good as auxiliary services provided by the Legion, the Y.M.C.A., the Salvation Army or some such organization. It has been suggested that it might work at the brigade level, but the experience has been that the welfare officer is not necessarily a specialist in that type of work. He may be dispatched to other duties and replaced by someone else, whereas the auxiliary service man is a specially selected man who has had considerable experience in Canada dealing with young men. My experience in the war was that these men in the auxiliary services were ready to undertake any type of service with a complete disregard of danger.

While the present arrangement of welfare officers and N.C.O.'s may be temporarily satisfactory, I would not want to have it a permanent arrangement. The reasons are fairly obvious to those who have seen service. There is a barrier between the man in the ranks and the officer and the N.C.O. You cannot maintain discipline in a unit and reduce that to a nonentity. On the other hand, your auxiliary service man from the Y.M.C.A., Salvation Army or some similar organization is able to work with no barrier between him and the man. He moves with freedom among the private soldiers, the N.C.O.'s and the officers. We must not forget that the private soldier outnumbers all the rest by a considerable majority.

I suggest that the minister give serious consideration to utilizing these auxiliary service people in Korea in accordance with the offers that have been made already. I think good results would flow. There is no question that the morale of our men is of the greatest importance. When a man is serving in the field it takes only a small amount of auxiliary services to build up his morale. Anyone who has served in the field has seen that happen quite frequently.

There is another important aspect to this matter. If these organizations are permitted to send experienced and trained personnel overseas they will be apt to mobilize public opinion at home, which will be all to the good. At times the men in Korea must feel that they are forgotten. It is not that anybody wishes to forget them; it is a natural thing unless attention is drawn to what is going on. An organization sending auxiliary service personnel overseas would likely keep the public at home informed with regard to the welfare of the troops. I think the general public would feel happier and more at ease if our young men were being looked after by these highly trained welfare people which these organizations to which I have referred can supply.

Just a final word with regard to education. I imagine the minister will have something to say along this line. There is a field for educational services with the troops. Not with troops right in the front line, as they have not the time; but with those back in hospital or at base there is obviously a certain amount of spare time available. There are always a number of young men who wish to avail themselves of this opportunity to advance, and educational services should be provided. Perhaps they are being provided at the present time.

I suggest that every endeavour should be made to provide these services to our serving men. Many of them will be appreciative of such an opportunity and I think it should be made available to them. It must be remembered always that behind the man carrying the rifle in the front line are 7, 8 or 10 men serving elsewhere. Those men are likely to have some spare time available and could take advantage of educational services.

Mr. Jones: I should like to make one suggestion although I do not know whether it will be acceptable. Like all hon. members, I have found great difficulty in assisting returned men, those of the first war especially, in establishing claims. In many cases records were lost and the men never had records

personally. Sometimes records were incorrectly kept and at no time is the private soldier permitted access to the military records in order to check his own record. After a war the soldier is generally very anxious to leave the army and he does not bother to check his record.

I suggest that each soldier be issued a medical record book which would be considered legal in proving future claims or in connection with any contact he may have with the government. Every time a man went to hospital he would have to take his book along and have the proper entry made. That would be the basis of establishing future claim. If a man came to me with such a book I would consider it most valuable. I have known of men who were trying to establish claims who had served in units where all the documents have been lost. I have also known of cases where the records have been kept in a most sloppy manner by the orderly rooms with the result that a man might get treatment—I know of one case in particular— and no record be made. Then twenty years later when he suffers from a disability his record does not show he had had treatment. In this particular case we were fortunate in being able to produce satisfactory proof that the damage had taken place at that time.

I do not know what form the book could take, but it should be of substantial material so that it could be carried in the man's pocket on active service. On leaving the army the man could look at his record and if he was not satisfied he could go to the military authority and have it corrected. That book would be the basis of all claims that he might make against the authorities.

Mr. Adamson: I should like to indicate my agreement with what has been said, particularly by the hon. member for Winnipeg South Centre. The hon. member suggested that civilian organizations could keep the public in Canada aware of what was going on in Korea. We are all too prone to forget that one of the most hideous combats the world has yet known is going on at the present time in Korea. The shocking figures that appeared in the press yesterday—and I have no reason to doubt their accuracy—of the wanton massacre of prisoners of war show to what depths of degradation human beings can sink. Therefore I wish to record, with other members who have spoken, my deep and sincere belief that everything possible should be done to make the life of our troops in Korea, when not immediately facing the enemy, as pleasant and as bearable as possible.

There is one other thing I wish to say and it has to do with the troops of the 27th brigade who are going to Europe. We are sending troops from Canada at this time to do a job that troops from Canada have never done before. Up to the present time any expeditionary force leaving Canada has proceeded to an active zone of war for purposes of combat. No actual combat is going on in Europe today. Our troops are going there for two or three reasons, the chief one being to build up the resources and the striking force of the free world against aggression. In other words, for the first time in our history we are taking steps to lock the stable door before the horse gets out. I think that is a most admirable thing, and I think the government are perfectly justified in so doing. In fact any other course would be a negation of our obligations as a free world power.

Having said that, I was in Germany this year and I saw the mistakes that were being made occasionally—I will not say generally—by forces doing the same duty as our troops will be called upon to do. I want to compliment the government on getting out the booklet, which I believe is given to all service personnel leaving Canada, on being a Canadian soldier overseas, and having particular reference to the psychological job they are called on to do. We are sending troops to the continent to protect it from ever having to go through liberation again. In other words, we are sending troops there so that aggression can be stopped before it overruns friendly countries, but whether we like it or not we must remember that there is an obvious resentment on the part of certain European countries toward the occupation forces. I think that is obvious, and the booklet in question sets it out.

I believe nothing that Canada can do is more important than to impress on Europe the job that our troops are going to do there at the present time. I think the good will that Canada has in Europe today is higher than that of any other country, and it is the result of what the Europeans saw of our troops before. With the natural resentment against more troops actively fomented by the communist party with which we are at war, or at least fighting, nothing could do us more harm than any let-down of the high standard of behaviour of Canadian troops. I think the pamphlet put out is excellent and I am sure that the department is doing all it can in this regard.

The troops of the 27th brigade have a dual job. They have the job of fighting physical aggression should it occur, and they also have the job of almost being ambassadors of good will, I would say, to a war-torn, severely damaged and morally depressed continent. I saw that condition when I was

in Germany. Whether or not we like it, the Germans are a well disciplined, orderly and workmanlike people. There is nothing they appreciate or understand more than a smart, well turned out soldier with a high regard for his regiment. I mention that simply to indicate that I think the action of the government in issuing the booklet is good. When the units of the 27th brigade leave the continent, should the crisis ever be resolved, I trust that they will leave with the same good will toward them as there was for our navy when it left the Mediterranean.

I want to repeat the final signal to our navy from the admiral at Gibraltar. He said: Good-bye, Canada, you were a breath of fresh air to this old sea. I am sure that our troops going to Europe today with that high ideal and high resolve will bring a breath of fresh air to that tired and rather demoralized continent.

Mr. Claxton: The remarks and suggestions of the hon. members who have spoken on this resolution are warmly appreciated and will be given the most serious consideration. With very few exceptions I think all were really outside the terms of the resolution but since hon. members have advanced them perhaps I may be allowed a similar freedom in commenting on them briefly. First, with respect to the question of welfare and educational services, which was mentioned by several hon. members, a statement was made in the house on this subject on October 29, and is to be found at page 477 of *Hansard*. It deals with both the services that are now being provided and some of the reasons why we feel we cannot do more at the present time. I emphasize that. Conditions in Korea are very different from those in western Europe as we knew them in the first or second world wars. Our force is a different type of force in some respects.

In his interesting remarks the hon. member for Winnipeg South Centre referred to the fact that there are seven or eight men back of each man in the front line. I believe that would be a fair estimate, for the situation that arises in a full scale war with base workshops, reinforcement and training depots. The number might even be larger. Here we have endeavoured to keep the overhead just as low as possible in regard to personnel not engaged in actual operations. Speaking from memory, my guess would be that the figures in this case are actually the reverse and that we have seven or eight men in fighting formations for every man back of them on administrative or similar jobs.

Canadians have a habit, which is well known to all of us, of comparing the things we do with the things that are done in Britain or the United States. Having made that comparison we usually expect that we will give our people not the best there is in the United States or in Britain, but the best there is anywhere. This is a desirable aim, and it is our aim today. In addition to having, by arrangement, all the welfare services the United States has that are available to us in the theatre, and all the services the commonwealth troops have that are available in the theatre where our troops are engaged, we also have the additional services I mentioned that we provide. If we duplicated everything it would not be carrying out that kind of combined operation we are aiming to have in Korea. The forces of thirteen countries are there, and if each one of us set up the different services and had our own supply lines and the like, it would add greatly to the burden on transportation already involved.

As I indicated, we have with the brigade in Korea six full-time welfare officers and additional N.C.O.'s and men engaged in full-time welfare activities. We have also thirteen chaplains. Altogether this I am informed totals more personnel engaged on these services, in comparison of the number engaged, than were engaged in similar services in western Europe. It has been asked whether or not we are doing everything possible. Unfortunately it has not been possible for me to go to Korea yet. I intended to go last May, then in June and then in July, but it has not been possible. I asked Brigadier Rockingham, when saying good-bye to him at Fort Lewis, to report to me personally if he ever felt that there was anything the troops needed. In Japan as liaison officers we have had Brigadier Fleury, succeeded by Brigadier Bernatchez, former commanding officer of the 22nd, both very experienced officers; yet no one of them has reported that they want anything additional in the way of welfare or educational services or food or clothing. From what I know of Brigadier Rockingham and the officers serving with him in that theatre, they would be the first to see that their men got whatever it was possible to give them.

Further, at my invitation the heads of the four principal churches visited Korea. On their departure I sent each one a personal message expressing the appreciation of the department and services that they should have undertaken this visit; and I asked them to bring to my attention personally, either at once or on their return, anything that they thought should be done. They are not all back as yet, but so far I have heard nothing in that regard. The hon. member for Vancouver-Quadra quoted a press report of an

interview with the Primate of the Anglican Church. I should like to quote the preceding paragraph. It reads:

> The primate visited every unit of the Canadian brigade and said he found the troops well clothed and fed, and well led. Their relations with the Korean civilian population were excellent.

I have mentioned the situation as we understand it. I go much further than that and say that if something needs to be done at any stage, then we shall see that it is done and done in the most effective way possible. So far I am informed by the officers who have been there that they do not believe more could be done under the circumstances.

The hon. member for Cape Breton South (Mr. Gillis) brought up several questions relating to pensions and allowances. Some of those questions should be put to my colleague the Minister of Veterans Affairs (Mr. Lapointe). The hon. member suggested, as he has on other occasions, that the widow of a soldier who had service in the second world war and who died while with the Canadian forces, but whose death was not attributable to service, should nevertheless entitle his widow to a pension. This is a question for veterans affairs, but I would point out that if we were to extend the principle to that extent we would be really extending the insurance principle to service personnel in peacetime, and that is a pretty large advantage to give to service personnel and not other classes of the community. We have tried in so far as we could with pay, allowances, clothing and all the other aspects of service, to put personnel in the three services on a footing similar to that enjoyed by persons doing similar jobs in the best industries in Canada. We are trying to maintain that standard. The hon. member referred to dependents allowances at this time. I have nothing to add to the answer given by my parliamentary assistant in the house yesterday.

Several members referred to the desirability of the department making compulsory assignments of pay to wives who were not receiving payments from their husbands. Let me ask hon. members this question. Would it make for justice and ease of administration or a sense of fairness if service personnel saw that the Department of National Defence was making an arbitrary decision as between a man and wife, or substituting its decision for that of the civilian courts? We have taken the view that that is not our job in peacetime, and I think that attitude would commend itself to the judgment of most hon. members. If the wife obtains an order from the courts for assignment, then of course we respect the court order. We are now considering reverting to the wartime practice of making entitlement to married allowances dependent upon an assignment. The development of the armed forces, and this half-war we are in today, may perhaps make that desirable. I have already seen a draft of an order to give effect to this. It would not require any amendment to the act, but an amendment to the pay and allowances regulations.

Mr. Fraser: Your department also have their officers use a little pressure on the men.

Mr. Claxton: That is right. We do that in the case of any creditor but more than in other cases, the wife.

Mr. Fraser: I know they have done it in many cases.

Mr. Claxton: We do that particularly in the case of a wife. If a wife is not receiving proper treatment by her husband she usually writes the commanding officer, and the commanding officer parades the man and goes into the case. We are also assisted in this work by the welfare officers of the Department of Veterans Affairs. Wherever a case of that character arises the wife can go to the Department of Veterans Affairs welfare officer—and they are distributed right across the country—and the case will be looked into; then a report will be made not only to the commanding officer of the unit but to headquarters as well, and we will use all possible moral persuasion.

Mr. Fraser: That is what I meant.

Mr. Claxton: The hon. member for Kamloops referred to the welcome being extended by Canadians to the returning troops. I appreciate what he said, and I myself have looked into this matter in connection with the return, for example, of a company of Princess Patricia's due today. I asked that arrangements should be made to give them a suitable welcome. The difficulty about the matter is this. Our troops for the most part come back on United States troopships and land at the port of Seattle. The troopship arrives with some hundreds or thousands of men on board. The city of Seattle has been magnificent in giving both sends-offs and receptions to the troops, including Canadians. It is a big occasion. Then our units go on board a train and arrive at Vancouver, or at other centres across Canada, in relatively small parties. This makes the job of welcoming much more difficult from the point of view of arousing civilian interest. Furthermore, a considerable number of our returning troops are brought back in our own aircraft; they include men who have been wounded, men returning for courses and men who have served their terms. They arrive at air stations at all hours of the night and day and

from there are taken to their final destinations. It is therefore difficult to give to them the welcome that we should like to give.

The hon. member for Kootenay West asked if reserve units had independent working arrangements so that one unit could do one thing and another unit do another. They are all subject to the same regulations. They have the same training syllabuses and the same kind of training equipment. All of them have administrative and training officers and N.C.O.'s provided by the active force, and who themselves receive the same instructions. As far as possible they are given the same work to do and the same equipment to do it with. Generally speaking there is uniformity of training methods. However, when that is said and done, as all hon. members know who have seen service, a good deal depends on the commanding officer and the officers and men in the unit, as well as upon the locality, so there are differences due to those factors.

The hon. member asked if the reserve units enlisted men to play games in leagues; that is, men who have no other duty than to play for the units. That certainly would not be countenanced under the regulations. I do not know of any such cases. I know, however, that some units are extremely glad indeed to get good athletes to play for their teams. But in all cases I have ever heard of, those men play the games in addition to performing their regular military duties. Certainly the two grand players on the Ottawa Rough Riders team—Tony Golab and Don Loney who played this year—were both full-time service personnel well up with their military duties.

The hon. member for Winnipeg South Centre advanced an additional reason for using the welfare agencies, namely that it would tend to attract the interest and the support of the Canadian people. That is an important factor. I should like to pin on his remarks a strong plea for support of the Canadian Legion and its service in supplying reading matter and other similar things to the forces abroad and of the Canadian Red Cross in its work in supplying not only comforts to men in hospitals—which they do extensively—but also in its campaign to collect and to supply blood plasma for the use of our forces abroad and at home, and also build up a mobilization reserve.

The hon. member for Yale referred to medical records. As to the records of men who served in the second world war, those are in the custody of the Department of Veterans Affairs. Our experience has been that for the most part the records are very complete and full indeed. I will look into the suggestion he made that each man should carry a medical record. I may say, however, that I think there are rather grave logistic difficulties in the way. My recollection is that the medical records of a man now total some ten or eleven forms, including X-ray, X-ray analysis, teeth and so on; and that to summarize these in a book would be a large scale operation.

The hon. member for York West referred to the force going to Europe, the 27th Canadian infantry brigade. I appreciate his remarks. Lately we have instituted a bureau of current affairs designed to do just that job both there and elsewhere in the Canadian forces. The director of the bureau, Mr. Harry Low, will be leaving with me on Friday. Next Sunday we will be visiting the air force squadron which arrives today at North Luffenham. Mr. Low will go with me to Germany where we will visit brigade headquarters, and also be on hand to greet the infantry battalion of the 27th Canadian infantry brigade when it arrives at Rotterdam next Wednesday. He is coming with me to see that everything possible is done to make arrangements with all the North Atlantic treaty nations for courses, lectures, leaves, tours, exchanges of photographs, bulletins and the like, so that our forces have every possible opportunity to make the most of their stay abroad and come back even better Canadians.

Mr. Blackmore: Before the minister gets too far away from dealing with some of these matters, I wonder if he would give some thought to the advisability of granting a cost of living bonus to the dependents of servicemen for at least as long as the high prices from which we are now suffering persist. It seems to me that a sufficient addition to the allowances has not been made to enable the dependents to keep anywhere near abreast of the high cost of living. Will the minister say a few words upon that matter? Before I take my seat I should like to commend the minister on the general air of thoroughness which appears to pervade his whole department and the activities of the troops, as far as I have been able to see. I was one of the fortunate who had the privilege of visiting Camp Borden not very long ago, and I kept my eyes and ears open all the way through. I endeavoured to keep my critical faculties alert. Everything I saw in Camp Borden was commendable to a very high degree. I thought that if Camp Borden was an index by which we could judge the general state of affairs in the Department of National Defence then we could rest assured that our generation was doing its best to discharge its

responsibilities not only to the men who are in the services, but to the people who are back behind the men, who after all are suffering the anxiety of the incidence of war. Meanwhile, will the minister now tell us something about this whole matter of increasing allowances at least temporarily?

Mr. Claxton: Mr. Chairman, I appreciate the remarks of the hon. member for Lethbridge. With regard to a cost of living bonus, or something of that character, I should point out that it has been the policy of the government generally not to pay a cost of living bonus which was directly related to the cost of living index, but to make adjustments from time to time in the pay of civil servants and the armed forces, and that matter is receiving continuous consideration.

With regard to the pay and allowances of the armed forces, immediately following the last war, in 1946, a committee was set up representative of the three services, the Department of Finance, the Department of Veterans Affairs and the Department of Labour, to draw up a new pay scale for all the services. As far as possible it was to be on a uniform basis, and an effort was made to relate the pay of each rank and trade in the services to what a man doing a corresponding job and having a corresponding background would get in industry. To arrive at what he would get in industry that committee looked at salaries and wages in the eight leading industries in Canada, made a very thorough study and arrived at a pay scale which was brought into effect for all three services on a uniform basis. Since then the rates of pay have been increased on three separate occasions, generally corresponding to the increases to the civil service. As I indicated before, our effort is to see that service personnel receive the equivalent of the salary or wage for a similar job in civilian life. By that I mean when you take into account his pay, allowances, pension, food, clothing, hospital, medical and dental services, personal transportation and in some cases accommodation, he is getting the same as he would get in civilian life. Valuing these things which are given in kind quite realistically, in point of fact he does better than a man would do in an equivalent job in civilian life, in so far as you can make them equivalent. The only reason he does not appreciate that he does somewhat better is that so much of it is given in kind, but I can assure the hon. member that the incidence of the cost of living on service personnel is subject to continuous consideration.

The hon. member for Kamloops made another observation which I should deal with.

[Mr. Blackmore.]

He suggested that the form of the statute might be changed so as to have each amendment placed in a separate bill to amend each of the different statutes. This bill, which has 29 clauses, actually amends 25 statutes. Many of the amendments are like the substitution of the word "army" for "military" or something of that kind. They are quite formal. As the hon. member will appreciate, to have each of 25 statutes go through some twelve stages in this house and the other place would amount to a great deal of work and lead to some delay. However, I should tell him that this is a matter of some importance. After the enactment of the National Defence Act in 1950 we decided that where it was necessary to have an amending statute relating to defence it would be done in one single bill each year, to be called the Canadian Forces Act, 1951, 1952, 1953 and so on, which would make it very convenient for us and for hon. members in following through defence matters. That has been the practice in the United Kingdom and I think they find it works very well there. However, we will consider his point further.

Mr. Fulton: I appreciate what the minister has just said with regard to the matter of form which I raised, and also the fact that it is going to be considered; but I should like to go back to the other point with regard to the return of Canadian troops from Korea to Canada. I assure the minister I appreciate fully the difficulty which he has spoken of in organizing that type of welcome. I just want to put forward this suggestion. I do not want to ride a horse until it is dead, but I suggest that the department take under consideration asking the auxiliary services to provide welcoming committees because, while I should like to see a great big welcome, the fact is that properly done it does not take a great many people to give that atmosphere of warmth and convince the troops that there are people really glad to see them back here. I think that first impression of a warm greeting is so important. I believe the auxiliary services and the Red Cross might be the best qualified actually to undertake that work.

Mr. Claxton: Yes. I should answer the hon. member for Peel now. On the orders of the day he asked me if there were any Canadian prisoners of war. I told him that as far as my recollection went there were not any. There are no known prisoners of war. There are two missing but we have no information that they are prisoners.

Mr. Crestohl: I should like to address myself to one or two statements made by the hon. member for York West a few moments

ago. I am sorry I cannot share the views he expressed when he proceeded to glorify the German soldier. Certainly that statement should not go unchallenged on the floor of this house. In one breath the hon. member refers to some atrocities committed in Korea by the Chinese communists when several thousand troops were massacred, and in the next breath he proceeds to glorify the type of soldier who was proven guilty of the identical offence which he describes as a crime committed the other day. I should like to say, Mr. Chairman, that the House of Commons or any other platform should not be used to glorify anyone who has been found guilty of crimes against humanity, irrespective of whether it was done by communists on the extreme left or by nazis on the extreme right.

Mr. Adamson: If the hon. member will read my remarks he will find that I said the Germans are a military people. They appreciate soldierly behaviour; I think my words were "discipline, smartness and a high esprit de corps for regimental tradition." I said nothing about the German soldier whatsoever; and as one who has been to Dachau and what is left of Belsen now, I can assure him that I deplore—and that is a mild word—the atrocities committed by the nazis. But that does not take away from the importance of the good will of the present democratic Germany, which can be maintained or which can be created by the soldierly behaviour, which I am sure will obtain, of our 27th brigade. That is the point I was making. I was not glorifying the German soldier whatsoever—although as I think anyone who has fought against him the way I have will admit the German soldier is a first class fighter.

The Chairman: Order. I think we have allowed a good deal of latitude. I will ask hon. members to stay more closely to the resolution.

Mr. Adamson: I was only answering an accusation made against me, which I wished to refute immediately.

Mr. Blackmore: I should like to revert to the matter of pay and allowances, and to deal with it in somewhat more detail. Let us suppose an accident occurred in a family, requiring medical care and hospitalization. Under those circumstances it would seem to me that the dependents, having that extra burden to absorb, would find it next to impossible to carry on, unless some sort of arrangement were made to extend help. I realize that this problem has far-reaching ramifications and implications. I am wondering if we could not look at this whole question once again to see what could be done about it.

Mr. Knowles: I should like to ask the minister a question in this connection. I noticed that the minister described the discussion this afternoon as being perhaps on the fringe of the terms of the resolution. What I have in mind is at least inside the perimeter, if not right at the centre of the matter. I note that the opening part of the resolution contains these words:

> That it is expedient to introduce a measure to amend the National Defence Act to provide for the payment of compensation in respect of the death or disability of persons employed in or with the public service of Canada while performing functions in relation to the Canadian forces,—

Perhaps I can best illustrate the matter I have in mind by referring to a case, the particulars of which I have on my desk, including correspondence I have had with the minister. I am still interested in this case, but it also illustrates the need for making sure that the act provides for any similar cases in the future. What the hon. member for Lethbridge has just said certainly brings it to my mind.

This is the case of a chap who served in world war II and who, after the war, was in the reserve army. He was called up for active service during the time of the flood in Winnipeg, in May and June of 1950. While serving full time in that connection he met with a very serious accident. Indeed, the newspaper report I have in my hand, which deals with the accident, is headed, "Youth held as soldier near death". In other words there was a time when the life of this soldier hung in the balance. There was a possibility of a situation such as that described by the hon. member for Lethbridge, wherein he might have lost his life, with his wife and family left in dire need as a result.

The circumstances were that this soldier who, as I have already said, was at this time on full-time duty with the army, was returning home about midnight in the company of three other soldiers from the same unit. He had with him a pass authorized by his unit, and this fact is confirmed in the minister's letter to me of November 10, 1951. It appears that as these four soldiers were returning home on this occasion, after doing their work in connection with the flood, according to this dispatch in the Winnipeg *Free Press* they heard a woman's scream which had come from one of the trucks

parked on a lot located near the building occupied by a certain company in Winnipeg. The article goes on to say:

> The foursome ran to the area to investigate when a man jumped out of a truck, knocked—

The soldier in question—

> —down, jumped back in and hurriedly drove off.

Then the next paragraph begins with this man's name, which I am deliberately omitting, and states that this man—

> —whose head struck the ground, was picked up in a semi-conscious condition by an army provost vehicle and taken to Fort Osborne barracks. From there, he was transported by ambulance to Deer Lodge hospital.

For a number of days his life hung in the balance. He was cared for most efficiently and effectively at Deer Lodge hospital. In due course he was released from the hospital and permitted to go home. It was understood, however, that it would be some considerable time before he would be able to go back to his work. Indeed, he was not to go to work until he was given his release. In other words, he was not discharged from full-time service until it was possible for him to return to his civilian employment. His hospitalization was fully paid for, and he was kept on full pay and allowances as long as he was in the hospital. But when he was released from the hospital and sent home, although he was still on the roll, no provision for pay and allowances was made for him. He tells me that he understood from the medical officer at Deer Lodge hospital that he would be paid for that period. In addition to that, when he received a cheque on August 9 from the Receiver General of Canada there was with it a notation which read:

> The above cheque covers hospital period May 28 to June 9, 1950 only; the balance, June 10 to July 9 will have to be authorized by army headquarters.

When I took this matter up with the minister—and may I say he has been good enough to go into the case—he replied to my reference to that notation the soldier received from the Receiver General of Canada by saying that this "notice is not understood, as there are no regulations whereby army headquarters or the minister's department may grant pay and allowances to a soldier of the reserve force following discharge from hospital, where the injury is not attributable to the performance of duty."

I realize the line that can be drawn here, that the accident did not occur while he was on military operations as such, and did not occur while he was building dikes or doing any work in particular in connection with the flood. However, it did occur while he and his companions were on the way home. As the minister says in his letter of November 10, he held an authorized pass. Yet the minister says the regulations prohibited the department from granting this soldier the pay and allowances he was led to believe he would receive for the time he was home on convalescent leave. This chap had a position with Eaton's when he was called up, and of course his pay there stopped. That company could not be expected to keep him on pay until he was able to return to work. So he lost remuneration for a period of three or four weeks, and it created quite a problem for him.

I note that this resolution proposes to deal with the payment of compensation in respect of death or disability of persons employed in or with the public service of Canada, and so on. It is fortunate that this chap's danger of death did not materialize that way; but his disability proved to be a matter of serious inconvenience in financial terms. I am wondering whether the bill to be brought in on the basis of this resolution will take care of a situation like that. I have given the minister particulars of an actual rather than a hypothetical case. On a hypothetical basis one could think of a situation much worse. Will this legislation take care of a situation of that kind?

Mr. Claxton: It is not intended to. I think the hon. member was out of the chamber when I replied to another hon. member's observations. The question here is one of interpreting an existing statute, which is often a difficult matter. In every case brought to my attention I try to see that a fair and proper interpretation is given as justified under the law, yet the most favourable that can be given in favour of the man. It is simply a matter of the interpretation of an existing statute unless we are going to change the whole principle and have the insurance principle apply to service in the reserve and active forces. So far the government has not decided to do that and there is no legislation proposed to be offered at this session in that connection.

Mr. Knowles: I appreciate the point made by the minister that as the law now stands it is a matter of interpretation. He has made that clear to me in the correspondence we have had. My hope was that this sort of case might have led the government to feel that a change was needed in the legislation. I point out that this chap was on full-time service, and I fail to see why there should be need of the introduction of any far-fetched new principle to take care of this sort of thing. I am sorry the legislation is not making this change and I hope this matter will receive further consideration.

Mr. Coldwell: I should like to support what the hon. member has said. I remember a case which I brought to the attention of the department during the war, concerning a young airman who was training, I believe at St. Thomas, and was away from barracks on a pass. He was returning home at night and when near the barracks he was knocked down and killed by a car driven by an officer of the forces in which he was serving. His father died shortly afterwards and the widow has had to earn her living at a fairly advanced age. It seems to me there should be some modification of the law to cover cases of that sort.

Resolution reported, read the second time and concurred in.

Mr. Claxton thereupon moved for leave to introduce Bill No. 21, respecting the Canadian forces.

Motion agreed to and bill read the first time.

NORTH ATLANTIC TREATY

AGREEMENT AS TO ARMED FORCES STATIONED IN OR PASSING THROUGH NATO COUNTRIES

Hon. Brooke Claxton (Minister of National Defence) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to approve an agreement between the parties to the North Atlantic treaty regarding the status of their forces when present in the territory of one another; to provide on a reciprocal basis for certain exemptions for personnel in a country other than their own from income tax, customs duty and certain other taxes; and to provide for the settlement of claims arising out of death, personal injury or property damage resulting from the negligence of their members.

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

Mr. Claxton: Mr. Chairman, the bill which has just been introduced was technical enough, but I can assure hon. members that the bill to follow this resolution will be even more technical. Its purpose is to approve an agreement that Canada and the other North Atlantic treaty nations entered into at London on June 19, 1951. On the same day the Prime Minister made a statement in the house, which appears at page 4279 of *Hansard*, and tabled a copy of the agreement. A copy of the agreement will appear as an annex to the bill to be introduced.

Perhaps I can make plain the reason for this legislation when I say that without such legislation in effect in this and other countries the forces of Canada and the other North Atlantic treaty nations when in another country would have no more rights or immunities than tourists. In respect of the laws of the country they were visiting they would be in the same position as one travelling on civilian business. That would affect their position with regard to passports, immigration, health services, taxation, customs, and civil and criminal jurisdiction.

To provide for this we passed the Visiting Forces (British Commonwealth) Act, 1933, which deals with the situation with regard to forces of the commonwealth which happen to be in Canada. The commonwealth countries have adopted similar legislation to give us reciprocal rights and immunities. We also adopted the Visiting Forces (United States of America) Act in 1947 which dealt with United States forces which happened to be in Canada. Canadian forces have exactly the same rights in the United States. The bill now proposed will follow along the lines of this legislation. It will approve the agreement and give effect to these provisions.

I can perhaps make clear the need for this legislation by an incident that occurred during the second world war which was as curious as it was charming. You may remember that in 1942, I think it was, Canadian forces were sent to the assistance of the United States forces in turning the Japanese out of the Aleutian islands. When the Canadian forces arrived at the border between the Yukon and Alaska they came up against United States law officials because there was no provision under the United States tariff whereby the weapons and personal equipment of forces could pass into the United States free of duty, even though those forces were going to help the United States in turning enemy forces out of United States territory.

Mr. Graydon: They should have had Wes Stuart with them.

Mr. Claxton: So it was found, of course, that it would not be possible to pass legislation to deal with the situation rapidly enough, and someone in the state department, which was brought in immediately, hit upon a very ingenious solution to the matter which is revealed in this letter from the great secretary of state, Mr. Cordell Hull, to the secretary of the treasury. I only learned of the letter at a dinner given for the permanent joint defence board when one of its members referred to the incident. Up to that time it had never come to light. I got a copy of the letter from the state department and permission to use it. The letter reads:

As a result of informal conversations between an officer of the department of state and an officer of the treasury department, I have been advised that your department considers that the only way in which free entry can be accorded to these Canadian troops in Alaska is for them to be designated as distinguished foreign visitors by the department of state. It gives me much pleasure to designate the

Canadian forces who are now or may later be operating in Alaska in association with the armed forces of the United States as distinguished foreign visitors. These gallant Canadian forces are, I believe, the first foreign troops since Lafayette to stand beside our own armed forces in expelling the enemy from American soil.

To deal with that kind of situation in reverse we have passed certain legislation to which I have referred, and we have also agreed with the other eleven North Atlantic treaty nations to pass certain legislation. The bill to be introduced is designed to carry out our part of that undertaking. It is obvious that it is very much to our advantage to have this legislation enacted because, as the matter stands, and as appears likely to be the case, it is practically certain that there will be far more Canadian troops abroad in other countries than there will be foreign troops in Canada. Consequently it is very much to our advantage to have the other countries pass this legislation, and we are setting the example, I think, by enacting it first.

The 27th Canadian infantry brigade is on the way to Europe. Some elements have already arrived and the main units will begin to arrive, as I have said, on November 20 or 21. We have made arrangements with the government of The Netherlands that such requirements will be waived in respect of Canadian troops in their passage through The Netherlands. We have also made arrangements with the allied high commission, which is the responsible defence authority in western Germany, that while our troops will not be occupation troops and will have no occupation duties they will have the same status with respect to rights and immunities as if they were British, American or French forces, which have been there since the end of the war.

The proposed legislation would define the legal status of a visiting force present in Canada with the consent of, and under arrangement with, the government of Canada. It includes provisions respecting jurisdiction, exemption from taxation, the settlement of claims, and possession and carriage of arms. In accordance with the terms of the agreement, provision has been made to ensure the security and protection of the installations, equipment and records of a visiting force. In cases of immigration and local procurement, no new legislation is necessary.

The bill would provide for its application to signatory states as the need arises; and it may be applied in whole or in part depending upon the circumstances. It is quite conceivable that it may become desirable to apply the measure to visiting forces of commonwealth countries, other than the United Kingdom, who are not signatories to the agreement. The measure accordingly provides

[Mr. Claxton.]

that its provisions may be applied to countries other than signatory states. It is not proposed at this time to repeal either the Visiting Forces (British Commonwealth) Act, 1933, or the Visiting Forces (United States of America) Act; but to avoid the uncertainty which would arise from having those acts and the proposed legislation in effect at the same time it will be possible to make parallel provisions of the visiting forces acts inapplicable from time to time and for such length of time as may be necessary.

Finally the measure includes explicit parliamentary approval of the agreement, which is a schedule to it. In examining the terms of the agreement and the implementing provisions in the proposed measure, I would ask hon. members to do so always bearing in mind the fact that Canada will, to a far greater extent, find itself playing the role of a sending state rather than a receiving state. From a purely selfish point of view we stand to gain more from the adoption of this legislation than the other countries concerned stand to receive. The only considerable groups of forces that are likely to be in Canada at any time are the United States forces on the leased bases in Newfoundland. There are special provisions applicable to them, but we expect that this legislation will, to the extent that it goes, replace those special provisions.

As hon. members know, we also have in Canada from time to time small groups of forces from other countries undergoing training. Whether or not this legislation will apply to them will depend on how many there are at any given time. At the present time, if I recall correctly, we have in training in Canada officers and some men from Great Britain, The Netherlands, Belgium, France, Italy, Norway and several countries of the commonwealth.

Therefore this measure is one of the steps designed to carry out our undertakings under the North Atlantic treaty. It is one of the stages whereby effect is given to the treaty, and provision is made to make it just as workable as it can be in order to bring about that degree of co-operation, understanding and partnership which is essential if the North Atlantic community is to play its great part in preserving peace and maintaining our collective and individual security by preventing aggression.

Mr. Coldwell: Is there any time limit within which this legislation must be enacted by the agreeing countries? Is there any possibility that some of them will neglect to enact similar legislation?

Mr. Claxton: I doubt it very much, but we would not bring our legislation into effect except by proclamation at the time we would secure reciprocal rights and privileges.

Mr. Graydon: Have any of the others done so already?

Mr. Claxton: Not as far as I know, but we are in touch with them and they are in various stages of drafting and so on.

Mr. Fulton: I have had an opportunity of seeing a copy of the agreement which is to be attached to the legislation, and in general can say that we accept the legislation as being in the best interests of Canada for the reasons just given by the minister. I think, however, I will have to make one reservation. I believe there may be members from Newfoundland who will desire to take up separately the matters to which the minister referred, because there are special conditions and circumstances in that province. But that does not alter the fact that in general we believe the legislation is desirable and to our advantage.

It seemed to me as I read it that, beyond the advantages the minister detailed, it is an effort to carry into general application the arrangement made between ourselves and the United Kingdom in the last war, particularly with respect to property damage, under what was known as the "knock for knock" agreement. Without wishing to give other countries the occasion for criticism, it did seem to me in reading it that, in the light of all the circumstances, since there will be more Canadian troops concerned than others, it was to our advantage to such an extent that I wondered whether someone might complain about it. Certainly that is not grounds for criticism on our part, but rather grounds for supporting it so long as it does not become a measure for creating unfairness. If that situation should arise I would hope that the signatory parties would agree to changes which would accommodate the situation. It is in that spirit, I assume, that the agreement was signed, and certainly in that spirit we are agreed that it should be acceded to by Canada.

Mr. Knowles: Will the minister explain the relationship between the bill which is the basis of this resolution and Bill No. 15, an act to provide for privileges and immunities in respect to the North Atlantic Treaty Organization.

Mr. Claxton: There is a close relationship, as the hon. member implies in his remarks. This does on the military side what it is intended the other bill should do on the civil side.

Mr. Graydon: Sometime ago the minister tabled the agreement envisaged in this resolution, and it will, no doubt, be attached to the bill when it is introduced. This question arose in the other debate on the resolution concerning the privileges and immunities for the North Atlantic Treaty Organization. I could not quite see why the Secretary of State for External Affairs could not have tabled the agreement in that case, as the minister has done here. We did not have it while the resolution was being discussed, and the first time we saw it was when the bill was brought down because the agreement was attached to the bill. It seems to me the cases are so parallel that the same procedure ought to have been followed by both departments, and they should have followed the procedure adopted by the Minister of National Defence.

Mr. Claxton: In my capacity as Minister of National Defence I thank the hon. member for his kind observations on what we have done. In my capacity as Acting Secretary of State for External Affairs, I express regret that it was not done.

Mr. Knowles: I ask the minister to recall the kind of case I was discussing a few moments ago under the other legislation. Having done that, I should like to ask him whether in the case of visiting forces there is a broader protection than exists for our own forces at home? I ask that question because I notice that the last part of the resolution reads:

> . . . and to provide for the settlement of claims arising out of debt, personal injury or property damage resulting from the negligence of their members.

Can that be read as meaning one of our—

Mr. Claxton: It would have no bearing on your case.

Mr. Knowles: Not on the point I was raising before, but my point is this. If the other countries that are members of NATO passed similar legislation, and if one of our soldiers was in another country and hurt in the manner that this chap was hurt here, would he not be protected by this legislation?

Mr. Claxton: It is hard enough to deal with these cases in one's own country without dealing with hypothetical questions about another country. I shall be glad to ask the lawyers about it and give the hon. member an answer when we get to the bill.

Mr. Knowles: I thank the minister for doing that. It looks as if we would be providing that kind of coverage for our men when they are in other countries and for other soldiers

when they are here, so surely we should provide it for our own soldiers when they are home.

Mr. Pouliot: Surely the hon. member knows there can be no extraterritoriality for the enforcement of legislation in any country. If we pass legislation like this, then it will be in force in Canada, but it will not be in force in any country where similar legislation has not been adopted.

Mr. Knowles: I do not think that is the point I was discussing.

Mr. Pouliot: I understand the point my hon. friend advanced. I listened to him and I am showing my appreciation by making a comment on what he said.

Mr. Knowles: Merci beaucoup.

Mr. Pouliot: Vous êtes très aimable. Mr. Chairman, this is the kind of unilateral legislation that is supposed to precede multilateral legislation. I am anxious to see the agreement and to ascertain the number of countries signing it. To a certain extent I am always concerned about legislation following agreements with NATO owing to things that have been said by important people in other countries that they want NATO to have more control over some important matters. Inasmuch as the Canadian parliament is asked for its consent to legislation signed by all the members of NATO, it is not so bad. But I fear the time when NATO may assume some sort of dictatorship over its members. I shall not say anything now, but I fear that unless everyone is very careful in the not too distant future the prerogatives of parliament will be replaced by a unique direction from the NATO command.

Resolution reported, read the second time and concurred in.

Mr. Claxton thereupon moved for leave to introduce Bill No. 22, to implement an agreement between the parties to the North Atlantic treaty regarding the status of their forces, signed on the 19th day of June, 1951.

Motion agreed to and bill read the first time.

GOVERNMENT ANNUITIES ACT

INCREASE IN MAXIMUM ANNUITY TO $2,400 AND PROVISION OF GREATER FLEXIBILITY

The house resumed, from Thursday, November 8, consideration of the motion of Mr. Gregg that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Government Annuities Act to increase the maximum annuity which may be purchased under the act from twelve hundred dollars up to twenty-four hundred dollars and to provide greater flexibility in the provisions of the act relating to the issue, conversion and amendment of annuity contracts and payments thereunder.

Mrs. Ellen L. Fairclough (Hamilton West): Mr. Speaker, the statement of the Minister of Labour (Mr. Gregg) which was given on Thursday last raises a number of interesting possibilities. As reported at page 863 of *Hansard*, the minister said:

Considering, therefore, the purpose of the act, to promote voluntary savings for old age security, it is appropriate that this bill to extend the facilities afforded by the act should be considered by this house at a time when parliament has under consideration legislation making provision for payment of an old age pension to Canadian residents 70 years of age or over.

The first question that comes to mind is this: What provision does the government propose, if any, to equalize income for annuitants? Later on in his statement the minister partially answers this question. He cites the provisions to be made for three additional types of annuity contracts. The third provides for a combination of a term annuity with certain other authorized types of annuities. This would appear to answer the question, inasmuch as some explanation is given as to the manner in which provision would be made for the equalization of income from the date of retirement taking into account the availability of the pension under the Old Age Security Act. There is a further question, however, and this concerns those contracts which are now in force and are of some years' standing; the question is whether or not they will be revised under this new type of contract and if so, in what manner.

The next point which comes to my attention also arises out of the minister's statement when he said:

The purchase price of annuities and the amount of the annuity payable are calculated upon the basis of mortality tables approved by the governor in council for use under the act and the rate of interest allowed on the moneys paid on the purchase price of annuities and in calculating the amounts of annuity payable. This rate of interest is fixed by regulation approved by the governor in council.

I understand that the rate of interest is predicated on the average of rates paid on long-term Canadian government bonds. The question arises now as to whether this is a proper basis for computation. In last year's return I notice that the cost of annuities, as represented in the transfer to maintain reserves for the year ending March 31, 1951, was $659,786.67. Added to this we have the administration costs as shown in the estimates at page 219, for the same period. Although the estimate for last year was $802,660, the actual expenditures to January 31, with the estimated balance for the year, amounts to $757,638. These two items—that

is, the amount necessary to maintain reserves plus the cost of administration—make a total expenditure for the year of $1,417,425. With 275,813 contracts and certificates in effect, the portion of cost borne by the taxpayers of this country is $5.14 for each of those contracts.

The question then arises: To what extent will administration costs increase with the increase in annuities? I was interested to notice the remarks which were made by Right Hon. R. B. Bennett, a former prime minister of this country, when on June 23, 1931, he spoke in support of a bill to reduce the maximum annuity from $5,000 to $1,200. At that time he said as reported at page 2917 of *Hansard*:

> In view of the fact that the government itself defrays the costs of administration, and the rate of interest upon which computations with respect to annuities are made is four per cent—

Which it was at that time.

> —which, as the house knows, is a very high rate—it has been suggested in many quarters that the fund is hardly solvent, because with the prolonging of life consequent upon modern scientific knowledge being applied to diet and hygiene, it is obvious that the old time computations of the period during which an assured might live must be based upon a lower interest rate than four per cent, which is the figure that has been used in connection with our annuity tables. Therefore the actuaries of the department, having gone over the matter roughly, are satisfied that we should not carry so large an annuity as $5,000 without making an amendment of our rates. That, of course, is undesirable, and so the suggestion by those who have the responsibility for administration—from the standpoint of pure administration apart from policy—is that $1,200 would be a reasonable maximum.

What interested me greatly in this excerpt from *Hansard* of that date is the former prime minister's statement that this action is taken:

> —in view of the fact that the government itself defrays the costs of administration . . .

And further on:

> . . . those who have the responsibility for administration—from the standpoint of pure administration apart from policy . . .

I think I should say at this moment that I am not, in these remarks, contending that this amount should not be raised. I think that a $1,200 maximum in 1931 compares favourably with a $2,400 maximum at the present time. I am raising some of these questions which occur to me as I proceed with the minister's statement.

The third one to which I should like to refer deals with the number of annuities and the manner in which they have increased in the last five years. Of the total premiums received since 1908, the minister announced that 50 per cent were received in the last five years. In sessional paper 62A the figures are given of the various contracts which have been issued since 1908. It is noticeable that from 1908 to 1933—that is, the first twenty-five years—some 16,000 contracts were issued. In the ensuing five years to 1938, 26,000 were issued. From 1938 to 1943 there were 47,000; from 1943 to 1948, 145,000. That is quite a jump. The average from 1943 to 1948 was 29,000 a year. We then come to 1949 with 36,000 contracts; 1950 with 21,000 and 1951 with 22,000. It would appear that the peak year was 1947, when 43,585 contracts were issued, which was closely followed by 1948 with 40,945. I wonder whether these figures of the past three years indicate that the absorption of industrial pension schemes has passed its peak, or is there any indication of renewed acceleration? Will the new maximum of $2,400 tend greatly to increase the number of applications? I ask these questions, Mr. Speaker, because I do not think there is any doubt that the great increase in the last fifteen years or so has been largely due to the absorption or the merging of industrial pension schemes with the government annuities. As a matter of fact, in his statement the minister himself says that the rapid growth in recent years of employee retirement pension plans which have been underwritten by group contracts issued under the act is largely responsible for this increase. But whether these are new schemes, or whether it is merely the matter of the annuities branch taking over existing schemes and merging them, I do not know. It would be very interesting and helpful to know just what proportion of government annuities are sold to mature for less than $100 a month, the present maximum. In view of the new old age pension and the proposal to equalize pensions, already referred to, to what maximum monthly payment could the present annuities extend; I mean to what maximum monthly payment in the first period of retirement, which could conceivably be carried right on through in conjunction with the old age pension? I was interested in this regard to notice that in the report the Ives commission brought down in 1945 it was stated that 87 per cent of the recipients received less than $900, while 75 per cent received less than $600 a year. Therefore, Mr. Speaker, in raising this maximum I think we should take into account the current demand and what these people are ready and willing to pay for, and what amount they can afford to invest in order to secure for themselves a return upon retirement.

Further in his statement the minister had this to say in regard to administration, as reported at page 864 of *Hansard:*

> The purposes of the proposed amendments are to provide greater facilities for the benefit of pur-

chasers and annuitants under the act, and to take care of some difficulties which have developed in the administration of the act.

This is a matter which should be gone into very carefully. I for one would like to know, Mr. Speaker, whether in these amendments provision will be made for greater flexibility. I can understand that it is necessary for the minister to be vague about the administrative difficulties, but in view of the major portion of cost which is borne by the taxpayers it is perhaps well that more specific information should be forthcoming.

Again the minister said that the minimum annuity which may be purchased will be increased from $10 to $60 a year. This suggestion was made in the bill which was brought down in 1948, I believe it was, and which subsequently was not proceeded with. I think it is a decided improvement to raise the minimum. After all, $10 per annum actually is not of much use to anyone, and it brings up the point of the administrative difficulties, the paper work, to use a common expression, that is necessary to sell a contract in the first place, and the subsequent records which have to be kept. When all that is taken into consideration it hardly seems wise to consider pensions of such small amounts. But I wonder whether this new minimum is even high enough.

The minister said later on that cash surrender privileges are proposed. I wonder whether they will include refunds at any higher stage than the $60 minimum. Is provision to be made for the transfer of credits, if and when an employee changes employment? I believe that an employee should have the option of having his credits transferred to the pension fund of his new employer rather than lose the advantage he had gained by subscribing for an annuity at a younger age than he would be at the present time. I know this is a very serious problem to some people because there is a big difference between the yearly premiums —if we can call them that—that are payable at, say, age 30 and those that are payable at, say, age 40. If a man is bound to one employer by the fear of losing this advantage, then it scarcely seems right that he should be obliged to remain in less desirable employment through fear of not being able to provide for his own retirement. These and many more questions will be the subject of study of all those who are interested in these annuities, from the standpoint of the annuitant and from the standpoint of the employer where group schemes are in force or in prospect, and certainly from the standpoint of the insurance companies who I understand have representations to make in this matter.

It would appear that the only place where all these questions can be properly studied is in a standing or special committee of this house. I recall that on reading *Hansard* for June, 1948, I found that the Minister of Labour, at that time Mr. Mitchell, promised that a committee would be set up to study this matter in the following year. Subsequently the hon. member for Winnipeg North Centre (Mr. Knowles), towards the close of 1949, after the election, asked whether or not it was the intention to set up this committee. He had been told no a couple of times, but finally in December of 1949 he was told that it was the intention to set up the committee the following year.

We have a standing committee on industrial relations in this house, and we have a standing committee on banking and commerce. I wonder if the minister will say whether or not it is his intention to refer this bill to a committee, and if so, to which committee.

Mr. Knowles: The house has made pretty good progress this afternoon. Maybe we can call it 6.15.

At 6.15 p.m. the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, we welcome the introduction of the bill forecast by the resolution now before the house. Each of the changes proposed in the Government Annuities Act is an acceptable and desirable change. Even so, there are a number of questions we will want to ask when we get into one of the committee stages, such as the questions enunciated just before six o'clock by the hon. member for Hamilton West (Mrs. Fairclough).

Having said that there are features about the bill which make it acceptable, I should point out that we regard it as a good move, for those who can afford to purchase higher annuities, that the amount that can be purchased is to be increased from $100 to $200 a month. That is only in keeping with the increased cost of living and the decreased value of the Canadian dollar.

It is also to be pointed out that it is a good move to provide for kinds of annuities other than those that have been provided

thus far. The minister has pointed out that the bill will make possible the purchase of annuities for a limited period of time, up to twenty years, in addition to the type of annuity now available that runs for the balance of one's life. In addition, as has already been pointed out, there is to be a type of annuity which one can mesh with government old age security legislation. There is also one other type, but we can deal with that when we reach the committee stage. As I say, these new types of annuities are welcome and acceptable to us. From what we have heard thus far it would seem that the other changes are likewise worth considering, such as the possibility of a cash surrender value, and one or two other changes which have been proposed.

However, I think I should say before I go further that we regret that at this time, when something is being done about the Government Annuities Act, nothing is being done about the feature that is most important, namely the rate on which annuities are computed. The hon. member for Hamilton West had something to say about that this afternoon. Those of us who were here in 1948 will recall the suddenness with which the interest rate, the basis upon which annuity rates are computed, was reduced as from April 19 of that year. I have in my hand a copy of order in council P.C. 1713 which was passed on April 16, 1948, which was a Friday, and subsequently tabled in the house on Monday, April 19, 1948, having effect as from that date.

The two main results of that order in council were to change the interest rate from 4 per cent to 3 per cent, and to change the mortality tables used in computing the rates that are arrived at on the basis of the interest figure already determined. As the Minister of Labour (Mr. Gregg) pointed out the other day, the Government Annuities Act was first brought into being in 1908. If my information is correct, the rate used at that time was 4 per cent. Sir Wilfrid Laurier referred to that fact in the debate which took place in the house on June 18, 1908; and it remained at 4 per cent from that date until April 19, 1948.

We regret very deeply the change that was made at that time. In fact it seemed to us a bit of a blow to what was a very good plan to enable people to provide for their own retirement. We have no illusions about the Government Annuities Act being a plan that can meet the requirements of all the Canadian people; but it certainly was a good plan for those who were able to take advantage of it. But reducing from 4 per cent to 3 per cent the interest figure used in computing the rates certainly reduced the value of government annuities. As we pointed out in 1948 when this change was made, the result was that anyone who had purchased an annuity prior to April 19, 1948, even though he might not have paid very much on it up to that time, still had the advantage of the 4 per cent interest rate; whereas those who purchased annuities after that date would have the advantage of only the 3 per cent rate.

We pointed out also that this created a division within the ranks of employees working for one and the same firm; for even though a firm may have had a group contract prior to April 19, 1948, any employee who became a participant in that contract after April 19, 1948, got his annuity at the new and less advantageous rate. I know of examples where employees working for the same firm pay in different amounts toward their retirement, because of the line that was drawn by the order in council to which I have referred.

In addition to the depreciation in the value of government annuities that was effected by changing the interest rate from 4 per cent to 3 per cent, that same order in council effected a change from the mortality table that had been in use up to that time to another table which is less advantageous to the purchaser of the annuity. This is spelled out in detail in the order in council. I have had occasion to put it on the record before, so I shall not repeat it tonight. But I would say again, as we pointed out in 1948, that we have felt that the change from one table to the other was unfair, particularly in view of the fact that in recent years the greatest increase in the number of annuities purchased has been by employees in group contracts. The other night the Minister of Labour (Mr. Gregg) gave figures to show that there had been a substantial increase in this respect. For example, in 1941 there were 58,780 individual contracts and only 7,000 persons involved in group contracts. By 1951 the number of individual contracts had increased to 147,514, an increase of 147 per cent, while the individuals in group contracts had increased to 128,299, a rather staggering increase of 1732 per cent. I emphasize the fact that the greatest increase in the purchase of annuities, in recent years at any rate, is by employees of firms who arrange group contracts.

I have in my hand a brief protesting the increase in government annuity rates submitted by William M. Mercer Limited in June, 1948. In this brief this firm deals with the actuarial basis of the new rates. I point out again that the changes made in 1948

were two, one decreasing the interest rate from 4 to 3 per cent and the other changing the actuarial basis by adopting a new mortality table. This author points out on pages 15 and 16 of the brief:

(b) The greatest volume of government annuities business is now concerned with the underwriting of group retirement plans where all employees, in poor and good health, are included, and where average life expectancies are much lower than among a group of individuals, each of whom has purchased an annuity because he has reason to believe that he will live long enough to at least see a return of his premiums.

The new mortality rates are based on a longer life expectancy. In view of the fact that life expectancy is increasing it seems plausible to adopt rates that recognize that fact, but it is one thing to adopt such rates when you are dealing with individual cases where each person is in a somewhat preferred class and another thing when you are dealing with a group of employees, some of whom are healthy and some of whom are not so healthy but who are all mixed in together. William M. Mercer Limited, I may say, has made a most exhaustive study of annuities, both public and private.

As we pointed out in 1948, we were deeply disappointed at the decrease in the value of annuities resulting from order in council P. C. 1713, which changed the rates of annuities on two counts. I have in my hand a document from the Department of Labour showing the cost of annuities under the old rates in effect prior to April 19, 1948 and under the rates that became effective after that order in council was passed. I find from this that a male aged 30 years purchasing an annuity of $100 a month to commence at 65 years and guaranteed for ten years would have had to pay $15.06 per month under the old rates, but would pay $20.50 under the new rates, an increase of 36 per cent. A female person, aged 20, buying an annuity of $100 per month to commence at age 60 and guaranteed for ten years would have had to pay $14.37 under the old plan, but pays $20.64 under the new, an increase of 43 per cent. These tables are available and hon. members can work out other examples for themselves.

Those are some of the changes effected by the order in council which Mr. Mitchell tabled on April 19, 1948. We regret that when the whole question of annuities is being looked into there is no suggestion from the government side that anything is going to be done to restore the rates which were in effect prior to that date in 1948. Apart from the excuse of changing the mortality tables, the excuse that was given for changing the interest rate was that the interest rate on Canadian government bonds was down a bit from what it had been. Since then we have had at least one increase in the interest rate of one class of government bond. There have indeed been other increases, but I mention in particular that the new series of Canada savings bonds carries a rate of 3·21 per cent, when averaged out over the ten-year period, as compared with 2·75 per cent paid by the previous issue of the same series. If there has been a reversal of the trend that was indicated to the house in 1948 I suggest that recognition should be given to that reversal and the annuities brought back to the 4 per cent figure which was in effect for the forty years from 1908 to 1948.

I make this plea because so far as the great majority of Canadians are concerned, it is no use to tell them they can now purchase an annuity or retirement pension of $200 per month. They cannot afford to buy an annuity of $100 per month; they cannot afford to buy an annuity of $50 per month. What the people of this country really need is something to help them help themselves provide a better retirement than is proposed by the general legislation, and this help should be in the way of a reduction in the cost of annuities.

In this connection it is sometimes pointed out, and the hon. member for Hamilton West (Mrs. Fairclough) referred to it in one way and another this afternoon, that the administrative costs of government annuities are borne by the public treasury. There are some who argue, particularly those who have opposed the idea of the government being in this field, that these annuities should carry themselves. I should like to refer again to the Mercer pamphlet which I have before me, which states that the administrative costs of government annuities have approximated one per cent of the premium income, including both individual and group business. Then the pamphlet goes on to say:

When it is realized that the insurance companies allocate 7½ per cent of the premium income from group business, and a much higher percentage from individual business, for administration expenses and commissions, the low administrative costs of government annuities are obvious.

We submit then, that the administrative costs of the government annuities branch have been so commendably low that they cannot possibly be used as an argument for an increase in rates any more than the selling and administrative costs of government bonds can be used as an argument to lower their yield.

As a matter of fact with respect to government bonds, as I have already pointed out—and certainly in the case of Canada savings

bonds—since that time there has been an increase in the amount of interest to be paid. Another argument sometimes used against what is referred to as subsidizing these annuities is that they are there only for those who can afford them and therefore they should completely pay their way. May I point out that members of parliament generally, and I think the Canadian public too, have learned something more about the whole question of retirement security as a result of the work of the parliamentary committee of last year and as a result of the old age legislation which has already been passed by this parliament.

One thing that has come out of that study and has been driven home time and again is that no matter on what basis pensions are paid, whether they are old age pensions out of the public treasury, whether they are government annuities, whether they are private annuities or whether they are private savings, their value depends upon their purchasing power at the time they are spent. Indeed their value depends upon there being produced, at the time that money is spent, goods and services for those who have money to spend. In other words we have learned about this pay-as-you-go principle. We have learned that what counts is what is being paid in at any one time as against what is being drawn out at that same time by those who spend their so-called dollars on actual goods and services.

We have applied that principle without question to the Old Age Security Act which has already been passed by the house. We say in respect of that legislation that what is important is that there be enough set aside out of this year's production to pay for pensions in this year. I know there are certain differences with respect to an annuity plan. Members will say there is a fund. There is a fund on paper. There is a bookkeeping fund. There is not a separate fund in terms of dollars actually being set aside. The money is paid into the accounts of the receiver general and the annuities are likewise charged to the consolidated revenue fund. The fact is that in every year since 1908 the premiums paid in have exceeded the amounts paid out that year. That is increasingly the story as time goes on. On that basis, the plan is more than solvent.

I suggest it is time for us to look at the government annuity scheme in somewhat the same light that we look at the old age pension legislation which we dealt with at the end of last session and in the earlier part of the present session. On that basis I urge that reconsideration be given to the question of the rates of these annuities. As I said a moment ago, it is desirable that the ceiling be raised to $200 a month instead of $100. An annuity of $100 a month just is not enough money to write home about any more. It is not enough to retire on in any sense of the word, to say nothing of those who have to live on $40. But the problem for most Canadians is not to get the right to buy a $200 pension instead of a $100 pension. The problem for most Canadians is to have the wherewithal to buy a pension of any amount whatsoever.

I hope that the greater interest the government is showing in this whole question of old age by its acceptance of the report of our committee and so on will result in a further review of this situation. In our study in the old age security committee we learned, for example, that in New Zealand, where they have had government pension schemes in effect for a good many years, the result so far as private pensions and private insurance are concerned has been to increase the amount of that sort of provision being made by citizens of that country. I hope that there will now be an incentive like that in this country. Up to now, so long as the means test has been in effect on pensions for those 70 and over, there has been little encouragement to Canadians to try to provide something for their old age. It is difficult enough to do anyway, but when people realized that such an amount as they might provide would simply result in their not being able to get the old age pension, for many people, workers in particular, the reply was: What is the use?

Now that the means test is off so far as those 70 and over are concerned—and let us hope it will be off at 65 one of these days very soon—there will be greater inducement to our people to try to provide some additional security to go with that which will be their right as citizens of this country. If we can look forward to people wanting to do that sort of thing, I suggest there is all the more reason why we should try to make it really possible and facilitate their efforts by putting the annuities act at least back on the basis it was on prior to 1948. As I say, it was in existence those many years at the 4 per cent rate and on the more advantageous mortality table. The change was made by order in council. True, the government had the right to do it by order in council because that was so provided in the original act of 1908, but

members who were here in the last parliament will recall the general outburst of feeling against the changes that were made at that time.

As I say, I deeply regret that with the matter now before us nothing has been done about this important phase of the question. The things that are being done are good. We will discuss them in committee here or in whatever committee to which the bill may be sent, but I suggest to the government this is not a piece of legislation to do much boasting about. If they are opening up the question of the annuities act the real job is to change the rates and at least put them back in the position they were prior to April 19, 1948.

Mr. C. E. Johnston (Bow River): Mr. Speaker, I wish to say a few words on the subject of annuities. The hon. member who preceded me made reference to the debate of 1948. I took occasion to go over that debate very carefully, and comparing the speeches on this matter by the late minister of labour, Mr. Mitchell, with those by our present minister, it seems to me there is not much in common. With respect to the legislation before us, the only change that is being made, and it is a rather substantial one, is that the amount of the annuity is to be increased from $100 to $200 a month. The hon. member who preceded me stated that was good, and so it is, but he thought it did not go far enough.

I want to develop that point a little further. I do not intend to set myself up as a prophet, but I cannot believe that this legislation is all the government has in mind. If it is all the government has in mind to bring before the house at this session of parliament, then there is something radically wrong about the statements that have been made by the Minister of National Health and Welfare (Mr. Martin). I want to refer to a statement made by him just the other day. In the Ottawa *Citizen* of Wednesday, November 14, 1951, there is a report of a speech made by the minister over the trans-Canada network of the C.B.C. in the series, "The Nation's Business". The heading of the article is, "Prospect of Independence in Old Age". The Canadian Press dispatch reads as follows:

> Health Minister Martin said last night that the federal government's old age security program is intended to ensure that Canadians, when they grow old, have the "prospect—not of charity—but of independence and a decent livelihood."

If, as the minister points out, our old age pensioners are to have independence and not charity, this annuity bill which will follow the resolution cannot help them in that respect. There must be some other legislation which the government is contemplating, and I shall mention that later.

When the Minister of National Health and Welfare was introducing the pension legislation he gave us a little talk about the annuity program of the government which would work in conjunction with old age security. When the same minister was speaking over the air he indicated that the purpose of the government's old age pension was to give security and independence. When the minister spoke on October 25, 1951, about old age pensions he had this to say, as recorded at page 384 of *Hansard:*

> I am sure that as this new program comes to be integrated into the existing pattern of retirement provisions provided by individuals, by employers and in other ways, it will be recognized for what it is intended to be—not as a total retirement security scheme in itself—

Notice that.

> —not as a total retirement security scheme in itself, replacing and supplanting all others, but as the core, the keystone of a national savings and retirement plan, around which each individual in this country will be encouraged to build his own retirement security program in a manner and to an extent peculiarly suited to his own needs.

If you connect what the minister says about this not being intended as the whole plan for security for old age pensioners with what he said over the C.B.C. about independence, a decent livelihood and not charity, then there must be something more to come. On the same page of *Hansard*, the minister went on to say:

> My colleague the Minister of Labour (Mr. Gregg) will shortly be revealing to this house the manner in which it is proposed to modify the government annuity scheme so as to fit into this new pattern.

Then he goes on to speak about the different types of the annuities which the government will bring down in order to integrate them into this old age pension scheme. When the Minister of Labour (Mr. Gregg) was speaking about this annuity plan we are discussing now, he went back to 1908 when the Government Annuities Act was introduced. He read the preamble of the bill which was introduced in 1908; that is to be found in *Hansard* for November 8, 1951, at page 863. It reads as follows:

> The object of the act is to encourage systematic voluntary saving for old age security by providing facilities for that purpose. This is clearly set forth in the preamble to the act which reads as follows:
>
> "Whereas it is in the public interest that habits of thrift be promoted and that the people of Canada be encouraged and aided thereto so that provision be made for old age; and whereas it is expedient that further facilities be afforded for the attaining of the said objectives.

The preamble of the measure in 1908 put forth the idea that the annuity bill would be the type of legislation which would encourage thrift, and would encourage people to lay money aside for their old age so they might not be living in poverty. Then the minister went on:

> Considering, therefore, the purpose of the act, to promote voluntary saving for old age security, it is appropriate that this bill to extend the facilities afforded by the act should be considered by this house at a time when parliament has under consideration legislation making provision for payment of an old age pension to Canadian residents 70 years of age or over.

The bill we have before us cannot do that to any extent whatever, at least as it appears from the resolution. Of what use will it be to these people who are going to be dependent upon old age pensions to find out that our maximum annuity is being raised now from $100 to $200 per month? As the hon. member for Winnipeg North Centre (Mr. Knowles) stated, those people who can afford to buy a $200 per month annuity certainly will never need old age pensions. That being so, what sense is there in the preamble to the annuity bill of 1908? What sense is there attached to the statement the Minister of National Health and Welfare made over the air, or the one he made in introducing the old age pension legislation? What sense is there attached to the statement of the Minister of Labour on November 8? There is no sense attached to those statements.

When we go back, Mr. Speaker, and think of the reasons that were given in 1948 for the amendment to the annuities act which was introduced at that time—

Mr. Knowles: By order in council.

Mr. Johnston: Yes, by order in council. It was made effective by order in council on April 19, 1948, and the rate of interest was reduced from 4 per cent to 3 per cent. Those of us who protested most vigorously at that time—and there were many of us—pointed out that this type of legislation was not going to be of assistance to the ordinary man for whom these annuities were originally intended. The reason the minister gave for lowering the interest rate from 4 per cent to 3 per cent was that this program had to be put on a pay-as-you-go basis. He pointed out the ridiculousness of any business enterprise being carried on when it was going in the hole all the time. He referred to some of the socialist legislation which was passed in Saskatchewan, and ridiculed it. One of the other reasons given in 1948 was that the interest rate on government bonds was being lowered, and he did not want government annuities in competition with government bonds. The minister also pointed out that the interest rate charged by insurance companies had gone down and, therefore, taking the picture as a whole it was only reasonable that the interest rate on government annuities should be reduced from 4 per cent to 3 per cent.

I do not think those were good reasons for lowering the interest rate at that time, but if they were valid then let us look at conditions today. The interest rates on government bonds are up. Is there any logical reason then why the interest rate on annuities should not go up? The interest rate on insurance policies and loans made by insurance companies has gone up to 5 or 5½ per cent. Is there any logical reason why the government should not at this session of parliament bring the interest rates on annuities up to where they were? Almost every reason given at the time of the reduction in rates has been offset, and those conditions no longer exist. In fact interest rates on other types of investments have risen, and the annuity is the only type of investment upon which the interest rate has not risen. What chance has the ordinary man of buying large quantities of government bonds? He has no chance. If he does buy them he has no assurance that they are going to stay at par. If he has an annuity, he knows it is going to stay there for life because no mortgage company, no person on earth can take that away from him. It is his, and nothing can be registered against it. It seems to me that what the Minister of National Health and Welfare was saying had some logic to it, when he was tying the old age pension in with this over-all annuity plan so these people would not have to accept charity but would have something they could call their own, and have a decent standard of living, if the government makes that possible. The only way that can be done is by the Minister of Labour bringing in an annuity plan which will be co-ordinated with the old age pension scheme in order to give these citizens, as the Minister of National Health and Welfare said, a decent standard of living.

The Minister of Labour and the parliamentary assistant must know that this legislation we now have before us will not do that. Something else must be done. There is no argument on earth that can convince me that a man who is going to need the old age pension can afford to buy an annuity of $200 a month. That argument is just ridiculous on its face. So that is not the

scheme which the government proposes to tie in with the old age pension. It just cannot work.

I know there are a number of schemes which the government proposes to bring in. There is the deferred life plan, the deferred guaranteed plan, the deferred last survivor plan, the individual contract, group contracts and things of that sort.

Mr. Wylie: The deferred starvation plan.

Mr. Johnston: That is about what it will amount to if some other type of legislation is not brought in. It is my judgment that the people who are going to receive the benefit of this combination of annuity and old age pension must have sufficient to give them a decent standard of living. In our income tax forms the government acknowledges the fact that people, if they are married, must have $2,000 a year to have a decent standard of living, because that is the amount at which the income tax starts; and that, if they are single, they must have $1,000 a year. The government recognizes the fact that anything below that is too low for a decent standard of living. Otherwise they would have lowered the income tax exemptions. If we are going to take that view, as over 50 per cent of the people in Canada have less than $2,000 a year if married, or $1,000 a year if single, we must realize that this 50 per cent are going to need assistance; and the only possible assistance they can get is through some decent form of annuity which can be linked in with the old age pension scheme.

The province of Alberta has annuity legislation which provides for 3½ per cent interest. If the province of Alberta can afford to put out annuities bearing the interest rate of 3½ per cent, is there any logical reason why the federal government cannot do it? I am assuming that there is going to be an increase by this government in the rate of interest on annuities. I cannot see any other reason why they would come out and stress so strongly the fact that this annuity which the government proposes to bring out is going to be co-ordinated with the old age pension plan. I am suggesting to the Minister of Labour, through the parliamentary assistant who is present in the chamber, that the government bring down legislation that will increase the percentage rate on annuities. I am going to suggest that they make that rate at least 4 per cent. There is no logical reason for making it any less than that. When the provincial government of Alberta can make their interest rate 3½ per cent, surely this federal government can make the rate at least 4 per cent, particularly in view of the fact that the interest rate used to be 4 per cent. All those reasons the government gave for reducing the rate have now been overcome or wiped out. There is therefore no reason from any point of view why the government cannot increase that interest rate and put it back to its original 4 per cent.

I do not think the government is going to lose any money by this legislation. It has been stated that the administration cost is about 1 per cent of the premiums. But if the government does not make possible some form of annuity plan which can be co-ordinated with the old age pension plan, they will have to increase the amount of the old age pension. From the government's point of view, it would seem to me more economical to make an annuity plan so worthwhile that people would put forth every effort to be thrifty, to save and provide for themselves in their old age by buying an annuity, even though it be small, thereby assisting themselves to have a better standard of living when they reach the age of 70. If the government are going to benefit by that legislation they should have no hesitancy in bringing in an annuity plan which will encourage thrift and saving, and which will encourage these people to start buying an annuity no matter how small it may be.

However I look at this problem it seems to me the government is going to benefit; that is, if they increase the interest rate which is to be paid on annuities. I am sure they must realize that as assistance to the old age pension and as encouragement to thrift, the resolution we have before us advocating an increase from $100 to $200 will not serve the purpose that was intended. They themselves must do something better than is indicated in the proposed legislation.

We are going to support the legislation. The increase from $100 to $200 will benefit some people. It will benefit only those who are comparatively well off. The purchase of an annuity paying $200 a month will cost a great deal of money. I venture to say that not many members of parliament will be able to buy an annuity paying $200 a month starting at age 65, much less anyone who is expecting to go on the old age pension. We hope the government will take this suggestion seriously into consideration. I hope the parliamentary assistant, who is sitting

in his place in the house at the moment, will make an effort to see that, before the end of this session, some other legislation is brought down which will give the promised assistance to old age pensioners.

Mr. Paul E. Cote (Parliamentary Assistant to the Minister of Labour): Mr. Speaker, I do not intend to speak at any length at this stage. My first reason for not doing so is that I have the assurance that the discussion will be more fruitful when a copy of the bill amending the Government Annuities Act is in the hands of hon. members. In the second place—and this is particularly in reply to one of the questions put this afternoon by the hon. member for Hamilton West (Mrs. Fairclough)—it is the intention of the Minister of Labour, to recommend that the bill be referred to the standing committee on industrial relations immediately after it has received its second reading. For these reasons I think that tonight I should deal only with a few of the questions which have arisen during this debate. In the first place—and this will meet the expectation of the three hon. members who have spoken on this resolution—with the approval of the house I should like to place on *Hansard* a table giving a few examples showing the monthly premium required to purchase a level annuity for life commencing at age 65 for males and age 60 for females, compared with the monthly premium necessary to produce annuities of the same amount but which reduce at age 70 by the amount of the old age security, namely $40 a month. This will put in concrete form the change which will be made by the amending bill to provide co-ordination of the government annuities with the old age security scheme.

Before placing this table on *Hansard* I wish to mention that in the case of a male annuitant, in a contract providing for $75 pension a month at age 65, reducing at age 70 by the amount of the old age security, $40, the premium will be reduced by one-third over the premium which is payable on an ordinary life annuity contract. In the second category given by the table the amount of the annuity is figured at $100 a month, commencing at 65 and reducing to $60 at age 70. In this case the reduction in the premium will be roughly 25 per cent. In the third category, in the case of a contract providing for an annuity of $125 a month at age 65 and reducing by $40 at age 70, the reduction in the premium will be roughly 20 per cent.

Mr. Johnston: What would that annuity cost a year?

Mr. Cote (Verdun-La Salle): Well, in the first category where the monthly annuity is figured at $75, the cost of the premium at age 20 would be $6.19 a month. In the case of a $100 monthly annuity, the cost would be $9.28 a month; and in the third category, the annuity of $125, the monthly cost would be $12.37, and so on. Perhaps my hon. friend would be interested in looking at this table which is a fair illustration of what was meant by the minister when he announced a new type of annuity, the term annuity contract, which would co-ordinate with the old age security plan.

The table follows:

A FEW EXAMPLES SHOWING THE MONTHLY PREMIUM REQUIRED TO PURCHASE A LEVEL ANNUITY FOR LIFE COMMENCING AT AGE 65 MALES, 60 FEMALES, COMPARED WITH THE MONTHLY PREMIUM NECESSARY TO PRODUCE ANNUITIES OF THE SAME AMOUNT BUT WHICH REDUCE AT AGE 70 BY THE AMOUNT OF THE OLD AGE SECURITY ($40 PER MONTH.

—	Monthly Premiums Starting At:					
	Age 20		Age 30		Age 40	
	Ord. Life	Guar. 10	Ord. Life	Guar. 10	Ord. Life	Guar. 10
MALES						
Annuity—						
$75 per month commencing age 65 and payable for life	$ 9.27	$10.17	$14.22	$15.57	$23.58	$25.83
$75 per month commencing age 65, reducing to $35 per month at age 70	6.19	6.73	9.49	10.29	15.74	17.07
Difference in $	3.08	3.44	4.73	5.28	7.84	8.76
Difference as % of larger premium	33·2%	33·9%	33·2%	33·9%	33·2%	33·9%
$100 per month commencing age 65 and payable for life	$12.36	$13.56	$18.96	$20.76	$31.44	$34.44
$100 per month commencing age 65, reducing to $60 per month at age 70	9.28	10.12	14.23	15.48	23.60	25.68
Difference in $	3.08	3.44	4.73	5.28	7.84	8.76
Difference as % of larger premium	24·9%	25·4%	24·9%	25·4%	24·9%	25·4%
$125 per month commencing age 65 and payable for life	$15.45	$16.95	$23.70	$25.95	$39.30	$43.05
$125 per month commencing age 65, reducing to $85 per month at age 70	12.37	13.51	18.97	20.67	31.46	34.29
Difference in $	3.08	3.44	4.73	5.28	7.84	8.76
Difference as % of larger premium	19·9%	20·3%	19·9%	20·3%	19·9%	20·3%
FEMALES						
Annuity—						
$75 per month commencing age 60 and payable for life	$15.21	$15.66	$24.12	$24.84	$42.66	$44.01
$75 per month commencing age 60, reducing to $35 per month at age 70	11.37	11.82	18.03	18.75	31.88	33.23
Difference in $	3.84	3.84	6.09	6.09	10.78	10.78
Difference as % of larger premium	25·3%	24·5%	25·3%	24·5%	25·3%	24·5%
$100 per month commencing age 60 and payable for life	$20.28	$20.88	$32.16	$33.12	$56.88	$58.68
$100 per month commencing age 60, reducing to $60 per month at age 70	16.44	17.04	26.07	27.03	46.10	47.90
Difference in $	3.84	3.84	6.09	6.09	10.78	10.78
Difference as % of larger premium	19·0%	18·4%	19·0%	18·4%	19·0%	18·4%
$125 per month commencing age 60 and payable for life	$25.35	$26.10	$40.20	$41.40	$71.10	$73.35
$125 per month commencing age 60, reducing to $85 per month at age 70	21.51	22.26	34.11	35.31	60.32	62.57
Difference in $	3.84	3.84	6.09	6.09	10.78	10.78
Difference as % of larger premium	15·2%	14·7%	15·2%	14·7%	15·2%	14·7%

I have not very much to add, Mr. Speaker, except that on this specific point I have just discussed I may say that in the first phase of this combined annuity contract, the highest amount of annuity provided by this contract may exceed the maximum of $2,400 inasmuch as the average payment calculated on an actuarial basis does not exceed $2,400 per annum. That means that between 65 and 70 the annuitant can get more than $200 a month because when the reduction of his annuity starts at age 70 on an actuarial basis the average monthly or yearly annuity that will be paid to him will not exceed the new maximum set by the legislation.

Before I take my seat I must correct a false impression that the hon. member for Hamilton West (Mrs. Fairclough) seemed to be under this afternoon when she intimated that under the new amendments in the group contracts an employee will be authorized, should he change employer, to have his credit transferred to another group plan. This is a misconception. Nothing of the sort is intended by the amendment. What is meant is that should the employer change somehow or other through sale of the interest of a firm in any plan, then the contract will be amended under this new amendment to transfer to the acquiring company or individuals the participation which he may have as employer in this particular employer-employee plan.

That is all I wish to say tonight, Mr. Speaker. I shall not discuss the interest rates. Much emphasis has been placed on the change in rates which took place in April, 1948, by the reduction from 4 per cent to 3 per cent. I might remind my hon. friends that there is no statutory provision for such a change. The interest rate is determined under a provision of the act which empowers the governor in council to vary the rate of interest upward or downward. Therefore I will not discuss it. I just wish to remind my hon. friends that if they will review the circumstances in 1908 when the government annuities were introduced they will realize that this was not intended to be what in late years we have been accustomed to call a subsidized social welfare scheme. It is true that inasmuch as the administrative charges were being borne by the government this was an element of subsidy. Inasmuch as there has been a favourable differential between the rate of interest of annuity contracts and the yield of long-term government bonds, there has been an element of subsidy. But in 1908—and it is on what took place at that time that the real spirit and purpose of the legislation must be determined—the rate of interest yielded by government bonds was 3·9 per cent when the interest was determined at 4 per cent for the purpose of government annuities. Therefore at that time a differential of one-tenth of one per cent in the rate of interest was surely not intended to be and remain an important feature of subsidization by the government.

Mr. Johnston: Are you going to wait until it reaches 9 per cent before you make any changes?

Mr. Cote (Verdun-La Salle): As time went by there were changes. During the first quarter century of the existence of our legislation the yield on government bonds varied from 3·9 per cent to 6 per cent. So this 4 per cent has played both ways.

I believe there has been ample discussion of the question of interest rates at this stage. I am sure the Minister of Labour was wise in his intention to recommend reference of the bill to the committee on industrial relations, before which, if the committee wishes, officials of the department including actuaries will appear. These officials will be only too pleased to give their views on any point that may have to do with their sphere of responsibility. I should think all hon. members should be satisfied that these amendments are intended to improve the act, to give greater flexibility and to provide better protection and privileges for the annuitants, as well as for any others interested in these contracts.

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

Mr. McIvor: Will this amendment improve the position of agents who sell annuities on commission? The passing of the old age pensions legislation, which increases the pension, has discouraged these agents, and they cannot afford to sell their annuities at the same rate. Will this improve their position in any way? We want to hold them in their jobs, if possible.

Mr. Cote (Verdun-La Salle): The rate of commission received by salesmen is determined by regulation. There is nothing in the amendments to be brought forward which will change the rate at which the salesmen are remunerated. It may be that new features brought into the act will increase the sale of annuities to an extent greater than may have been forecast, and in that sense salesmen would find the job easier and their remuneration would increase accordingly.

Mr. Knowles: Mr. Chairman, I should like to say a few words by way of comment concerning some of the observations of the parliamentary assistant to the Minister of

Labour. I would like, too, to put a few questions to him about the legislation based on the resolution.

I have noted with interest the study both the parliamentary assistant and the minister have made of the debate which took place when this legislation was first introduced forty-three years ago. Incidentally what developed at that time came from the study given to the subject by a committee. I believe that even in those far-off days there was in the minds of those who were putting the legislation through some realization of the part society could play in helping people provide for their own old age. I would like the parliamentary assistant to realize that, although that was a long time ago in terms of Canadian social history, even at that time many other countries of the world had embarked upon programs of social security, particularly a number of countries in western Europe.

As I recall the debate which took place in June of 1908, Sir Wilfrid Laurier and other members of the government of that day spoke and pointed out that there were two elements of subsidy in the matter; the parliamentary assistant has referred to them in passing. On the one hand the plan was being subsidized in part because the administration costs were to be paid by the government. There was also an element of subsidy because of the higher interest rate, even though it was only a fraction of a per cent, being accorded to annuities as compared with the interest rate on ordinary government bonds.

So I do not think anything can be made out of any different approach to the problem, as far as annuities are concerned, even back there forty-three years ago. They did not go as far as we do today in terms of the principle of using subsidies. Government budgets in those days amounted to only a small fraction of one of our estimates in these modern days. Nevertheless it was part of the framework of the legislation that it was a good thing for society to play its part in helping people to provide at least to some extent for their retirement. If society is going to do that, then it is far better to put it on as broad a basis as possible, the sort of basis which would make it possible for the largest number of people to take advantage of it.

The aim is not just to provide extra money for the wealthy; that is hardly defensible on any social basis. The aim is rather to help the ordinary rank and file of the Canadian people to do this sort of thing. To the extent we help people to provide for their own retirement, just to that extent we lessen the necessity for other forms of public assistance of one kind or another. I suggest that Sir Wilfrid Laurier and members of his cabinet in 1908 thought this was good business, and I do not think we should be offering to the Canadian people today anything less advantageous than the Laurier government offered forty-three years ago.

The parliamentary assistant spoke about the slight difference there was between the 3·9 per cent on government bonds and the 4 per cent, which was the rate fixed by order in council in 1908. He said across the years there had been fluctuations in the rate of interest paid on government bonds, and said that at one point it rose as high as 6 per cent. I would remind him that the interest paid on government annuities was not increased in keeping with the increase to 6 per cent on bonds, but that it stayed at 4 per cent across those years. Similarly, I do not think the downward change should have been made at all.

The parliamentary assistant is quite right in pointing out that the change, although made by order in council, was correctly made in that way, because the original legislation did not fix by statute the rate of interest but rather left it to the governor in council. I think there is something to be said for the idea that the government has responsibility to the people in these matters. Here is a rate that was fixed, and upon which the people could depend for forty years. Many people had bought their annuities on the basis of that rate. Then, as I said earlier, suddenly a change is made; a line is drawn right down the middle of a group of employees, between those who pay a lower and those who pay a higher rate for their annuities. I have noted with interest that in recent years the Prime Minister has taken a certain position with respect to various matters which, constitutionally, can be dealt with by order in council. His position has been that they should be brought before parliament, even though this is not legally required. He took that view only a couple of days ago in connection with a matter of extradition which was brought to the attention of the house by the hon. member for Lake Centre. I think the Prime Minister is to be complimented upon his attitude. I have known him to take it a number of times in the last few years, in connection with matters which, within the constitutional right of the government, would fall within that class which could be dealt with by order in council. However, the Prime Minister has said he has felt such matters should be brought before parliament.

I think the same applies to a matter like this. There was a rate for forty years. It

was changed suddenly by order in council in April, 1948. I do not think that was playing fair with parliament or the Canadian people, and I urge strongly that reconsideration be given to restoring that rate. I realize the parliamentary assistant is not in a position to discuss this phase of the matter, that it is a matter of government policy which would have to be taken up with the minister, or when the officials come before the committee on industrial relations. As I stated in my earlier remarks, this is the most important feature with respect to annuities, namely the rate at which they can be bought.

Now that we are in committee there are a few questions I should like to put to the parliamentary assistant. I shall put one or two, sit down and give him a chance to answer. It has been indicated that there will be some differences in the new plans as compared with the plans now in effect. One of the most notable differences is that a person will be able to have his annuity fixed so that it pays a higher amount until he is 70 years, and comes down to a lower level from then on. May I ask if that provision will apply only to annuities taken out after these amendments have been passed, or will those who now possess annuity contracts have the right to make such alterations in their contracts?

Mr. Cote (Verdun-La Salle): These amendments will provide for amendment to existing contracts at the discretion of the minister. I can see no objection to the proposition put forth by my hon. friend, but I would not like my answer to be taken as being definite and final. I would assume that the power given by the amendments to amend contracts or even to substitute new contracts for those already existing would provide for the proposition mentioned by my hon. friend.

Mr. Knowles: If for a contract in existence prior to April 19, 1948, there is substituted a new contract, will the new contract be on the basis of the old or new rates?

Mr. Cote (Verdun-La Salle): I would not care to give a definite answer. I would ask my hon. friend to let his question stand until we reach the committee stage.

Mr. Knowles: I will do that, as I appreciate the position the parliamentary assistant is in. Are the mortality tables used in computing the annuity rates which the parliamentary assistant placed on *Hansard* a little while ago the same tables provided for by the order in council passed on April 19, 1948?

Mr. Cote (Verdun-La Salle): The mortality tables are those which were set up in 1948.

Mr. Wright: Where a person has a contract for $100 per month which he wishes to increase to $200 a month, will he be allowed to increase it at the same rates as applied to the old contract?

Mr. Cote (Verdun-La Salle): No. Any addition to the coverage provided by any such contract would be at the rates prevailing at the time of the addition.

Mr. Fair: Is the parliamentary assistant sure of that? I understood that if a person bought an annuity at the old rate of 4 per cent and wished to increase it at a later date, he could do so at the old rate. Surely he would not have to come under the 3 per cent rate, or whatever it may be. I understood definitely from the officials that the rate would continue at 4 per cent even if a person wished to increase the amount of the annuity.

Mr. Johnston: I think this point should be cleared up right now. I visited the annuities office when we were discussing this matter and it was pointed out to me most clearly that if a contract was taken out at the 4 per cent rate, it could be increased at any time in the future and still bear that rate. If the parliamentary assistant is claiming that is not the case, we should know about it now because that would be a violation of a contract already entered into.

Mr. Cote (Verdun-La Salle): My hon. friend is right with regard to any increase up to the maximum amount permissible under a contract already in existence, but I was referring to the new maximum of $2,400 which will be provided by the amendments. If my hon. friend is going to go into technicalities I suggest that he wait until we are in committee when the officials of the department will be able to give more precise answers.

Mr. Knowles: As I said before, I appreciate the position in which the parliamentary assistant finds himself with respect to some of these questions, and I shall not press them at this time. However, it might be useful if some of the questions were placed on the record so the officials would know what answers to dig up. I would be interested in learning at some stage whether the cash surrender privilege will apply only to contracts issued after these amendments go into effect, or will that apply to contracts already in effect.

Referring to the special contracts that can be taken out for a limited period up to twenty years, it would be interesting to know if there is any starting or ending date or whether they are just for old age periods? I was wondering whether they could be taken out to meet the educational requirements of one's children.

The other night the minister said that it would be possible to take out an annuity payable to one person during his lifetime, and then have it transferred to some other person for his lifetime. Is there any restriction upon the class of persons that might be included in such a contract? I had some other questions but they relate more to the interest rates and to what consideration might have been given that matter. In view of the suggestion made by the parliamentary assistant I shall leave these until later.

Mr. Macdonnell (Greenwood): Would the parliamentary assistant repeat what he said about the reduction in the premium which would be occasioned by the old age pension coming into effect at age 70? I understood him to say that it would involve a one-third reduction in the premium.

Mr. Cote (Verdun-La Salle): I placed on *Hansard* a table which showed in concrete form the effect on the premiums of this co-ordination of the old age security scheme, which is to come into effect on January 1, and an annuity contract. It gives the premiums and the proportion of reduction in premiums in three categories of annuities, $75, $100 and $125 per month.

Mr. Johnston: Taken out at what age?

Mr. Cote (Verdun-La Salle): Each is reduced by $40 at age 70. In these categories the premium of course is much lower than if the annuitant took an ordinary life annuity of $75, $100 or $125.

Mr. Johnston: But they all start at the age of 20 years.

Mr. Cote (Verdun-La Salle): Yes, those are the figures I am giving.

Mr. Johnston: They will not come into effect for years.

Mr. Cote (Verdun-La Salle): I have others starting at ages 30 and 40.

Mr. Johnston: They will not become effective for another fifty years. What about those people who are 40 or 45 years old? It will cost them a lot more than you indicated a moment ago.

Mr. Macdonnell (Greenwood): Did the parliamentary assistant say that they were using mortality tables of 1948?

Mr. Cote (Verdun-La Salle): I referred to the mortality tables which were put into effect in April 1948 when the changes in the cost of annuity contracts were made.

Mr. Knowles: With respect to the matter that has just been under discussion, is it clear that these reduced rates, one-third less or one-quarter less, will be level rates for the whole time a person is buying an annuity? In other words, when you take out an annuity under this new plan you stipulate that you want the kind that will be reduced by a certain amount at age 70 and you pay a level premium across the years accordingly.

Mr. Cote (Verdun-La Salle): Yes, it will be so. The stipulation in the contract will provide that the higher amount of the annuity will mature at 65 and will be payable up to 70 from which time the annuity payable will be reduced by $40. I do not know exactly how that will be put in writing in the contract but that will be the meaning of any phraseology that will be adopted.

Resolution reported, read the second time and concurred in.

Mr. Fournier, Hull (for Mr. Gregg) thereupon moved for leave to introduce Bill No. 23, to amend the Government Annuities Act.

Motion agreed to and bill read the first time.

PUBLIC PRINTING AND STATIONERY ACT

AMENDMENT PROVIDING FOR ADVANCES TO KING'S PRINTER FOR PURCHASE OF MATERIALS, ETC.

The house resumed, from Tuesday, October 30, consideration of the motion of Mr. Bradley that the house go into committee to consider the following resolution:

That it is expedient to amend the Public Printing and Stationery Act in relation to advances authorized to be made to the king's printer for the purchase of materials to execute orders and requisitions and payment of wages, and to provide that the total amount of such outstanding advances shall at no time exceed the sum of four million dollars.

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

Mr. Knowles: The other night, when this resolution was under discussion at the stage with Mr. Speaker in the chair, a few remarks were exchanged between the hon. member for Temiscouata and myself. I am sorry he is not present. Perhaps my saying that will result in word getting to him and he will appear. Then we can have some more exchanges and that will make it more interesting. At any rate, since that debate the hon. member for Temiscouata has received a letter signed by the president and the secretary of the Ottawa typographical union. The letter includes a paragraph in which the officers of the union indicated to the hon. member for Temiscouata that they were sending me a copy of the letter. To continue the story of this courtesy, I may say that when the hon. member for Temiscouata

replied to this letter he furnished the officers of the union with a copy of his letter so they could give it to me. Therefore everybody knows what is going on and it is all quite clear.

An hon. Member: Confusion compounded.

Mr. Knowles: However, Mr. Chairman, the significance of the correspondence is that the members of the Ottawa typographical union feel that some statements made the other night by the hon. member for Temiscouata should be corrected. The officers of the union drew those statements to the attention of the member in their letter to him, and they have asked me to make sure that the corrections are made on the floor of the house in view of the fact that these errors appear in *Hansard*. There are in the main three points that the hon. member for Temiscouata sought to make on October 30 which the members of the Ottawa typographical union feel should be corrected.

In the first place the hon. member and I were in dispute over the question as to whether or not wages paid at the printing bureau correspond to the wages paid in Montreal, Toronto and Ottawa, as set out, in a way, in the Public Printing and Stationery Act. I made the statement that wages at the bureau did not equal wages at Montreal and Toronto. The hon. member for Temiscouata said they did. That is the kind of argument that surely can be settled by getting the facts of the situation.

The fact is that the hourly wage being paid at the present time at the bureau for day work does seem to be the same as the wage being paid for day work in job shops in the city of Montreal, namely, $1.65 an hour, but there is this very striking difference. In job shops in the city of Montreal this scale, which by the way is a minimum scale, is for a forty hour week. The first three hours after forty hours are paid for at time and a half, and all time after forty-three hours is paid for at double time. At the printing bureau the $1.65 applies for forty-four hours, and the men employed at the printing bureau work a forty-four hour week. Therefore there is a very definite difference in the actual take-home pay for the same amount of work as between the bureau and job shops in Montreal.

I emphasize the fact that it is a minimum scale in Montreal, and that plenty of printers there make more than that. The scale in Toronto even for a forty hour week is higher at the present time than the $1.65 being paid at the bureau. It has been $1.67½. In the case of both of these cities negotiations are under way at the present time for increases. The officers of the union drew this to the attention of the hon. member for Temiscouata by pointing out that at the present time the rate of wages in Montreal has expired under the contract between the printers and the employers and that negotiations are in progress, with the employees asking for a figure higher than $2 an hour. The Toronto printing employees have already refused to accept an offer of $1.87 per hour, and the matter is in the hands of a board of conciliation. I could go further, but I think that is sufficient to prove the statement I made in the course of the debate the other night, that the wages being received by the employees of the printing bureau are less than the wages being received by the printers in job shops in the cities of Toronto and Montreal. Some of us who know a little bit about the work of printers feel it is not fair to compare the work of the bureau, especially when they are producing *Hansard* for us, to the work in a job printing shop. It is much closer to the work in a newspaper shop, where the rates are considerably higher than the wages I have quoted.

So far as the rates in the shops in Ottawa are concerned, in some cases they are at the level paid at the bureau, and in some cases they are lower. The difficulty encountered there is that, although the Public Printing and Stationery Act says the bureau rates are supposed to correspond to the rates in those three cities, the private employers in the city of Ottawa keep suggesting to the union that they have a right to be governed by the wages at the bureau. So the men are caught in what they feel is a vicious circle, and any increases they do get are always six months to a year behind.

That is one of the points the members of the union, speaking for the union itself and for most if not all of the employees at the bureau, felt should be corrected. They wanted it to be known that the fact of the matter is the wages paid at the bureau are not up to the wages paid in the two cities, Montreal and Toronto. Further, they are considerably less than what is likely to be paid in a very short period of time in both of these cities.

The second point the members of the union felt should be corrected is the statement made by the hon. member for Temiscouata to the effect that the Public Printing and Stationery Act fixes the wages to be paid at the bureau. Along with the letter to the hon. member they include copies of correspondence the union has had with Mr. R. B. Bryce of the treasury board, and certain other documents, to prove their point that the fact is as stated in the Public Printing and Stationery Act, namely that the wages are not fixed by statute,

but the only thing that is fixed is the ceiling which prevents the wages from being any higher. I could go into that further, but I shall not at this time. I shall leave it for another occasion.

I knew if I kept going long enough the word would go out and the hon. member for Temiscouata would appear in his place. I am glad to see him. The third point the hon. member referred to the other night, and which bothered the members of the union a great deal, seemed to be put on a sort of personal basis and made it a bit difficult to answer. As he is aware from the letter the president and secretary of the union have written to him, they have cleared up that point. He suggested that a certain person who was formerly the president of the union, and who advocated the policies that I support on behalf of those men, principally the forty-hour week, had been beaten in his bid for re-election as president of the union, and that indicated the members of the union were not behind the policies which that particular candidate advanced. It so happens his successful opponent did not differ on the basic policies of the union. The question as to which of those gentlemen was elected is of no concern to the hon. member or to me. It is no concern of parliament. As to personal friendship, all the members of the I.T.U. are friends of mine; that goes without saying.

The suggestion made by the hon. member for Temiscouata to the effect that the members of the Ottawa typographical union did not support the forty-hour week, and the suggestion that the members of that union have gone back on that—

Mr. Pouliot: I never said a word about the forty-hour week. I challenge the hon. gentleman to quote anything about it, and moreover I shall ask him to proceed, although he will dislike it, as a lawyer would in submitting his case. In the first place, let him read what I said in the house. Let him read the letters and other papers that were sent to me by Mr. LeBlanc of the printers' union. Let him read a copy of my answer, and I shall send a copy of my answer to Mr. LeBlanc for the benefit of the hon. gentleman; let him read the whole story and then we shall argue it afterwards. I am in a position to argue with him, because I have union men in my county. I tell them very often that I have to fight the union to protect them. They come and say "Hurrah, boy, that is true".

Mr. Knowles: I predicted earlier that this discussion would be a lot more interesting if the hon. member were here—

[Mr. Knowles.]

Mr. Pouliot: I thought the hon. gentleman would be satisfied with my answer. I never thought he would waste the time of the house with that, but if he is willing to engage in a discussion with me I am ready to answer him point by point.

Mr. Rinfret: Perhaps I should interrupt at this point. All this discussion might be very interesting, but *Hansard* has been corrected as to certain points, and I submit this discussion is out of order. We are discussing in committee a resolution asking for an increase in the revolving fund of the printing bureau from $2 million to $4 million. I do not see what the wages paid at the printing bureau have to do with this matter.

Mr. Knowles: On that point of order, I might say there is a good deal of merit in what the Postmaster General says. The fact of the matter is that whether we were in order or out of order, we got into this discussion the other night. As I said earlier, the members of this union were anxious to have corrected the three points that were made in the member's speech in the house. I was setting out to do that. I have dealt with two of them, and in a moment I shall be finished with the third one. I shall go so far as to admit that perhaps the Postmaster General is correct, and if we had not got started on it the whole thing would be out of order. Since we have gone this far, and since what amounts to a point of privilege has come up, I feel it is only fair to these men, who feel that they were misrepresented by a speech in the house, that their answer should be made.

Mr. Rinfret: That is why I did not interrupt before.

Mr. Knowles: May I say to the hon. member for Temiscouata, as other members who were here at the time will bear me out, that I indicated to the committee that the union, in writing to the hon. member, included in their letter a paragraph to the effect that they were sending me a copy of the letter. He returned the courtesy by giving them a copy of his letter so they could give it to me. Both of us, therefore, have all the documents.

Mr. Pouliot: They would have sent it to the hon. gentleman just the same, because they must share his policy. It was to save them the trouble that I sent the additional copy.

Mr. Knowles: I was not at all surprised that the hon. gentleman did so because, although many of us quarrel with him, he is a man of great courtesy. The hon. member asked me to draw to his attention what it was he said

in the previous debate that was offensive to the union. It is found at page 561 of *Hansard* and reads as follows:

> My hon. friend knows it, and I shall tell him something more. One of his friends probably ran for office in the union, but he was not successful. He was defeated by 3 to 1. He knows it, and I need not be any more specific about it. He ran on the very same issue, and he was defeated by the men he was supposed to fight for, who were not interested in his policy.

Whatever the hon. member for Temiscouata meant by that statement, the members of the union took it to mean, and regard those words in print as implying, that the members of that union do not support the policy of the international typographical union which calls for the forty-hour week. Their answer to that is in a brief part of their letter to the hon. member for Temiscouata. If I may read it, then as far as I am concerned that can be the end of it. This is from the letter signed by Mr. LeBlanc and Mr. Fry to the hon. member for Temiscouata, dated November 5. As I say, the letter states that a copy was sent to me. This is their answer to the point I have just been discussing:

> The same *Hansard* also attributes to you the statement that a former union official was defeated in the last election because the members of the union did not support his policies in regard to the printing bureau. Nothing could be further from the truth.
>
> In so far as the policies of the union are concerned in relation to the printing bureau, including the institution of the five-day week, the withdrawal of order in council P.C. 6190, etc., there has been no change whatever, neither on the part of the union officers nor the employees in the bureau.
>
> The policy of the union regarding the five-day week, P.C. 6190 and working conditions in general in the bureau have been stated repeatedly by this union and is in line with the policy of the allied printing trades throughout Ontario, a fact attested to by the two resolutions passed by the Ontario federation of printing trades, copies of which we enclose. The federation, and this union, have repeatedly called attention to the fact that the government's labour policy, as applied in the printing bureau, is undermining the working conditions of the entire industry throughout Ontario and western Quebec.

I leave it at that, Mr. Chairman. What these men in the union wanted made clear was that, despite a change of officers in the union—there was a change in presidency; the secretary is still the same person—their adherence to the forty-hour week policy of the I.T.U. is beyond question.

Mr. Pouliot: Mr. Chairman, this is most unfair. I want the hon. gentleman to read my answer to that.

Mr. Johnston: Nobody wants to hear it.

Mr. Pouliot: When the hon. member started to read part, he must continue. Why should he stop there, in telling the story of the union, and not mention my answer? I cannot understand such an action by an hon. gentleman who is as fair as he is.

Mr. Knowles: Mr. Chairman, have I your permission to respond to the hon. member's request?

Some hon. Members: Go ahead.

Mr. Knowles: May I say that I am willing to do whatever the hon. member wants in this respect. I will make one suggestion, though—

Mr. Pouliot: It is not my wish; it is for hon. members to say.

Mr. Knowles: I want to make one suggestion, to save time. I said earlier that there were three points. I have already discussed two of the points or rather I had already discussed two of the points before the hon. member came in, and he arrived as I was discussing the third. My suggestion is that since I have read from their letter only the part dealing with the question of the adherence of the union to the five-day week policy, that I should now read—

The Chairman: Order. May I suggest to the hon. member that he read only the answer, because it seems to me that this whole debate is out of order.

Mr. Knowles: That is just what I was going to say, that I thought it would be better if I limited my quotation from the letter from the hon. member for Temiscouata to the part in which he answered this point.

Mr. Pouliot: Let us hear my answer from the lips of the hon. gentleman in the first place.

Mr. Sinclair: Read it well.

An hon. Member: Put some feeling in it.

Mr. Knowles: This is the paragraph which deals—

Mr. Pouliot: Oh, no. Read it from A to Z, from alpha to omega.

Mr. Knowles: Mr. Chairman, I do not feel that I should read the whole of the hon. member's reply—

Mr. Pouliot: Oh, oh.

Mr. Knowles: —unless I am given time to read the whole of the letter to which the hon. member's letter was in reply. Let us make it fair both ways. The only part I read to the committee, from the letter written to the hon. member by the union was the three paragraphs dealing with this question of the five-day week policy.

An hon. Member: Read the whole thing.

An hon. Member: Table the whole letter.

Mr. Knowles: How about saving time and putting the two letters on the record?

Mr. Sinclair: Hear, hear.

The Chairman: Is that agreed?

Some hon. Members: Agreed.

Mr. Knowles: Here is the letter from the union to the hon. member for Temiscouata.

Some hon. Members: Read it.

Some hon. Members: Table it.

The Chairman: Order. Is it agreed?

Mr. Sinclair: Agreed.

Mr. Knowles: And here is the reply of the hon. member for Temiscouata.

Some hon. Members: Agreed.

Mr. Knowles: I am prepared to leave it at that. The first letter is as follows:

Ottawa Typographical Union
No. 102

Ottawa, Nov. 5, 1951

Mr. J. F. Pouliot, M.P.,
House of Commons,
Ottawa, Ontario.

Dear Sir,—

Hansard for October 30, 1951, on page 561, contains a statement by you, speaking to Mr. Stanley Knowles, M.P., to the effect that the wages in the printing bureau are established by statute, being subsection 3 of section 16 of the Public Printing and Stationery Act (R.S., Chap. 162.).

The act referred to establishes a maximum above which the wages in the bureau cannot be raised. It sets no minimum. Likewise, it sets no time period during which the wage rates in the bureau must be adjusted with the wage rates in Montreal and Toronto when new wage rates are negotiated in those cities. As a rule, the bureau is at least six months behind Montreal and Toronto in establishing new wage rates, and they are never made retroactive for any period of time approaching six months.

The act establishes a ceiling over the wages paid in the bureau, and nothing else. It does not set the rate of wages. In support of this statement, we enclose a copy of a letter from R. B. Bryce, assistant deputy minister of finance and secretary to the treasury board, clearly stating this fact. Such a clear statement from such a source should be acceptable, and we hope you will find it so and, perhaps, correct the statement attributed to you in *Hansard*.

You will note that Mr. Bryce states: "The rates currently authorized for printing trades employees of the bureau have been based on rates prevailing in Ottawa." Yet *Hansard* quotes you as saying: "Just before the minister answers the hon. member" (Mr. Knowles) "may I say that he must know that the rate of wages is fixed by statute" and "my hon. friend" (Mr. Knowles) "knows, and he knows that the wages paid at the printing bureau are exactly the same $1.65 per hour."

We respectfully submit that the wages in the bureau are not fixed by statute. As stated above, they are only limited by a very ambiguous statute.

We also respectfully call your attention to the fact that the phrase "the same $1.65 per hour" betrays a surprising lack of information. The rate in Toronto has been more than $1.65 for a long time. At the present time, the $1.65 rate of wages in Montreal has expired and negotiations are in progress, the employees asking for more than $2 per hour. In Toronto, the employees have refused to accept an offer of $1.87 per hour and the matter is in the hands of a board of conciliation.

The same *Hansard* also attributes to you the statement that a former union official was defeated in the last election because the members of the union did not support his policies in regard to the printing bureau. Nothing could be further from the truth.

In so far as the policies of the union are concerned in relation to the printing bureau, including the institution of the five-day week, the withdrawal of order in council P.C. 6190, etc., there has been no change whatever, neither on the part of the union officers nor the employees in the bureau.

The policy of the union regarding the five-day week, P.C. 6190, and working conditions in general in the bureau have been stated repeatedly by this union and is in line with the policy of allied printing trades throughout Ontario, a fact attested to by the two resolutions passed by the Ontario federation of printing trades, copies of which we enclose. The federation, and this union, have repeatedly called attention to the fact that the government's labour policy, as applied in the printing bureau, is undermining the working conditions of the entire industry throughout Ontario and western Quebec.

Inasmuch as this union's policy was made the subject of debate in the house, we are taking the liberty of forwarding copies of this letter and the enclosed exhibits to the other hon. members involved, Secretary of State Bradley and Mr. Stanley Knowles. We feel confident that, as a seasoned member of the house, you will concede that they should, in fairness, be informed of the union's actual stand as well as yourself.

We hope that this letter will serve the purpose of furnishing you with the true facts of the case. If it is agreeable to you, we would be glad to meet you and discuss this matter at your convenience.

Sincerely yours,

J. A. LeBlanc
President

Jack Fry
Secretary

The letter from the hon. member for Temiscouata is as follows:

Ottawa, November 9, 1951

Mr. J. A. LeBlanc,
465½ St. Patrick street,
Ottawa, Ont.

Dear Sir:

I acknowledge receipt of your letter of November 5 with reference to what I said in the house on October 30 about the prevailing rate of wages at the printing bureau.

The rate paid for similar work in the cities of Montreal and Toronto shall be the ceiling for the rate of the printing bureau in virtue of a statutory provision the text of which I quoted in my remarks.

Mr. Knowles stated that the rates in Montreal and Toronto were higher than at the bureau; that statement was not correct, because, in the second page of your letter, you agree that the basic rate in Montreal is $1.65 and the same as it is at the printing bureau. You add that it has expired (in Montreal) and that negotiations are in progress, but I am sure that you will agree that $1.65 remains the prevailing basic rate in Montreal as long as the parties concerned have not entered into a new agreement. Therefore, as I said in the house, the

prevailing rate agreed to last spring for the printing bureau is the same as the prevailing rate in Montreal at the present time. The ceiling rate for the printing bureau and the Montreal rate were the same on October 30 ultimo, and they will remain such until new agreements are entered in due course.

To make sure about the Toronto rate, I called the treasury board who informed me that the prevailing rate in Toronto, at the time of the last revision in the printing bureau, was $1.67½ or 2½ cents more than the basic rate paid in Montreal. I am sure that you will agree that neither in virtue of the statute nor of P.C. 6190 is the treasury board bound to fix the maximum rate of Montreal or Toronto as the rate for the printing bureau. But, in your case, the treasury board has been very fair for the bureau. The printers may get 2½ cents less than the Toronto rate, but they get as much as Montreal and 10 or 15 cents more than those engaged in other printing firms located in your own city of Ottawa.

I have read with care the letter from Mr. R. B. Bryce, assistant deputy minister of finance and secretary of the treasury board. I have noted that this letter was dated July 11, 1950, when the rates of the printing bureau were those prevailing in Ottawa. As it was sent to you before the last revision of wage rates which came in force in the printing bureau last spring, I am quite surprised that you sent it to me, because the Ottawa rates are now less than at the printing bureau.

You cannot expect any opinion about the labour week nor the withdrawal of P.C. 6190, because it is a matter of government policy.

Yours very truly,

Jean-François Pouliot

Mr. Pouliot: On a question of privilege, may I say that I have the greatest respect for my colleagues in the house and that when I have a complaint to make about one of them, I notify him in advance in order that he may be here to reply. I had dinner in town, and afterwards I came here with a friend of mine who is in the gallery; then I went up to my office to read my correspondence. A colleague came to my office and said that the hon. member for Winnipeg North Centre was attacking me in the chamber. I could not believe it; but I came down to the chamber and found that it was true. What was true? That he was attacking me. I do not complain about that. Opinions are free. But it would have been shorter if I had been here at the start.

What did I say when the hon. member started to complain about the wages of the printing staff at the printing bureau? I am not a member of any union and I do not boast that I am; but I know as much about printing as does the hon. member; and I have as much admiration as he has for the personnel of the printing bureau who are doing an excellent job.

There is a great difference between the personnel of the bureau and the union. I have never been terrorized by any union leaders for the very good reason that I have done their job most of the time when they were parading around with big gold chains and smoking big cigars. That is my experience in my county where I have eight hundred railway men. During the railway strike I was called upon by the strikers to address them. The first thing I told them—and I do not know whether other members of parliament would use the same language—was this. I said: Gentlemen, I thank you for having honoured me with the invitation to address you. With regard to the strike, I will tell you that I have always fought for you and nearly always against the unions. They said: "You are right, Jean-François." That does not mean that I gave the cold shoulder to the men in overalls because, during the war, I was one of the few who defended them and wanted the country to respect them because their work was essential to the war effort. They respected me also. The hon. gentleman would not have uttered the second sentence if he had delivered that speech in my county.

What is the story? It is obvious. I said one thing that I will not retract. The union men and the hon. member for Winnipeg North Centre know that it is true. There was an agitator, by the name of Ford, who came out and cursed everybody. What happened to him was this. A week or two after he had been using such bad language in order to arouse the members of the union he was defeated by three to one. My hon. friend knows it. His name is Ford. He knows it. And he had to go. He was defeated, poof.

Mr. Knowles: That has nothing to do with the issue.

Mr. Pouliot: It is the truth that I have said and I must dot my i's and cross my t's to make my hon. friend understand, although he is clever at everything else.

Now, sir, what is the second point? I said that the printers were receiving the maximum salary. Perhaps there was a shade of difference in the terms that I used. What they receive cannot be any more than the ceiling, and the ceiling is the maximum rates of pay paid to printers in Montreal and Toronto. That is the ceiling. And in order to be fair with the committee at the time, and in order that there should be no more discussion about it, I quoted the text of the provision of the statute establishing the rates of salaries at the printing bureau. My hon. friend said, and this is in the correspondence—my hon. friend who is always right when he is alone to expound his views—that the rate at Montreal and Toronto is higher than that of Ottawa. That was partly true and partly false, because I inquired from the treasury board. I wanted to tell the truth; I always do. Sometimes there may be a slight difference in the expression of views, but I do not want to

deceive anybody. What did the treasury board tell me? They said that the rate in Toronto, which is the highest in Canada, is 2½ cents more an hour, or was in April. Well, on that I agree with the hon. gentleman. But what was the rate in Montreal? What is the rate in Montreal now? The rate is $1.65, the same as the printing bureau. Therefore the maximum Montreal rate is the rate of the bureau.

Mr. Knowles: But overtime starts at forty hours.

Mr. Pouliot: Just a minute.

Mr. Knowles: Tell the whole truth.

Mr. Pouliot: Don't get excited; keep quiet. I am going on. And then, sir, in April last, or in the spring, $1.65 was the maximum rate of the printers in Montreal. It is still the same thing. The unions have been asking for more, but until they have entered into a new agreement it is the basic rate of the spring that still counts. The $1.65 is the maximum at Montreal, and therefore I am right about that.

Mr. Knowles: Oh, no.

Mr. Pouliot: Oh, he can say, "no", but it is true and I know that I am right. Well, now—

Mr. Knowles: What is the pay for forty-four hours?

Mr. Pouliot: Will you please stop and give me a chance as you had when I was not here?

Mr. Knowles: Tell me the pay for forty-four hours.

Mr. Pouliot: When I was not here you said everything. I am here and I want to finish before ten o'clock. Another thing, Mr. Chairman, is that the members of the union were deceitful in sending a letter from Mr. Bryce of the treasury board, dated 1950, before the last agreement was reached, in which he said that the rates of the printing bureau were those of Ottawa. It was true at the time, but it is not true any longer because the printers who live in Ottawa and who work at the printing bureau receive ten to fifteen cents more than the other printers who live in Ottawa, and my hon. friend will not deny it.

Mr. Knowles: I said that tonight before you came in.

Mr. Pouliot: It was a good thing to correct what you said the other day. Now, sir, here we are with the complete story. It is true that these gentlemen receive 2½ cents less than Toronto, but they receive as much as the maximum of Montreal and they receive ten or fifteen cents more than their neighbours who live in Ottawa who do not work at the printing bureau. Is it satisfactory or not to create an agitation about that? I hate agitations. I am for peace, order and good government.

There is something, the last point, that was not touched on, namely the labour week. I did not say a word about it, but in Toronto they work less than they work in Ottawa. They have the forty-hour week. If we compare the salary of the printers in Toronto and the salary of the printers in Ottawa—not in Ottawa alone—at the printing bureau, we find that those at the printing bureau earn more money each week than the printers of Toronto. That is something to consider. Besides that, sir—and this will be my final word—I am opposed to the forty-hour week. If we have trouble in this country it is precisely because people have become lazy and are afraid to work. Why should we have a forty-hour week? We work here like slaves, six or seven days a week from nine o'clock in the morning until ten or eleven o'clock at night every night. Should we encourage laziness throughout this country? What has happened is that people are no longer interested in their work and a good man has no ambition. If he works harder, if he does better work, he does not get any more. They are there and they try to do the least possible for the biggest possible amount of money, and I think it is wrong. That is one of the curses of the times. People should learn the story and follow the example of their forefathers, and they should remember the natural law that has been given by God to man that one's living shall be earned by the sweat of one's brow. That is a good lesson. I am not a slave driver. I want everyone to have a chance. I am for paid holidays; but when it comes to the work that has to be done during the week I consider that a forty-four hour week is not a bad thing. It is a good thing for the work that has to be done. What is the result of shorter hours at the printing bureau? It is that the printing work of the government has to be sent outside. Why? Because the hours are too short. And when we see the big stores, the big establishments, in this country from coast to coast that are employing day and night shifts why is it that the same thing is not done here and why is it that the hon. member for Winnipeg North Centre (Mr. Knowles), who is so well gifted, gives a hand to those who are at the heads of the unions just to create agitation and discontent? I want the men to be happy; I want them to be well paid; I want them to be proud of their work, but I

want them to accomplish something and to realize that they will do something when they follow the voice of their conscience instead of that of the troublemakers who are very often heads of the unions.

Mr. Fournier (Hull): We have had this resolution up twice, and I appeal to hon. members. I am certain that 90 per cent of the discussion during this debate has been out of order. Everybody admitted it. We did not interfere. I thought it was just one of those blasts that come up, but if nobody wants to discuss the resolution and its terms perhaps we can pass it and have the bill—

Mr. Macdonnell (Greenwood): I want—

Mr. Fournier (Hull): You are not one of them. I will have to admit that the hon. gentleman was not in on that. Everybody admitted that the discussion that took place during the last hour was out of order. When the bill comes up hon. members will know more about it than they know at the resolution stage, and I think we could have a more orderly discussion on second reading and in committee. I do not know; that is a suggestion. I do not want to blame anybody for what took place because when we let these things develop, they are very hard to stop. But perhaps this would be the right time to do so, at ten o'clock, if it did not displease the hon. member for Greenwood.

Mr. Macdonnell (Greenwood): As the leader of the house knows, I am the most reasonable fellow in the world.

Mr. Fournier (Hull): I know.

Mr. Knowles: So are we all.

Mr. Macdonnell (Greenwood): I am in favour of getting back to the discussion of the Public Printing and Stationery Act, and I think that is a reasonable suggestion. But I do wish to point out that on October 30, when this was last discussed, the leader of the opposition, the hon. member for Kamloops, the hon. member for Winnipeg North Centre and the hon. member for Peace River all said that we had not sufficient information before us upon which to go forward. It was just like a quartette.

Now, tonight I observe with interest that the Secretary of State is not even here. He does not even honour us with his presence.

Mr. Fournier (Hull): The Acting Secretary of State is here.

Mr. Macdonnell (Greenwood): Very well; then perhaps we can get some information, although it is now after ten o'clock. Now, in the face of that it would seem that it would be well for us, with this request facing us, to let it go through after the delightful discussion we have had. I have enjoyed every minute of it. Nevertheless I think that, like the flowers that bloom in the spring, it had nothing much to do with the case.

Mr. Fournier (Hull): May I add this word, that when the bill is in committee stage we will have the officials here, and I think at that stage all the information requested will be forthcoming. However, this is the resolution stage; and I do not know that hon. members should press now for the information.

Mr. Macdonnell (Greenwood): If the minister really thinks that by having the resolution pass tonight it would expedite matters, I would have no great objection, but on the clear understanding that all this information will be given. If that is the understanding I would have no desire to be stubborn about it.

Mr. Fournier (Hull): I will give the assurance that we will have the officials here, with all the answers; at least I hope they will know all the answers. At any rate we will have the officials here, and they will be able to answer the questions.

Mr. Macdonnell (Greenwood): It must be clear that this principle is not being approved. Perhaps we should pass it on division. I do not want to leave the impression that on the next occasion it will merely be a matter of getting a few answers to questions, and that we have all agreed. I think the Minister of Public Works should make his choice, as to whether we pass it on division or let it stand.

Mr. Fournier (Hull): Pass it on division; I have no objection.

Mr. Knowles: I would like to see the resolution go through tonight, and if I could have just half a minute perhaps we could avoid the revival of this little tête-à-tête. As far as the issues between us are concerned, I am quite satisfied with the case I made earlier, and with the case made in the two letters that are now on the record, particularly the letter from the union. I note from what the hon. member has said that he is opposed to the forty-hour week—

Some hon. Members: Order.

Mr. Knowles: It was because members of the union felt that to be the case that they wanted that corrected; and that is what I have done. And now, in the interest of peace, order and good government, as my genial friend has said, since he knows as much about printing as I do, I suggest that he and I go over to the printing bureau tonight; we can sit down at adjoining linotype machines and I will set his speech and he can set mine.

Public Printing and Stationery Act

The Chairman: Shall the resolution carry?

Some hon. Members: On division.

Resolution reported.

Mr. Deputy Speaker: Mr. Rinfret (for Mr. Bradley) moves that the said resolution be now read a second time and concurred in. Is it the pleasure of the house to adopt the motion?

Mr. Graydon: On division.

Resolution read the second time and concurred in.

Mr. Rinfret (for Mr. Bradley) thereupon moved for leave to introduce Bill No. 24, to amend the Public Printing and Stationery Act.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will take up Bill No. 21, an act respecting the Canadian forces; Bill No. 22, to implement the agreement between the parties to the North Atlantic treaty, regarding the status of their forces; then the resolution in the name of the Minister of Finance concerning amendments to different financial acts; and Bill No. 19, to amend the Bills of Exchange Act.

It being five minutes after ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on November 2, 1951.

HOUSE OF COMMONS

Friday, November 16, 1951

The house met at two o'clock.

POST OFFICE

PRIVILEGE, MR. RINFRET—INCLUSION OF PRINCE EDWARD ISLAND IN MAPS PUBLISHED IN ADVERTISEMENTS

Hon. Edouard Rinfret (Postmaster General): Mr. Speaker, I rise on a question of privilege. I hold in my hand a copy of *New Liberty* of October, 1951, to which the hon. member for Queens (Mr. McLure) directed the attention of the house yesterday. I must apologize to the inhabitants of Prince Edward Island for the fact that the advertisement shows only that part of Prince Edward Island that is represented by the hon. member for Queens. I must, however, assure him that the maps in all the other advertisements that were published in the newspapers show the whole of Prince Edward Island. I am sending him over an advertisement that appeared in the Vancouver *Sun* of August 29, 1951, and the French copy of the print that I hold in my hand.

Mr. Gibson: Does it show the post office?

Mr. Rinfret: The best part of Prince Edward Island is also shown on it.

DOMINION ELECTIONS ACT

Second report of special committee on the Dominion Elections Act, 1938, and amendments thereto.—Mr. Fulford.

VETERANS AFFAIRS

ANNOUNCEMENT OF INCREASE IN BASIC RATES OF PENSION UNDER PENSION ACT

Hon. Hugues Lapointe (Minister of Veterans Affairs): Mr. Speaker, I should like to make an announcement with regard to increase in pensions under the Pension Act.

A little less than a month ago I announced the intention of the government to introduce, at this session, legislation dealing with an increase in pension for disability or death under the Pension Act. After reviewing the situation and considering recent representations received from the Canadian Legion and the National Council of Veterans Associations in Canada, the government has decided to increase basic rates of pensions as follows:

Hon. members know that a pensioner who is totally disabled, as the result of his war service, receives a 100 per cent pension, which at the present time is $94 monthly. This will be increased to $125, which represents a 33⅓ per cent increase.

If married, he now receives $31 monthly additional pension for his wife, and this will be increased to $45, which is an increase of 45 per cent. The intention of the government is to make generous provision for the establishment of the family unit, and thus the present pension of $125 monthly for man and wife will be increased to $170. Additional pension for the first child will be increased from $19 to $20 monthly and the rates for other children remain unchanged.

The pensioned widow, who now receives $75 monthly, will have her award increased to $100, which is also 33⅓ per cent. Hon. members will recall that by the amendments of June 1951 the pension for the children of such widows was increased to orphan rates and will now be $40 monthly for the first child instead of $38 and remain at $30 and $24 for the second and subsequent children respectively.

Hon. members will probably wish to know whether the unemployability supplement is to be continued or not. As I explained last session, the entire question of compensation for disability or death was being closely studied, and it was not considered feasible at the time to come to a final decision, but it was decided to introduce a measure to give immediate relief to pensioners who were unable to work, and whose disability pensions were the sole or principal sources of income. It has served a most useful purpose and afforded very valuable information regarding the needs of the group who were most seriously disabled in the service of our country.

When the new scale of pensions goes into effect, payments of unemployability supplement will cease. Under the present rates, a 100 per cent pensioner, married, gets $125, and if unemployable gets $40 additional, or a total of $165. Under the proposed rates he will receive $170. A 100 per cent pensioner, single, now receives $94, plus $20 unemployability supplement if he is unemployable, a total of $114, and under the proposed scale will receive $125.

Increase in Veterans Pensions

Up to date, records show that 6,246 pensioners have received the supplement at married rates and 2,991 at single rates, a total number of 9,237 pensioners in all, which is about 27 per cent of the total number of pensioners receiving rates which make them eligible for the supplement. This unemployability supplement has been of great assistance to the group of pensioners who were hardest hit by the rising cost of living, and the measure, it is felt, has fulfilled the purpose for which it was intended. With the general increase in pension rates, it is deemed no longer necessary to pay the supplement.

The increase in the basic rates will be effective on January 1, 1952, on which date the unemployability supplement will cease.

Mr. Knowles: May I ask the Minister of Veterans Affairs a question? Will he parallel this most welcome announcement that he has made with a similar announcement at an early date with regard to the war veterans allowance?

Mr. McIvor: Mr. Speaker, on behalf of the veterans of the lakehead—

Some hon. Members: Order.

Mr. McIvor: We wish to thank the minister and the government for their fair treatment of the veterans, and wish them long life.

Mr. Green: May I ask the Minister of Veterans Affairs a question with regard to the statement? Will there be any change in the ceiling of the income allowed to the recipients of war veterans allowance, many of whom draw small pensions?

Mr. Lapointe: I suggest, Mr. Speaker, that my hon. friend's question does not pertain to this act at all. What I just announced are increases under the Pension Act, and what he has referred to is part of the War Veterans Allowance Act.

Mr. Cruickshank: May I ask a supplementary question? Does this meet the requirements as asked for by the Canadian Legion?

Mr. Lapointe: I believe it does meet the demand of the Legion and of the national council; in fact, I believe that in some points it is more generous than what they asked for.

Mr. Brooks: I did not know that I merited so much applause on rising to my feet. In carrying along the same idea of the question which has just been asked I should like to say that as a veteran I appreciate very much the statement made by the minister. I also want to say that it is just one year too late. It should have been done one year ago. I do not think that the government, or the minister, deserves an awful lot of credit for waiting all this time.

Some hon. Members: Shame.

Mr. Graydon: May I direct a question to the Minister of Veterans Affairs? Will he give an answer to the question which was asked by the hon. member for Winnipeg North Centre (Mr. Knowles) as to why the government has not seen fit to bring in something for war veterans allowance recipients as well as the pensioners.

Mr. Chevrier: He answered that.

Mr. Lapointe: I have already answered that question, which was put to me by the hon. member the other day.

Mr. Graydon: The minister did not answer it at all.

Mr. Lapointe: I did. The question has been answered before.

Mr. Graydon: It should have been brought in at the same time as this.

Mr. Chevrier: I guess you do not like this.

Mr. Graydon: The Legion asked for both.

Mr. Speaker: Order.

WHALING

IMPLEMENTATION OF INTERNATIONAL CONVENTION SIGNED AT WASHINGTON ON DECEMBER 2, 1946

Hon. Alphonse Fournier (for the Minister of Fisheries) moved the first reading of Bill No. 20 (from the Senate), to implement the international convention for the regulation of whaling.

Motion agreed to and bill read the first time.

PRAIRIE FARM ASSISTANCE

REQUEST FOR HELP FOR ALBERTA AND SASKATCHEWAN FARMERS

On the orders of the day:

Mr. J. H. Blackmore (Lethbridge): I desire to direct a question to the government through the Minister of Agriculture. I was not able to give adequate notice beforehand, and therefore I would ask that this question be answered on Monday, if possible. Will the department consider the advisability of making provision, through the Prairie Farm Assistance Act, to grant assistance to farmers in Alberta and Saskatchewan at present in distress through the very abnormally wet season of 1951?

PENSION ACT

REQUEST FOR ALLOWANCES IN RESPECT OF ADOPTED CHILDREN

On the orders of the day:

Mr. E. D. Fulton (Kamloops): Mr. Speaker, may I ask a question of the Minister of Veterans Affairs relative to the statement he has just made. My question is whether the proposed change in legislation connected with the Pension Act will allow pensioners, who are not able to have children of their own, but who have adopted children, to receive additional payments.

Hon. Hugues Lapointe (Minister of Veterans Affairs): I am afraid—

Some hon. Members: Oh, oh.

Mr. Fulton: There are a number of such cases, and it is no laughing matter for them. I am asking if it will now be provided that payments for dependents will be made to those who have legally adopted children.

Mr. Cruickshank: Have them see Dr. Bertrand.

Mr. Lapointe: I am afraid I cannot answer that question at the moment. However I would be very glad to take it into consideration. If the hon. member has any particular case in mind, and wishes to bring it to my attention, I shall look into it.

Mr. Fulton: I have written to the minister about a particular case two or three times already. I am sorry the minister does not read his correspondence. I will write to him again, but it would be better if he would do something about it.

COARSE GRAINS

PLEBISCITE IN CONNECTION WITH MARKETING

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, I should like to ask a question of the Minister of Trade and Commerce in connection with the plebiscite at present before the people of Manitoba in connection with compulsory grain marketing, and would ask him whether, regardless of whether or not the vote is in the negative, coarse grain marketing in Saskatchewan and Alberta will still be continued.

Right Hon. C. D. Howe (Minister of Trade and Commerce): The plebiscite in Manitoba is a matter that does not have anything to do with this government. When we see the result of the plebiscite, a decision will be made.

[*Later:*]

Mr. Diefenbaker: I ask the minister whether Premier Campbell of Manitoba had any authority to say that the dominion government would withdraw all supplementary legislation in all three provinces if there was a negative vote in Manitoba?

Mr. Howe: If the hon. member is reading from the article I read, that is not what Premier Campbell said.

Mr. Diefenbaker: That is not an answer and is different from the minister's statement of two years ago.

CRIMINAL CODE

REVISION COMMISSION—REQUEST FOR REPORT

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, I should like to ask a question of the Minister of Justice in connection with the work of the commission that has been sitting to consider criminal law amendments. Has the commission made any final or interim report and, if so, will the matter of the amendments come before the present session?

Hon. Stuart S. Garson (Minister of Justice): In reply to the hon. member may I say that no report has been received. I think that answers the remainder of the question.

CHINA

REPLY TO INQUIRY AS TO PROHIBITION OF EXPORT OF CANADIAN FUNDS

On the orders of the day:

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): Mr. Speaker, yesterday the hon. member for Peterborough West (Mr. Fraser) asked the following question:

> Owing to the reports that communists are continuing to blackmail Canadians of Chinese descent who have relatives or friends in China, in order to protect these Canadians has the government given consideration to prohibiting the export of Canadian dollars and other funds to communist China and to countries behind the iron curtain?

The hon. member asked the same question of the Minister of Finance (Mr. Abbott) last January, at which time the minister replied:

> The matter has not been given consideration up to the present time.

Since that time the Minister of Finance and the department have given the matter consideration, and I have to report that the department has no knowledge of such allegations, namely that blackmail or extortion is

being practised. We have no communications from Chinese Canadians in this country or Chinese in China. Through our records we see no increase in remittances. Of course remittances of less than $100 to various countries are not checked as closely as those over $100, for which authority has to be received.

The present rate is about three or four remittances a month of more than $100 to China, and this is as it has been for many years. However, the fact that we may not have official knowledge of the situation may not prove that it does not exist. If we prohibited the export of remittances to China we would harm a great many other Chinese.

As all hon. members from British Columbia are well aware, there are perhaps no people in the world more devoted than the Chinese to their parents and ancestors. Even the poorest Chinese working in a garden or a cannery in British Columbia sends a small remittance back to his family in China. The blocking of remittances at this time would certainly inflict great hardships on those families.

The other point is that to make it effective there would have to be postal censorship, because in addition to remittances there is of course the opportunity of putting American or Canadian dollar bills in letters. Such censorship could be effective only if the American authorities agreed to it because, otherwise, a sure way to circumvent Canadian censorship would be to send money to the United States, and then to China. I can assure the hon. member that the department is giving continual study to the problem.

INDIANS

EXPULSION PROCEEDINGS AGAINST SAMSONS BAND AT HOBBEMA, ALBERTA

On the orders of the day:

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, before the orders of the day are called I should like to ask a question of the Minister of Citizenship and Immigration, notice of which I have not been able to send. Perhaps he would answer on Monday.

Will the minister tell the house whether or not there is foundation in fact for the rumors that, under the Indian Act, expulsion proceedings are being taken against certain members of the Samsons band at Hobbema, Alberta, on the ground that their ancestors are alleged to have taken scrip. Will the minister make a statement on the situation existing in this connection, and will he give consideration to the suggestion that proceedings in this matter be suspended?

[Mr. Sinclair.]

Hon. W. E. Harris (Minister of Citizenship and Immigration): Mr. Chairman, I might as well dispose of the question now, rather than wait until Monday. Under the Indian Act, which came into force on September 4, there is procedure whereby interested persons may register complaints against other persons on a band list.

I understand that in the particular reserve mentioned by the hon. member there are resident a few members, perhaps as high as 100, whose ancestors did at one time in the past take scrip. That has been the subject of some controversy between the Indians who are members of the band, and those in that group. There have been in the past several steps taken by Indians on the band list to have those in the group he has mentioned put off the reserve. I understand the latest effort in that respect is to find out what procedure they might take by way of complaint against these persons on the band list. No formal complaint has been received, but I understand that one is in process of being filed with the department.

The procedure to be followed on this will be that the registrar under the Indian Act will make a decision based on all the facts on our files and otherwise available, as to whether or not these people are on the band list properly. That decision can be appealed by the injured persons, if indeed they are injured, to a judge of a district court in the immediate neighbourhood of the reserve. Until all that is done no action will be taken to remove them from the reserve.

CANADIAN FORCES ACT

TO PROVIDE FOR COMPENSATION, PENSIONS, ETC. TO MEMBERS OF ARMED FORCES AND ALLIED SERVICES

Hon. Brooke Claxton (Minister of National Defence) moved the second reading of Bill No. 21, respecting the Canadian forces.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Dion in the chair.

On section 1—*Short title.*

Mr. Green: Mr. Chairman, when the resolution preceding this bill was under discussion in committee yesterday, I made the suggestion that the Department of National Defence should undertake an investigation into the adequacy or otherwise of the welfare and educational services being furnished to the troops, particularly those in Korea. I would like also to have this request extend to the troops now serving in Europe.

When the Minister of National Defence made his reply he did not deal with that particular suggestion. He covered many other matters which had been brought up by the various hon. members who had taken part in the discussion, but he did not say whether the department would be willing to have an investigation made by an independent body. I believe that the situation is sufficiently important to warrant such an investigation. Yesterday we had a report of an interview given by the Primate of the Anglican Church upon his return from Korea, and in today's press we find a report from Montreal to the effect that yesterday the Canadian Council of Churches was considering the same question. Apparently the representatives present at that council meeting were much concerned about this situation.

There can be no doubt that conditions in Korea are very grim indeed and it looks as though they would become even more so in the months that lie ahead. Our troops in Europe will also need services of this kind. I ask the parliamentary assistant whether the government is willing to send out an investigating committee composed of people who had experience in providing welfare services during the last war but who are not in the Department of National Defence. There are officials in other departments who had extensive experience in such work during the last war, and then in addition there are the men in the voluntary agencies I have referred to, particularly the Canadian Legion, the Y.M.C.A., the Knights of Columbus and the Salvation Army, who also had extensive experience in the last war in this type of service and who made a splendid contribution. I ask whether it is not possible to have this whole situation checked up at once by an independent committee constituted as I have suggested. I see no reason why that committee could not be made up of a combination of men from other government departments and representatives from the national organizations I have mentioned. I would like the parliamentary assistant to indicate the attitude of the government toward that suggestion.

Mr. Campney: Of course I cannot express the views of the government in connection with the representations which have been made, but I would call the hon. member's attention to the statement made yesterday by the Minister of National Defence during the debate on the resolution. The minister dealt with various aspects of welfare activities and also with a good many of the observations that were made by my hon. friend. At the conclusion of his remarks, as reported on page 1056 of *Hansard*, the minister outlined the reason why the government had maintained the position it had taken up to the present time, and in that connection he said:

> I have mentioned the situation as we understand it. I go much further than that and say that if something needs to be done at any stage, then we shall see that it is done and done in the most effective way possible. So far I am informed by the officers who have been there that they do not believe more could be done under the circumstances.

I can only add that the representations made by the hon. member for Vancouver-Quadra will be brought to the attention of the minister for further consideration.

Mr. Green: Yesterday, as reported on page 1043 of *Hansard*, the minister was asked a question about the type of services given by the Salvation Army to the British troops in Korea. That question arose out of an article in the *Globe and Mail* which contained a picture of a Salvation Army officer providing tea or refreshments of a similar nature to the troops. Previously the statement had been made that there were no Salvation Army officers or officers of any similar voluntary organization in Korea with the commonwealth forces. When faced with the article in the *Globe and Mail* yesterday the minister said that he would have an investigation made, and I should like to know if that has been done.

Mr. Campney: In referring to this matter yesterday the minister undertook to see that the statement would be checked up. He said that he would ask officials of his department to communicate with the British authorities. I understand that that is being done, but that no report has been received as yet.

Mr. Diefenbaker: About two weeks ago, as reported on page 477 of *Hansard*, the minister replied to certain questions asked by the hon. member for Brandon, and also pointed out that I had asked certain questions of which notice had just been given. Later on in the same day, on orders of the day, as reported on page 481 of *Hansard*, I asked certain questions the answers to which have not yet been properly clarified. Those questions had to do with the Y.M.C.A. in particular, but reference was made also to the Salvation Army.

I have had several letters from men serving in Korea asking why it is the Department of National Defence is denying the men serving there the services of the Y.M.C.A. and the Salvation Army. All of us who have been in the armed forces know the work that these organizations did in the first great war and in the second great war. On October 29 I asked the minister whether it was so, that the national council of the

Y.M.C.A. had offered last November to send the necessary auxiliary services to Korea.

The reply given by the minister was that he did not recall that the Y.M.C.A. had done so. I should like to ask the parliamentary assistant whether it is not a fact that the Y.M.C.A. did undertake the responsibility of providing those services and, if so, why the department should deny in such an abrupt and definite manner this great organization the opportunity of providing these services without cost to the government of this country.

The answer given by the minister was to the effect that geographic and other conditions are such that under existing circumstances it is out of the question. He went on to say that consequently they had not seen fit to accept these very generous offers up to the present time. With respect to the Salvation Army, it needs no proponents in this house or in the country in support of the magnificent work that it does. With these two great national and international organizations designed to afford spiritual and material benefits to the troops, what justification is there for the department to take what appears on the face of it to be an arbitrary stand and refuse services voluntarily offered without cost to the Canadian people?

That is the attitude taken by four soldiers in Korea who wrote to me at different times, and not one of them had any connection with any of the others. All of them served in the last great war. All of them know of the work that was done by the Salvation Army and the Y.M.C.A., and it is very difficult for them, as it is for me, to understand why, whatever may be the difficulties of the terrain, the changing front or of establishing permanent bases from which these organizations can operate their facilities, if they are prepared to take the chance in an endeavour to bring aid and assistance, spiritual and otherwise, to the Canadian forces, they should be denied the opportunity to do so. I think it would be well if the parliamentary assistant would advance far more satisfactory and cogent arguments than the minister has done. His attitude simply was: Well, other countries are not doing it.

We are not concerned with what other countries are doing. Those of us who served in either of the first and second world wars know what the Y.M.C.A. and the Salvation Army did. We know they have the facilities for this type of organization. They have the experience and the personnel. They know whether they can carry it out. I would ask the parliamentary assistant to give the house and the country the real reasons why free and voluntary offers of service are being turned down. Surely there must be some reason other than what appears in the answer given by the minister yesterday and the less extensive answer given on the 29th of October to justify a course which on the face of it seems inexcusable and indefensible.

Mr. Graydon: May I enter this discussion for the first time? I did not say anything on the resolution, but I was hopeful that when the minister had made his reply to the various suggestions and criticisms that had been made respecting auxiliary services members of the house would be left with a clear-cut answer as to what the government's policy really was in this regard. After having listened intently to the government's replies to the various members who have spoken, I must confess that the matter still remains in a state of grave uncertainty so far as this very important issue is concerned. I am afraid that, if the government does not make a frank clarification of the reasons why they have taken this position, the public as well as members of the house may come to the conclusion that there is more back of the government's plan than has been disclosed. In other words, there will be a section of the public who will believe that the government intends to follow this kind of policy in the years to come, and to wash out the very laudable efforts of the Y.M.C.A., the Salvation Army, the Knights of Columbus, the Legion and others who have participated in such a major way in these services before.

I think the government should make it clear now before we go any further that that is not going to be the policy they are going to follow, because in addition to the Korean war we are going to have an increasing number of men leaving our shores for the western European area. As the parliamentary assistant knows full well from his distinguished experience in the past, in a condition where there is a twilight between peace and war and where you have armed forces serving, the need for the services of the organizations to which I have referred becomes as important as it is in actual war operations.

I think we should not allow the bill to go through until such time as the parliamentary assistant has made it abundantly clear that the government is going to utilize the services of these auxiliary organizations. That should be done in order to remove any doubt in the minds of the people as to whether the government is embarking in secret upon a policy which will wash out all such efforts in the days that lie ahead. That is the thing that bothers me most. I think there is much more than the question of co-ordination of services so far as these various auxiliary bodies are concerned. After all, there is the question of morale both at home and where the forces

are serving. I think the Canadian people will not take kindly to any policy that the government may have in mind whereby the great services rendered by these organizations in the past are now going to be forgotten and a new policy evolved in which they will play no part in the days that lie ahead. That is putting it very simply and plainly. I think the parliamentary assistant owes it to parliament and to the country to make abundantly clear what the government has in mind for the future.

Mr. Murray (Cariboo): While the Salvation Army, the Knights of Columbus and the Y.M.C.A. perform fine services, members of parliament are responsible for sending these boys to Korea. We voted to send them there and voted to participate not in a twilight war but in what seems to be a very serious encounter in a most unattractive part of the world. I say that every member of the house should make it his responsibility to adopt three or four of these boys over there on the Korean front and see that they receive letters and little gifts of tobacco, candy or whatever luxury may be in order. We should make it our own responsibility to see that their morale is maintained. They are doing a dirty job for us. It is our personal responsibility and we should not try to shift it to the Salvation Army or any other welfare organization.

Mr. Coldwell: The government should give particular attention to the provision of all auxiliary services that can be secured. When we realize that such services were welcomed in Europe in both wars we have even more reason to suggest them now in a country where the weather is difficult and the terrain equally so. If auxiliary services were needed in the European theatre in the last war they are needed even more in the Korean campaign. I think every opportunity should be given to those who organize auxiliary services to perform the same kind of service that they did in the last war.

I want to say, too, that I believe provisions should be made for the welfare of all types of boys who are over there. I know that, for example, beer has been sent to Korea for those who like a glass of beer. I am not one of those who would deny a man who likes it a glass of beer. I want to say that any other of the men who want to have a social conversation should be able to get, we will say, Coca-Cola, 7-up, or ginger ale or one of the soft drinks at a dry canteen. They could sit there without feeling obligated to partake of a beverage to which they are not accustomed. So I am making a plea, then, to the government to give all the facilities they can to the boys who are engaged in Korea, in training in Canada or on duty in Europe. They should be provided with the opportunity of having a pleasant evening conversing with companions in canteens where only soft drinks are served.

I am happy to have noted, too, that the government has set up some educational facilities for the men over there, under a gentleman who during the last war had charge of that field for the air force. I understand that the men are being kept informed as to the progress of international and domestic affairs, and are given some opportunity of understanding the cause for which they are fighting. May I also suggest that these facilities should be extended, and that a well-rounded educational opportunity be given to these boys. While I am not what some might call a temperance crank, nonetheless it has been shown, by some unfortunate incidents recounted in the news reports, that there has been some overindulgence and regrettable incidents on the part of a comparatively few members of the armed forces overseas. In view of the modern trend of thought and education, some effort should be made to inform the men, whether they be in Korea or elsewhere, as to the dangers of overindulgence in alcoholic liquors. We know more about that field today than we have ever known. A good many scientific investigations have been made by universities like Harvard, Yale and so on, as to the manner in which this problem should be treated. It seems to me that the government, the department and the house could do a very fine job for the welfare of the young men at the moment, and for the future of these young men, by undertaking a well thought out educational program stressing the dangers that are inherent in the use of alcohol. Stress could be laid on what it does to the system, and so on.

I am asking, first, that every facility be given to young men who may not desire to drink intoxicating liquor with their companions—there are many who do not—and that they be given the opportunity of relaxation in dry canteens. Then, the educational services should be given the obligation of conducting an educational program dealing with physical health, mental health and so on, and the dangers of a too free use of alcoholic beverages. I think that temperance teaching is needed everywhere; in the schools, colleges, the forces and wherever we have groups of men and women congregated. I am making that suggestion and I hope the government will carry it into effect.

Mr. Churchill: I believe we have reached a stage, Mr. Chairman, where the people require some statement of general policy from the government concerning this particular matter. Sufficient information has

come from Korea now, from the men who are serving there and from the members of the religious organizations who have visited Korea, as well as statements emanating from various auxiliary services, to show that there is a need of welfare services of the kind to which Canadian troops were accustomed in the first and second great wars. Up to the present moment we have had no satisfactory answer from government sources.

The parliamentary assistant has read to us a statement made by the minister yesterday and recorded on page 1056 of *Hansard*. It concludes with this sentence:

> So far I am informed by the officers who have been there that they do not believe more can be done under the circumstances.

I feel that is far from clear—"under the circumstances". Perhaps nothing more can be done for the troops under the particular arrangements that have been made. I would say that, with the assistance of the auxiliary services, much more can be done. We do not need to take the time to argue the value of the auxiliary services. They proved their value in the first and second wars. I feel now that there is some policy emerging that is directed towards dispensing with the auxiliary services plan in connection with the Canadian army. I believe that is quite unsound.

So far as I can see from my own experience, and as every veteran of the first war knows, the auxiliary services were of immense importance to the men serving in France and Flanders. It is not a question of the terrain or the difficulty of serving conditions. Many veterans will recall that on the road to Passchendaele ridge there was an auxiliary service chap with his assistant, sheltered in a miserable dugout, serving coffee to the weary soldiers returning from the front. Nothing in Korea or anywhere else could equal the conditions that existed at that time. In the second world war the auxiliary services proved this tenfold. They were the most effective means of maintaining morale that I saw overseas. As I mentioned yesterday, I do not believe the job can be done through the regular army arrangement. I have been a welfare officer in a regiment, and I have commanded a regiment without auxiliary services. The moment I obtained an auxiliary services person with his supplies the whole picture changed.

Without an auxiliary services person you are obliged to appoint an officer in charge of welfare, and assign to him an N.C.O. or perhaps one or two other ranks. In the course of time that officer, who is trained for a military type of duty rather than welfare duty, is required for other duties. After all his training for military matters, he should not be posted to welfare work which can be done by a person not trained in military matters. I believe it is a waste of trained officers to assign them to welfare duty. That is exactly where the auxiliary services fill the need. They provide people who do not require military training. Yet they provide people who are thoroughly experienced in man management or in personnel work. I have not seen a finer type of personnel work done than that which was done by the auxiliary services people during the second world war. It does not matter which group it was, whether it was the Legion, the Knights of Columbus, the Salvation Army or the Y.M.C.A., a highly trained, first-class type of man was provided for service in the field.

Their work was of great importance. No one who has served in the field can overestimate the importance of morale in a regiment. It may seem strange to people who have not had that experience, but it does not take a great deal of assistance from an auxiliary service to build up morale within a regiment. It may be simple things that are provided, but they are certainly appreciated by troops who suffer greatly from boredom, exposure, loneliness and things of that nature. The auxiliary services clearly fill that gap.

Have we reached the stage in policy making with regard to the Canadian army where we are not to provide auxiliary services through these well-tried sources? Have we reached the stage where it is all to be done under army personnel? If so, are we training any army personnel for welfare work? I think we are not, and I think we would be wrong to do it, because army training should be directed towards preparing men to fight and to supply the people who are fighting in the field. Yet we have available volunteers from the auxiliary services, and we should use them.

I again press the point that we should have from the government some explanation as to what the policy is in connection with the auxiliary services for our armed forces. I maintain—and I am sure that every veteran knows this—that they are absolutely essential. We do not need to carry it to extremes. It is not a question of mollycoddling the troops. I am opposed to that sort of thing. Soldiering has to be a rough life, and soldiers have to live a hard life. But there are a few things that can be done without too much expense, and without cluttering up your army with a lot of equipment, to ease the problem of the people who are serving in the field. Anything that I say should not be interpreted

as suggesting that this should be an expensive and luxurious type of treatment for servicemen. I approve a hard life for servicemen; it makes them good fighters. At the same time, these auxiliary services have been proved, by the experience of two world wars, to be absolutely essential and they should be part of the policy of our forces at the present time.

The Chairman: Shall the section carry?

Mr. Green: No. We want an answer.

Mr. Campney: Mr. Chairman, the minister dealt at length with this question of auxiliary services not only yesterday and on the occasion to which the hon. member for Lake Centre referred, but also on another occasion; I have just lost the page for the moment. He answered orally a question asked by the hon. member for Brandon a few days ago and dealt at quite some length with this particular point.

Mr. Green: At what page?

Mr. Campney: I had it here a few moments ago; at page 477 of *Hansard* of October 29.

Mr. Green: That is the statement to which the hon. member for Lake Centre referred.

Mr. Campney: No.

Mr. Knowles: It was in answer to the hon. member for Brandon.

Mr. Campney: I have nothing to add to what the minister said on those occasions. I think he stated the views of the government and the reasons for those views. I therefore do not propose to add anything to what he said. But before I sit down I should like to say this, in response to the point raised by the hon. member for Vancouver-Quadra as to the Salvation Army operating an auxiliary service in Korea in connection with the British army. Yesterday the minister said that he would make inquiry in London. That inquiry was made and the department has just received a reply from the British authorities in London who advise us that there are no Salvation Army welfare services operating in Korea under United Kingdom auspices.

Mr. Green: I wonder how this Salvation Army jeep got into Korea if there are no Salvation Army officers there? Here is a picture in an advertisement published in Great Britain by the Salvation Army; and I am quite sure they are not misrepresenting the facts. There must be some explanation other than that which the parliamentary assistant has just given us.

Mr. Campney: Mr. Chairman, the one is a newspaper report and photograph and the other is a report from the British authorities in London. I cannot say more than that.

Mr. Green: Is it the policy of the Department of National Defence that these voluntary welfare organizations shall not be permitted to take part in any operation in which the Canadian army is concerned? Has there been a change in policy since the second world war? We hear rumours that the Department of National Defence has decided that it will no longer allow any of these national organizations to take part in the providing of welfare services. That rumour was before the Canadian Council of Churches yesterday in Montreal. In the first paragraph of the press report we find this:

> The Canadian Council of Churches yesterday decided to investigate reports, expressed before it, that the Salvation Army, Y.M.C.A., Knights of Columbus and similar agencies will be excluded from forthcoming over-all welfare service for the Canadian armed forces.

We have heard similar rumours here. Will the parliamentary assistant tell us whether this new policy has been adopted by the Department of National Defence and, if so, why?

Mr. Campney: The minister has dealt with this problem on three occasions in this chamber, and in my humble opinion he has clearly stated the views of his department and of the government, and the reasons therefor. I do not think I can be expected at this time to add anything further to what he has said, nor do I propose to do so.

Mr. Green: Can the parliamentary assistant refer us to any page of *Hansard* at which the minister dealt with that question as to any change in policy of the department? I can find no reference to that matter.

Mr. Campney: Mr. Chairman, I would think that the minister's statements speak for themselves. They make clear what the position is. I suppose it is open to the hon. member to make any deduction he chooses to make. The statements are on *Hansard* in three places. I do not propose to try to elaborate on them or to enlarge on them.

Mr. Diefenbaker: Mr. Chairman, this is one of the great difficulties that we experience in the House of Commons. The parliamentary assistant was left in charge by the minister because he is fully qualified to speak; otherwise he would not be there. Being fully qualified to speak, he should not be in a position to say to us now: I am not going to give you any more answers; the minister has dealt with that question. After all, the

minister's statement was an example of massive inconsistency. He said a lot, but at the same time he did not clarify what is being asked not only by the Canadian Council of Churches in conference yesterday but by people of all religious faiths across this country. When I spoke a while ago I referred to two of the organizations. I, of course, meant to include as well the work of the Knights of Columbus and the Canadian Legion. A general statement that this is not being done at the moment does not seem to be sufficient. If the parliamentary assistant was in a position to say that the government had changed its policy from what it was in this regard in the first and second world wars, then the question that would necessarily follow is: Why the change? Where was there any failure on the part of these auxiliary services that they should be denied the opportunity of voluntarily serving their fellow men?

I think the hon. member for Rosetown-Biggar covered the situation completely, and I am not going to go over what he said. People are asking why it is that a ruling such as this, which has every appearance of being arbitrary and unjustifiable, cannot and will not be explained by the department. Has the parliamentary assistant available the replies given to the Y.M.C.A. and to the Salvation Army when offers of assistance were given? Did the Y.M.C.A. offer to furnish the necessary facilities in Korea and at no expense to the Canadian government? What was the reply given by the department in response to that generous offer? The same question applies as well to the Salvation Army, to the Knights of Columbus and to the Canadian Legion. Certainly, in the past the course taken by Canada has always been, as I have understood the attitude of the government, one that they could justify as the course for Canada. Now the explanation is that other nations in Korea have not got this auxiliary service. The people of Canada are not interested in what the other nations have. They want to know why it is that Canadians, offering to serve and to do these things that were so well described by the hon. member for Winnipeg South Centre from his vast experience in two world wars, have been turned down. If the parliamentary assistant cannot give the answer—and after all one does not expect omniscience from the parliamentary assistant, or a higher degree of knowledge than his minister betrayed—at least he should be able to place before the committee the record showing the replies given to those several auxiliary organizations that offered their services. I should like to ask the parliamentary assistant—I keep elevating him to minister—whether he is in the position to furnish the committee with at least a copy of the reply given to one or more of those who offered their services.

Mr. Campney: I will have to look into the matter raised by the hon. member for Lake Centre. I have none of the correspondence before me.

Mr. Green: That information is surely available from the department, and the information as to whether or not there has been a change in policy should also be available. The bill cannot go through third reading today. I ask the parliamentary assistant to endeavour to get that information just as quickly as possible, and to furnish the house with it before the bill gets third reading. Can we have that assurance from the parliamentary assistant?

Mr. Campney: I shall endeavour to do so.

Mr. Churchill: There is just one thing that I should like to add to this. I notice that in his reply on October 29, at page 478 of *Hansard* the minister mentioned the fact that there were six welfare officers with substaffs of N.C.O.'s and men. In view of the representations which are being made with regard to welfare, if the policy of the department is to keep welfare solely within the hands of military trained personnel, it may be that in time we shall see an increase in the number of people devoted to welfare work. I suggest that is a very uneconomic use of trained officers. The six welfare officers are—what? Are they lieutenants or captains? I doubt whether they could be of the rank of major. If they are captains, after their long course of training and reaching that rank, I would say their job is elsewhere than in welfare. If they are lieutenants I would judge that they would be shifted about, moved about very rapidly, and would not become very expert at their welfare work.

Subsequently, I asked a question of the minister as to whether or not this welfare work was their special job, meaning, of course, their main job. Information was brought forward yesterday by the hon. member for Vancouver-Quadra that they have other tasks in connection with their welfare work. All I say is that when you add it up it is an uneconomic use of manpower. Six officers with substaffs of N.C.O.'s and men trained to fight are allocated to a different task. When we have available volunteers who do not have to be trained in the use of weapons and in all the expensive training required for officers, N.C.O.'s and men, we should make use of their services.

Mr. Green: Could we have an answer to the question asked by the hon. member for Winnipeg South Centre? He asked what rank these officers are who are supposed to be looking after welfare in their units. Surely that information should be available to the parliamentary assistant without any delay.

Mr. Campney: I have no specific information with regard to the individual officers. I understand they are mostly lieutenants—I am not sure whether they are all lieutenants or one or more captains, but they are very carefully selected because of their proven capabilities and qualities which would appear to be adapted to this particular task.

I would just like to make one further remark. I do not think it is really fair to say that the position in Korea, as it is being dealt with on the welfare side, necessarily means a change in basic policy. As the minister pointed out on several occasions, the situation in Korea, in the opinion of the minister and of the government, is being handled in the most feasible and best possible way, having regard to all the circumstances which surround activities there, the terrain and the nature of the situation which there exists. I should like to observe that because I think it is hardly fair to say that there is a basic change in policy.

Mr. Churchill: Can the parliamentary assistant elaborate on the meaning of this word "terrain"? In what respect does the terrain in Korea complicate the problem?

Mr. Campney: I have not been to Korea, but I understand the nature of the fighting and the nature of the terrain leads to isolation of troops, and altogether does not lend itself to the free movement of troops in large numbers as in world wars I and II. It raises problems of isolated groups, lack of communications and a great many other factors which probably militate against the general treatment of the subject of welfare in a way that might be appropriate.

Mr. Diefenbaker: If there is nothing to suggest a change of policy, is the parliamentary assistant in a position to say whether or not these auxiliary services will be provided to the 27th brigade that now will serve in Europe? For all of these excuses that have been raised for the non-use of these services in Korea would certainly not apply to the army in Europe. Will those Canadians serving in Europe under the Eisenhower command have available to them auxiliary services from Canada?

Mr. Campney: I am not in a position to answer that question, Mr. Chairman.

Mr. Coldwell: I cannot understand this excuse that because of the terrain the auxiliary services cannot be provided by the organizations that provided them in the last war. From my reading of the progress of the Korean war I learn that the troops are not moving very rapidly in either direction, and it seems to me therefore that the points of assembly at the present time are at least fairly static. If that is so, could not these auxiliary services provided by the Y.M.C.A., the Salvation Army, the Knights of Columbus and so on, be used to give these men the facilities that I spoke of a little earlier? Certainly I think that in the European theatre, where there is no fighting and where the men will only be training, auxiliary services should be provided. Then I cannot understand why these difficulties respecting terrain have been emphasized to such a great extent, because it seems to me there is not the same movement of troops that we had either in the first or second world wars, particularly the second war after the landing in Normandy. I find it difficult to understand, but perhaps the parliamentary assistant could give an explanation. In my own mind, no explanation occurs to me.

Mr. Hosking: Mr. Chairman, I wonder if hon. members realize the situation in the last war. At the beginning of the war, while we were stationed in England, we were serviced by these auxiliary services. I am sure no one would think of disparaging the work they did among local units.

I remember very well, however, that after the invasion had been on for some months and there was a considerable amount of fighting fatigue, when it was found necessary to give the soldiers an opportunity to go away for a day or two of rest there were established in Brussels, Paris and Antwerp what were known as rest centres, where troops could come and be free of duties. At those points they were cared for completely. Homes and camps were found for them, in which they could sleep, so that they had absolutely no arrangements to make for themselves, not even the necessity of finding places where they could eat.

If hon. members who are asking questions today think that all that was done by the auxiliary services, then I would say to them that I know very well that the officer in charge of the rest camp at Brussels, with the assistance of hundreds of fighting troops and civilians, took over a huge building and installed a kitchen and dining room capable of feeding a thousand men per day. Troops would come in there at the rate of a thousand men every three days, and would pass through

that huge building without any holdup or delay. In there they could have a shower, free haircuts, and then have clean underwear, clean shirts and clean shoes. Pressing machines were set up, and their suits were pressed so that when they had their showers they were turned out as smart soldiers.

None of this was done by the auxiliary services. It was all done by the Canadian army, under control of army headquarters. All the troops who worked there—and there were hundreds of them—in connection with supplying these services were all fighting troops. Most of the men were engineers.

When hon. members suggest that this was done by the auxiliary services, my answer is that it is not so.

Mr. Green: We did not say that at all.

Mr. Hosking: While we were stationed in England we were well serviced by these auxiliary services. But when it comes down to doing the big job that has to be done when the troops are fighting, it becomes a military matter. I wish to compliment the department on the stand it has taken in this connection, and I believe that if the experience of the last war is used, the same procedure will be taken at the present time.

Mr. Green: Does the hon. member think there should not be auxiliary services with the troops at the present time?

Mr. Martin: He did not say that.

Mr. Hosking: I am certain that the government that did such a splendid job at Brussels, Antwerp and Paris, under the conditions they had in the last war, is doing today exactly the same fine job, and under the same procedure in Korea.

Mr. Churchill: There has been no suggestion from hon. members in this party that auxiliary services should supply the personnel, and other requirements, for army rest camps such as those to which the hon. member was referring. The army rest camps which were set up at Brussels and Antwerp were entirely different. I have been referring this afternoon to the use of the auxiliary service officer at the battalion or regimental level who goes with the regiment or battalion into the forward areas, where army rest camps are obviously quite out of the question. It is that type of auxiliary service assistance that I think is desirable, and can best be rendered by those who are attached to the auxiliary services.

Mr. Fulton: Mr. Chairman, there is a closely related subject to which I would direct the attention of the committee. Yesterday I asked the minister a question with respect to the reception of troops returning from Korea. I was greatly delighted to see in today's press an account of the reception accorded to 202 men who were returning.

As I said at the outset, I am delighted—and I do not wish to qualify that in any way—with what has been done. But I wish to impress upon the parliamentary assistant and the department that if that can be done, as indeed it was done, for a large body of men, I suggest it is equally important to do it for a small body of men, perhaps only one or two or half a dozen, who are coming through in small groups, and who are on their way back to take courses, as was suggested by the minister, or for some other reason. I believe it is correct to say, although regrettable, that these men in small groups are getting the feeling that no one is particularly interested in their return.

While, as I said, I do not wish to qualify my approval of the reception accorded the larger groups, and in particular the 202 men who returned yesterday, I hope the same enterprise and energy can be put into the preparation of receptions for smaller groups who are coming back.

Section agreed to.

Sections 2 to 5 inclusive agreed to.

On section 6—*"Defence service" and "defence service contributor" defined.*

Mr. Knight: Mr. Chairman, I should like to ask for some information with respect to this section. Subsection 1 states, in part:

(b) "defence service contributor" means a person who satisfies all of the following conditions . . .

(ii) he was a contributor under the Defence Services Pension Act on or subsequent to the first day of July, nineteen hundred and fifty-one, and

(iii) he was retired from the regular forces to enable him to accept an appointment under the National Defence Act or to the staff of the Department of National Defence.

It seems to me there is a discrepancy here. Is there any difference in the percentage rate of contribution made by one who resigned from the services in 1945 and joined the civil service some years later, and those who will now, at the time of the coming into force of this measure, leave the Department of National Defence and go into the civil service? My information is that the man who resigned in 1946 from the Royal Canadian Air Force, and then accepted an appointment in the civil service, uses his military service in respect of the civil service pension plan, and contributes 12 per cent of the initial starting salary. Is that correct?

Mr. Campney: This is a very limited section. It does not apply to people who have been in the services and who subsequently join the civil service, except when they

become civil servants within the Department of National Defence. It is purely a limited and internal method of allowing people who have been in one of the services in this department, under circumstances which may obtain at any time, to become civil servants in the same department.

Mr. Knight: I am still not clear on this. The resolution preceding this bill states:

—to provide that persons who have accumulated pensionable service under the Defence Services Pension Act may be able to count that service under the Civil Service Superannuation Act when they retire from the forces to accept civil service appointments in the Department of National Defence;

I am not saying that there is discrimination, but there seems to be some discrepancy in the payments made. Take the case of men discharged from the forces in 1945 and 1946 who afterwards accepted civil service appointments and those who are resigning from the services today and accepting similar appointments; there would seem to be some difference in the contributions made for superannuation purposes. I understand that in the earlier case they paid 12 per cent, whereas today they pay only 6 per cent.

Let us take a case in point. I notice from a press dispatch that two army men have accepted civil service appointments. Brigadier Chesley, a native of Ottawa and a former Montreal businessman, has been named assistant deputy minister of defence, and Brigadier Wrinch, a native of Hazelton, B. C., chief signals officer, has accepted another appointment. I am casting no reflection on these particular men, but I would like to know what their contribution will be under the Civil Service Superannuation Act.

Mr. Campney: This section is limited to people going from the services into the Department of National Defence; it is limited to persons who come under the Defence Services Pension Act; it is limited to the regular forces. I am informed that such persons will continue to pay at the same rate.

I think what the hon. member has in mind are persons who served in the forces during one war or the other and then took positions in the civil service. I am not absolutely certain, but my understanding is that they pay 12 per cent. That has no bearing at all on this section, which stipulates the two limitations I have mentioned.

Mr. Knowles: Is there not a provision that makes it possible for a man to move from one government service to another, calling military service government service, and carry with him his pension rights? I recall that amendments were made a few years ago to the Civil Service Superannuation Act and the Minister of Finance said that the purpose was to provide mobility of pension rights. I should like to know whether this is narrowing that mobility or is it to take care of a particular case not provided for?

Mr. Campney: The general case to which the hon. member referred is that of persons moving from one department to another who were already under the Civil Service Superannuation Act. They would still be in the same position pensionwise. This section deals with contributions under the Defence Services Pension Act; it has a limited application to people who are eligible under that act but who leave to take a position on the civil side of the Department of National Defence. I do not think it intrudes at all into the general superannuation picture. This section covers an isolated set of circumstances which otherwise would work a hardship on people who continue to work in the same department but have left the regular forces to serve in a civil capacity. In many cases their background of service is useful to their continuing in a civil capacity with the department.

Mr. Knight: I want to pursue this a little further. The parliamentary assistant agrees with me that the contribution made by men who resigned from the services in 1945 and 1946 would be 12 per cent. However, I would like the other side of my question answered. I have mentioned two individuals, in whom I am not interested at all as individuals, who are accepting positions with the civil service. Will those men continue to make a contribution of 6 per cent, or will it be the 12 per cent contribution paid by the others?

Mr. Campney: Six per cent.

Mr. Knight: Why the difference? I did not say it is discrimination, but there would be some discrepancy considering the difference between 12 per cent and 6 per cent.

Mr. Campney: There is a class of persons who served in the active forces in one war or the other but who were not in the regular services and are therefore not making contributions under the Defence Services Pension Act. They are not making contributions under any pension scheme, and when they take civil service positions and want to take advantage of the Civil Service Superannuation Act they are allowed to count the time they have served in the active forces. In view of the fact that they have never paid into any pension scheme they are required to contribute 12 per cent. Those who are in the regular services would have been contributing under the Defence Services Pension Act; they would be contributing toward a pension, whereas those who enter

the civil service without having paid into any pension scheme and who wished to have their period of service counted must pay the 12 per cent. However, that is not relevant to this section.

Mr. Knowles: May I pursue a step further the question I interjected a moment ago. The parliamentary assistant admits that there are provisions in the Civil Service Superannuation Act which make it possible for a civil servant to move from one department of government to another and carry with him his pension rights. He drew attention to the fact that this section makes it possible for a person who has been paying under the Defence Services Pension Act to move into the Department of National Defence. Some of us have wondered why it should not be possible for such a man to move into the civil service generally.

If a person moves from military service where he has been paying under the Defence Services Pension Act into the Department of National Defence and thereby transfers to the Civil Service Superannuation Act, and then moves from the Department of National Defence to the Department of Public Works or some other department, he would carry his pension rights with him to that other department. Why not make a clean break and make it possible for a person to transfer from the Defence Services Pension Act to the Civil Service Superannuation Act?

Mr. Campney: I think the basis on which this section rests is this. There are persons who spend quite a few years in the regular forces and thereby acquire certain experience, training and understanding. Incidentally, this class does not involve a great many people. Upon occasion it is felt to be in the best interests of the department that some of the persons with such a background, and who have shown certain aptitudes, should be transferred to the civil side of the administration of the department. If no specific provision is made, then the minute they resign as a member of the regular forces they lose their pension rights under the Defence Services Pension Act. They are then on the civil side and have no status for the period in which they were on what I might call the service side. I think the purpose of the section is merely to make possible the utilization of the services of certain persons from time to time on the civil administration side of the department whose background and training have specially qualified them to be more useful in the wider position than they were in the narrower one.

[Mr. Campney.]

Mr. Knowles: I have no objection to the provision, but it struck me that the Department of Defence Production might want such a person, and the legislation does not provide for that.

Section agreed to.

Sections 7 to 14 inclusive agreed to.

On section 15—*Schedule amended.*

Mr. Knowles: Is it clear that clause 15 does not make any change so far as rights or benefits under the Unemployment Insurance Act are concerned?

Mr. Campney: It makes no change.

Section agreed to.

Sections 16 and 17 agreed to.

On section 18—*Reduction or withholding allowance.*

Mr. Knowles: This question has occurred to me on a number of these sections, and perhaps I might ask it here as well as on any other. I note the way the word "military" is being changed to the word "army" in so many places. The question is purely for information. Where do the other services come in under that context, the navy and the air force?

Mr. Campney: Under the new National Defence Act the term "military" is defined as applying to the three services. In order to avoid confusion in the interpretation of other statutes where the word "military" is used to mean "army", and in order to have the same nomenclature run through all acts, changes are necessary in the wording, as proposed in this section.

Mr. Knowles: I suppose that in this case the statute now reads "naval, military and air", and it is being changed to "naval, army and air".

Mr. Campney: That is right.

Section agreed to.

Sections 19 to 21 inclusive agreed to.

On section 22—*Definitions.*

Mr. Fulton: I should like the parliamentary assistant to say a word about the procedure which will be followed in summonsing Canadian civilians to appear before United States courts-martial if held in Canada. It seems to me this procedure should be carried out voluntarily where at all possible. I appreciate there must be provision for the formal summonsing of a witness to attend, but it seems to me to be infinitely preferable under these circumstances, where a Canadian is being asked and power is being given to

require him to attend before what is actually a foreign court-martial, that the first approach should be to ask him if he will consent to come. Then if the witness demurs or if it appears obvious that for some reason in connection with his employment he must give some official notification, or some other similar reason, the process of summonsing could be used when necessary. I should like the parliamentary assistant to comment on that situation.

Mr. Campney: The purpose of the amendment is merely to give the United States authorities power to summon witnesses; but that is going to be subject to regulations, and a great deal of care is being taken in the preparation of these regulations. I would be glad to draw the hon. member's observations to the officials of the department. However, it is necessary to have full power, and I presume the regulations will set out the circumstances under which such power should be exercised.

Mr. Fulton: Is it possible to say at the moment whether the general intention is that the regulations are to provide that the power will be used only when consent is not forthcoming? Is some such general principle going to be followed?

Mr. Campney: I am not sure that the suggestion is practical in the conduct of a case or trial, but I will certainly see that my hon. friend's observations on that point are considered.

Mr. Stick: We have had a situation in Newfoundland for some time where United States courts-martial require civilian witnesses. Their authorities have worked in co-operation with our local justice department. As I understand this legislation, if the Americans in Newfoundland require a civilian resident of the province as a witness they will first go to the civil authorities and get their permission to call that witness. In other words, the Americans cannot summon a witness without permission of the civil authorities. If that is the case then it does not take any rights away from the civil authority.

Mr. Campney: That is included in the section.

Mr. Stick: That is the meaning of the section?

Mr. Campney: Yes.

Mr. Stick: Although the Americans have the right to call witnesses we do not lose any of our civil rights.

Mr. Campney: That is right.

Section agreed to.

Section 23 agreed to.

On section 24—*Sections amended.*

Mr. Fulton: Purely by way of inquiry as to the text, I notice that in the marginal note at the top of page 12 there is reference to the Family Allowances Act, 1944, whereas the section itself appears to relate to the Statute Law Amendment (Newfoundland) Act. Is there an error in the marginal note?

Mr. Campney: I am informed that the Statute Law Amendment (Newfoundland) Act amends a great many other statutes, and among them is the Family Allowances Act, 1944, to which this specific subsection is related.

Section agreed to.

On section 25—*Chairman of chiefs of staff committee.*

Mr. Fulton: I observe that this section provides for the appointment by the governor in council of an officer to be chairman of the chiefs of staff committee. The explanatory note makes it clear that this office has already been established and filled by order in council, of which of course members are well aware. Since we are now going to provide by statute for the position of chairman of the chiefs of staff committee, I am wondering whether, without unduly limiting the right of the governor in council to prescribe his duties, it would not be wise to make some reference in the statute itself to those duties which I understand refer generally to the co-ordination of the work of the Canadian forces with the other forces of the Atlantic pact countries. When the Minister of National Defence made his statement regarding the appointment of the chairman of the chiefs of staff committee, who is General Foulkes, my recollection is that he said one of the chief duties of this officer would be to provide for the integration of the training and operations of the Canadian forces with the forces of the North Atlantic treaty powers. I wonder, therefore, if it would not be wise to make some general provision that amongst the duties of this officer will be that of integrating the training and operations of the Canadian forces with the forces of any other country with whom Canada may be engaged in a joint effort.

Mr. Campney: I would expect that the duties to which the hon. member refers would at the present time be amongst those of the chairman of the chiefs of staff committee.

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This amendment only deals with the National Defence Act, and with the Canadian forces as such. According to section 19 (1) of the National Defence Act, subsection (b), one of the duties of the chairman of the chiefs of staff committee is to co-ordinate the training and operations of the Canadian forces, which is the subject matter of the National Defence Act. This amendment also provides that he shall be subject to regulations made by the governor in council, and that he shall be under the direction of the minister. If duties outside those actually in connection with the Canadian forces are deemed desirable to be exercised by the chairman of the chiefs of staff committee, it will be merely a matter of direction by the minister. I think it is better to keep the duties of the chairman of the chiefs of staff committee flexible, that is duties other than those in connection with the direction of the Canadian forces in Canada.

Mr. Fulton: That is my point exactly, and that is why I make the suggestion. The section at present provides that the officer in question, the chairman of the chiefs of staff committee, shall perform such other duties as shall be assigned to him by the minister. This, nevertheless, requires some executive act on the part of the minister to assign these specific duties to him. My point is this. If the chairman of the chiefs of staff committee is going to be, as he is, largely engaged in connection with the operation of our forces as part of the North Atlantic treaty forces, then it seems to me there may well arise a question as to whether a particular decision or directive of the chairman of the chiefs of staff committee is within the scope of his authority. If the statute provided that one of his duties is to generally co-ordinate the training and operations of the Canadian forces with those of any other country with whom we may be generally engaged, then it seems to me the question of whether or not the chairman of the committee was acting within the scope of his authority would not present such a problem. It would not be necessary to refer back to the minister to see if he had authority to do this or that, and that seems to me a situation one could avoid by giving him a general power in the statute.

Mr. Campney: While I appreciate the point of view expressed by the hon. member I believe the suggestion would be rather dangerous, Mr. Chairman. I believe that if we start trying to spell out the possible duties of the chairman of the chiefs of staff committee in relation to the matters in which Canada may be co-operating with other nations, we would reach the point where, if the minister wished him to do some act or take some part in a matter for which he has not specific power under the act, we would be handicapping the flexibility of his duties. If we specifically say what the duties of the chairman of the chiefs of staff committee will be in Canada in relation to Canadian forces, and then have him act under the direction of the minister, who by section 4 of the National Defence Act is to have control and management of the Canadian forces, we maintain that flexibility. The minister could easily give any direction under this section that he wished, and in view of the necessity of flexibility in carrying out the duties which may be undertaken by the chairman of the chiefs of staff committee, I believe it is better to keep it the way it is here.

Mr. Herridge: I should like to ask a few questions in connection with section 216A which is headed "Compensation". It seems to me to leave a great deal to regulation, and I should like to get some explanation from the parliamentary assistant. The section reads:

> Compensation may be paid to such extent, in such manner and to such persons as the governor in council may by regulation prescribe—

I should like, first of all, to ask the parliamentary assistant to tell the house on what basis that compensation would be paid. Would it be somewhat in line with the Canadian Pension Act or the usual workmen's compensation act? Then it goes on:

> —in respect of disability or death resulting from injury or disease or aggravation thereof incurred by any person while
>
> (a) employed in the public service of Canada,
>
> (b) employed under the direction of any part of the public service of Canada,—

What is meant by the words "employed under the direction of any part of the public service of Canada"? Then, paragraph (c) reads:

> engaged, with or without remuneration, in an advisory, supervisory or consultative capacity in or on behalf of the public service of Canada—

That is quite a wide clause, and I wish the parliamentary assistant would give the committee some illustration of the type of person intended to be covered by that section. Does the section provide for compensation for persons engaged in civil defence, volunteers in connection with fire fighting, and so on, in the cities or municipalities? Then the section continues:

> —and performing any function in relation to the Canadian forces, the defence research board or any forces co-operating with the Canadian forces or the defence research board, if the injury or disease or aggravation thereof arose out of or was directly connected with the performance of such function—

Will the parliamentary assistant just explain what is intended by those words, "if

the injury or disease or aggravation thereof arose out of or was directly connected with the performance of such function"?

Mr. Campney: As I understand it, Mr. Chairman, the intent of this section is to take care of civilians who are working with the Canadian forces themselves, or with the defence research board, and who may in the course of their duties, whether they be temporary or otherwise, have met with disability or death as outlined in this section. It is to make it possible for them, or their relatives if they are killed, to obtain compensation. Although it is not specifically mentioned, I believe it is the intention that it will be on the pension basis. There are some acts which have sections dealing in detail with this sort of thing, but there has been no section in the National Defence Act that adequately covers it. I believe it is specifically in view of the defence research board and similar activities, and the possibility of disability or death resulting from the activities in which those people are engaged, that this section is inserted to provide for proper compensation.

Mr. Herridge: Are the civil defence organizations or persons who may be engaged in assisting to put out fires included in a section such as this?

Mr. Campney: No; it is specifically stated that it only applies to people working with the Canadian forces, that is the services, or the defence research board. I would take it that it would not apply to people participating in civil defence activities.

Mr. Herridge: The section says "performing any function in relation to the Canadian forces, the defence research board or any forces co-operating with the Canadian forces". I could well imagine a civil defence force co-operating with the Canadian forces.

Mr. Campney: Under the definition section "forces" means military forces.

Mr. Murray (Cariboo): Might that not apply to employees on the Alaska highway who come under military direction? There are some hundreds of men employed in my riding on the Alaska highway between Dawson Creek and Fort Nelson and at Watson Lake who are likely to be exposed to highway accidents or injuries in connection with bridge construction and so on. Would that provision take care of them?

Mr. Campney: I cannot answer that question categorically, but I would rather think that they would come under the Government Employees Compensation Act, which is another statute entirely. But it is possible that they might come under this legislation. I would not want to give a categorical answer to that question.

Mr. Murray (Cariboo): They are civilians employed by the army.

Mr. Cruickshank: I should like to ask a further question somewhat similar to that asked by the hon. member for Cariboo. In my own district we had a certain jeep and motorcycle accident. The situation is not clear. I am not asking this question for the purpose of criticism but rather for clarification. Just where does the responsibility rest in the case of a member of the regular army, either with or without official capacity, operating a jeep or a motorcycle, where there happens to be an accident in which a civilian is either injured or killed? Does the department assume the ordinary responsibility—and I may say that I am not a lawyer—that would occur if one party or another were responsible for the accident?

Mr. Campney: In answer to the question asked by the hon. gentleman, may I say that I think the position of the crown is now the same as that of any other employer. In other words, if the driver were acting within the ordinary scope of his employment and of his orders, the crown would be liable. If not, then legally, as I understand the law, the crown would not be liable. It would be a question of fact in each case.

Mr. Cruickshank: I should like to ask a follow-up question. Again may I say that unfortunately, or probably fortunately, not being a lawyer, I do not quite understand the legal technicalities of this matter. But in my riding we had a case, if I remember it correctly, in which a motorcycle was involved in an accident. I am not saying who was to blame or who was not to blame. But in that case, if I remember the evidence correctly, there was no recompense to the civilian because this member of the regular force—this is as I remember it, and I am speaking from memory—had no official right to have the vehicle. I think that is what the hon. member for Cariboo had reference to. In this case the operator of the vehicle, which was a Department of National Defence vehicle, should not have been out on the highway, according to the Department of National Defence. Nevertheless that member of the defence forces was out on the highway with a Department of National Defence vehicle; and the fact is that he had an accident, and as a result serious injury or death was caused to a private individual. As I see it, whether the Department of National Defence had sent that individual out or had

not sent him out, he was operating a Department of National Defence vehicle under licence of the Department of National Defence; and I believe the civilian should have some recompense. I should like to know just where the civilian stands in a matter of that kind.

Mr. Campney: As I say, Mr. Chairman, I think it would be in each case a question of fact. As it would appear to me, if the driver of a motor vehicle owned by the Department of National Defence or by any other department of the crown took that vehicle without authorization to follow out something he himself wanted to do, and an accident should occur, the general law as I understand it is that the owner of the vehicle—in this case the crown—would not be liable. On the other hand, if he were authorized to do what he was doing by the army or by the crown in any capacity, the crown would be liable for any negligence resulting in injury or death to a third party.

Mr. Cruickshank: I should like to follow that matter up. I am not a distinguished member of the bar of British Columbia as is the parliamentary assistant, but I happen to pay several hundred dollars a year in insurance; I will not say several hundred, but quite a large amount. I have two cars, and they are good cars, too. They both belong to me. I operate one car and my sister operates the other. My understanding is this, and my distinguished friend who is well versed in the law of the province of British Columbia will correct me if I am wrong, because I am going to ask for a rebate of my insurance premiums on those two cars. If an accident occurs I understand that I, through the insurance company, am responsible for that accident.

Mr. Fulton: Two-car Cruickshank.

Mr. Cruickshank: That is unfair of the hon. member for Kamloops. I want to be clear on this matter. If I am wrong, I want to be corrected by some of the legal lights from my own province of British Columbia.

Mr. Knowles: Be careful; they will send you a bill.

Mr. Cruickshank: If they sent me a bill I would know that I was at least being legally taxed, as I would not be if I received one from those who are not of the legal profession. I want to have this matter clear, and I want to be corrected if I am wrong. I should like to have a little bit of free legal advice. I do not have the privilege in this chamber of going where I go for my advice in a certain other place, where I happen to have a friend who, next to the hon. member for Peel, possibly has as good a legal reputation as anyone in the Dominion of Canada. I am not allowed to mention the name, but anyway he is a senator from Vancouver. I cannot see why I am obliged to pay insurance premiums to protect a private car against accident. The insurance company will say whether I am to blame through negligent driving or anything else; and I can be corrected by my legal friends on this. If I am to blame, as I understand it, under private insurance anybody who is injured is protected. I understand that is the law in my own province. If somebody steals my car or if a certain relative takes it without my consent and an accident happens, the insurance company is liable or I, as owner of that car, am responsible. That is my understanding, and I can be corrected if I am wrong. If the Department of National Defence has a jeep, a motorcycle, or any other vehicle, and it is taken either with or without the consent of the commanding officer—exactly in the same way as with a private car—and somebody is injured or killed, I cannot see why the federal government should not be responsible. I should like to ask the parliamentary assistant, who not only has the advantage of great army experience but who is also possibly one of the most distinguished members of the bar of British Columbia, to give me an answer.

Mr. Murray (Cariboo): Mr. Chairman, just to clarify the matter—

Mr. Knowles: Let us first get an answer to the question that has just been asked.

Mr. Murray (Cariboo): If I may be permitted to do so, I should just like to quote a case on the Alaska highway. Some young soldiers in a military vehicle were in collision with a farm wagon. A child was killed. The soldier responsible was duly tried, and all that sort of thing, but still the little girl's life was gone and no compensation was paid to the parents. The farmer suffered the loss of his vehicle and perhaps his horse was killed. There was great loss. Probably this would take care of a case of that kind and compensation could be provided for anybody who was injured through a military vehicle getting out of hand and running amuck on the public highway.

Mr. Campney: It is very dangerous for a lawyer to be drawn into giving free legal advice, but after the flattering remarks of the hon. member for Fraser Valley I might make a couple of observations. I think, whether a car is insured or not, the liability for the negligence of the driver remains the same. In other words, if under the motor vehicle act of a province and the insurance act a man

who, like the hon. member, can afford two cars permits someone else to drive one of them he is statutorily bound, and so is the insurance company, to take cognizance of that. But if somebody steals his car, or takes it without authority, I think his position is entirely different. In that regard the same applies to crown vehicles as to private vehicles. If there is negligence on the part of the driver of a crown vehicle, if the driving is done in the course of his employment, as I understand it the crown is liable. But if he takes a car that belongs to the crown and without the permission of the crown goes joy-riding on his own, the crown is not liable, nor would any other employer be liable, so far as I am aware.

Mr. Ferrie: Suppose that man is killed. Who is going to take care of the family if he is a married man?

Mr. Fulton: I do not know whether or not the parliamentary assistant recalls, but in British Columbia we have a fund called the unsatisfied judgments fund, which was instituted for the very purpose of taking care of judgments against persons who have killed or otherwise maimed others in motor vehicle accidents and are not able to pay the amount of the damages to the injured person. After certain requirements have been gone through and it can be proven that the guilty party has no assets, the injured person can recover from the unsatisfied judgments fund. That is why it was put there. Every time the hon. member for Fraser Valley buys a motor vehicle licence a portion of his payment goes into a fund to build up the unsatisfied judgments fund.

Mr. Cruickshank: Other hon. members ought to compliment me, through you, Mr. Chairman, on getting a little free legal advice around here. I have had a lot to do with legal cases, but I have had very little free advice from lawyers. I am thinking of a case in Chilliwack. It had to do with a motorcycle accident. Am I to understand that whether it is an army jeep or an army motorcycle that law would apply?

Mr. Fulton: This is a very dangerous thing to be doing. In such a case a judgment would be given personally against the soldier who had driven negligently. That is subject to correction. My understanding would be that if that soldier did not have sufficient assets to pay the judgment, and the crown said, "In this case we do not accept liability because it was outside the scope of his employment", then as I say, subject to correction because I would have to check up on the details of the unsatisfied judgments act, I would think the person could recover from that fund, if a judgment had been given against the soldier personally for negligent driving.

Mr. Cruickshank: I appreciate very much the free legal advice I have received on behalf of one of my constituents, as has been pointed out by a very distinguished member of the bar of my province. But what I am getting at, sir—

Mr. Brown (Essex West): You get what you pay for.

Mr. Cruickshank: —is this. Take this case. I will not mention the name. A person from my province gets a judgment against an individual. He owns a Ford car and nothing else. What good does that do him? But what I want to know, sir—and I would like, with all respect, to have an opinion from a far more responsible member of the bar of my province than I have received so far—is this. Suppose a judgment is given against myself as an individual and I am covered by an insurance company. That insurance company protects the injured person or me as the owner of the vehicle. I submit that I am responsible in a court of law irrespective of whether I am right or wrong in the accident, and irrespective of whether my brother, my sister, my wife or somebody else was driving the car.

This happened in my riding, and that is why I want the information. The decision was given by a man who should know, who is responsible and capable both in his majestic qualities as a parliamentary assistant and as a legal light in my province. If a vehicle is owned and operated by a soldier, is he not in the same position as a private individual who carries private insurance? Suppose a soldier is driving a car owned by the crown without the consent of the department, and he is involved in an accident. Whether the accident is fatal or otherwise, who is responsible? Is the department responsible, or has that private individual the right of recourse? I am going to get some great legal advice for the benefit of the people of British Columbia. In this connection fortunately there are two Rhodes scholars—

Mr. Sinclair: I have no intention of giving any advice whatever to the hon. member.

Mr. Graydon: He is not the only Rhodes scholar.

Mr. Cruickshank: My hon. friend just overstepped himself. I knew he was not capable of giving me any advice in this connection. I knew before that he knew nothing about law and confined himself to mining engineering. I was referring to two other lawyers. I think they can help me.

Mr. Graydon: Your trouble is that you see double; there is only one over there.

Mr. Cruickshank: This happened at the Vedder bridge. I would like a ruling. If the parliamentary assistant cannot give it to me now I would like it at a later date. I should like to know just exactly where the responsibility lies if a member of His Majesty's services is operating a car or a vehicle owned by the crown and he kills or injures somebody. Who is responsible?

The Chairman: Shall the clause carry?

Mr. Cruickshank: No.

Mr. Campney: I can see now the danger of giving free legal advice.

Mr. Fulton: Especially when they will not take it.

Mr. Campney: I would be very glad to go into the case in some detail with my hon. friend. It just occurred to me that the section we are now considering does not deal with people who hurt someone but with people in the service who themselves get hurt. Perhaps we can finish this section.

Section agreed to.

Sections 26 to 29 inclusive agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the bill be read the third time?

Mr. Fournier (Hull): Now.

Mr. Fulton: Mr. Speaker, the hon. member for Vancouver-Quadra had to attend a committee meeting. He has expressed interest in the bill, and asks that it be read the third time at the next sitting.

Mr. Fournier (Hull): Next sitting.

NORTH ATLANTIC TREATY

AGREEMENT AS TO ARMED FORCES STATIONED IN OR PASSING THROUGH NATO COUNTRIES

Hon. Alphonse Fournier (for the Minister of National Defence) moved the second reading of Bill No. 22, to implement the agreement between the parties to the North Atlantic treaty regarding the status of their forces, signed on the 19th day of June, 1951.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Dion in the chair.

Sections 1 to 3 inclusive agreed to.

On section 4—*Application of act.*

Mr. Knowles: Will the parliamentary assistant explain the significance of section 4. I am wondering particularly if this makes it possible, so far as Canada is concerned, for the act to apply to some of the associated states, but not to others. That is to say, on what basis might it be brought into effect for some and not for all the North Atlantic treaty powers?

Mr. Campney: Mr. Chairman, perhaps it might be helpful if we referred to sections 4 and 5 and discussed them together, because they are related. The purpose of section 5 is to empower the governor in council to take whatever action may be desired in the light of circumstances affecting any particular state or states. In other words it is the intention that the application shall have the greatest possible flexibility, because of the circumstances attending the negotiation of this treaty. It is desired to put the government in a position to give effect to any of the provisions of this agreement at any time, and to make possible whatever action may be required as time goes on in order to implement any part of the treaty which might not now be of current importance.

Section 4 limits the application of the measure to states which have been designated by, and to the extent they have been designated by, section 5, which succeeds it. The net result is that it does give the governor in council power to apply this measure, in whole or in part, to all the nations who ratify the agreement, or to any of them, and also to apply it to additional nations which may come in later. I think the intention is to keep it as flexible as possible. For example, some state might not sign. Various contingencies might arise.

Section agreed to.

On section 5—*Proclamations.*

Mr. Fulton: Would the parliamentary assistant say why it is necessary to have paragraph (c) in this section? I do not understand that the agreement itself, which we are approving, makes any reference to the Visiting Forces (British Commonwealth) Act or the Visiting Forces (United States of America) Act. Therefore I do not see why it should be necessary to say that those acts apply.

Mr. Campney: I think the reason is that in many ways this measure parallels the Visiting Forces (British Commonwealth) Act and the Visiting Forces (United States of America) Act. It is also desired that this measure should be kept flexible, because there would be some interrelation between all these measures until the situation clarifies. For that reason it would be desirous to keep their powers as parallel as possible.

Mr. Fulton: This section states that the governor in council may by proclamation

declare either of the two acts I have mentioned to be inapplicable in respect of any associated state. Does that mean that, without such declaration, the provisions of those other acts are applicable to associated states? Surely they are not applicable, unless they are expressly declared to be so.

Mr. Campney: The two specific acts the hon. member mentioned are in each case respectively applicable only to the other named parties, the British commonwealth in the first place and the United States of America in the other. This measure will be generally applicable; but so long as these two statutes I have mentioned remain in force it may be necessary and desirable to have some parts of one or other of those acts apply in a specific case, and some parts of this act, as of any given time. In other words, while these other acts continue to exist, I believe the intention is to have this act parallel them, and thus make it possible for the governor in council to apply a piece of this act and a piece of that, if circumstances make it desirable to do so.

Mr. Fulton: Then the purpose of this is the exact reverse of what I understood. Do I understand the purpose is that there may be conditions which would make it desirable, instead of applying the Visiting Forces (British Commonwealth) Act to a commonwealth country, to apply this act instead? Therefore the governor in council would say, "Well, the Visiting Forces (British Commonwealth) Act is not applicable, but this one is applicable." Is that so?

Mr. Campney: I may say that this measure parallels in part the two specific acts to which reference has been made. But those two acts go very much further and cover a much wider field. They deal with many matters that are not considered in this bill. It may be desirable in a specific case to apply this measure, plus parts of either of the other acts. It is desired to maintain a position so that the governor in council may integrate the two, or utilize this act and some parts of either of the other acts in respect of the countries concerned.

Mr. Fulton: But this confers power on the governor in council to repeal or make inapplicable, with respect to a country with which we have entered into a treaty or agreement, sections of that agreement, or rather of the act implementing the agreement. I do not see why there is placed in this statute dealing with a new agreement a provision which, in effect, allows us to revoke the old agreement. I should be interested to know whether the possibility of revoking parts of the other agreements has been discussed with countries of the British commonwealth and the United States, to which those other agreements relate. Also, why is the power to revoke them or to make them inapplicable put in this measure which approves a new treaty?

Mr. Campney: I might say that discussions are at present in progress in regard to the position of the two specific statutes referred to in this section. Meantime, until they are clarified and reconciled—because there are a number of intricate matters involved in this bill as well as in the other statutes—the intention is to keep parallel power in the governor in council; to make some parts of this act applicable, if desirable, and if those parts conflict with either of the other acts, to make such parts of those acts inapplicable. This is necessary in order that there will not be two attempts to deal with the same matter.

Mr Fulton: That is what I wanted to know.

Mr. Stick: I should like to make some general remarks. In 1941 a defence treaty was entered into between Newfoundland, Canada, the United Kingdom and the United States. That was known as the protocol of March 27, 1941. An agreement was entered into during the war. This bill contains as a schedule the agreement between the parties to the North Atlantic treaty regarding the status of their forces. As I understand it, and I may be wrong, if we pass this bill with the schedule it will mean that the defence act will be amended, but does it mean also that the original agreement between Newfoundland, Canada, the United Kingdom and the United States with regard to bases in Newfoundland will be amended? There is also an arrangement between Canada and Newfoundland with regard to the Goose Bay airport. This matter is important as far as we are concerned, and I should like to have it clarified.

Mr. Campney: It is my understanding that the passage of this legislation would not automatically supersede or abrogate the existing leased bases agreement. I understand further that the interrelationship between and the effect of one upon the other are now the subject of study by the parties concerned. What the ultimate outcome will be when the discussions have been concluded I am unable to state.

Mr. Stick: I have not the record here, but I believe it was stated in the house when we were dealing with the agreement set out on page 10 that it was the result of negotiations that had been going on for two or three years with regard to the status of United States forces in Newfoundland. This matter should be clearly defined here so we will know

where we stand. Is there anything in this legislation which will contravene the agreement of 1941? As the negotiations are not completed, if the parliamentary assistant will give me assurance that this legislation will not prejudice our case I shall let the matter stand. The United States forces have been in Newfoundland for some time, and I understand that they are to be there for ninety-nine years. The relations between the United States forces and ourselves have been most cordial, and I would hate to see anything conflict with them.

Mr. Campney: It is my understanding that there may be some slight clash with the original agreement to which my hon. friend has referred. That is one of the things now under discussion by the parties to the original agreement. We cannot by a unilateral statute abrogate that other agreement; that will have to be done by mutual consent. I take it that it would be only after the parties thereto have reached agreement that the conflicts created by this legislation would be resolved.

Section agreed to.

Sections 6 to 9 inclusive agreed to.

On section 10—*Sentences.*

Mr. Herridge: Like the hon. member for Fraser Valley I am not a lawyer, but I would like the parliamentary assistant to explain this section. It reads in part:

(a) the service court shall be deemed to have been properly constituted;
(b) its proceedings shall be deemed to have been regularly conducted;
(c) the sentence shall be deemed to have been within the jurisdiction of the service court and in accordance with the law of the associated state; and
(d) if the sentence has been executed according to the tenor thereof, it shall be deemed to have been lawfully executed.

That means that if a man was improperly hanged, it shall be deemed to have been properly done.

Mr. Campney: This clause will permit visiting forces to deal with their own service personnel as though they were in their own country. While not exactly similar word for word, this section practically conforms to the wording of a similar section in the Visiting Forces (British Commonwealth) Act and in the Visiting Forces (United States of America) Act. It is a comprehensive section enabling the visiting forces to deal with their own personnel in another country without interference from the country in which the trial is taking place.

Mr. Fulton: I understand the hon. member for Kootenay West wishes to press this matter a little further, but before he does so I should like to ask the parliamentary assistant whether in the absence of some expression making it clear that you are entitled to disprove the presumption which is created, the effect of this section would be to prevent you from disproving it. The section reads:

Where any sentence has been passed by a service court within or without Canada upon a member of the navy, army or air force of an associated state, for the purposes of any legal proceedings within Canada
(a) the service court shall be deemed to have been properly constituted;

And so on. These things will all be deemed to have been done. It seems to me that this section has the force of an irrebuttable presumption. It would appear to me that great injustices could ensue because a service court of an associated state might commit a grave error in justice. Conceivably a year or eighteen months later that might be found out, but in the meantime the proceedings taken in Canada leading to the sentence or verdict of the court will be presumed to have been proper. Some words should be inserted to provide that, unless the contrary be affirmatively proved, it shall be deemed to have been in order. That would leave the door open in the event of a miscarriage of justice.

Mr. Campney: The purport of subsection 1 is to create an irrebuttable presumption as the hon. member has said, but it is based on the fact that it has been mutually deemed not advisable by the different nations which are now associated to interfere in the carrying out of justice each according to its own law and its own practice and procedure in respect of its own service personnel. I think the meaning of the provision that the service court shall be deemed to have been properly constituted is that it applies only as far as Canadian law is concerned. It is still open to dispute under the laws of the country carrying out the trial. The whole section is based on the principle that one nation will not interfere with another in the conduct of its own courts dealing with its own personnel.

Mr. Fulton: That object is desirable, but surely the section goes far beyond that. It enables the government of an associated state to carry out in Canada with respect to its nationals the results of a finding by its service court. Let me give you an illustration, as I see it. Let us say that sentence has been passed by the service court of an associated state upon one of the members of its forces who owns property within Canada, and proceedings are instituted with respect to the property in Canada of the member of the associated state's

forces. The effect of this section is to say that with respect to the property situated in Canada, in which there may be other interests as well, our courts are bound to recognize and to assume that the verdict of the foreign court was proper, although in fact there may have been some miscarriage of justice. In other words it seems to me the section goes a great deal further than merely avoiding interference with the proceedings of a foreign court because it gives effect in Canada to the verdict of the foreign court and does not enable us to question the propriety of the proceedings or the legality of the sentence.

I think it should certainly be reserved to those in Canada who may be affected by the verdict of what amounts to a foreign court to prove affirmatively that the verdict was somehow wrong and that therefore it cannot be given effect to with respect to interests in Canada. I am not referring to interests in a foreign country but only to interests in Canada.

Mr. Campney: I should like to call this fact to my hon. friend's attention with regard to the section. The section only deals with trials by service courts—that is criminal jurisdiction, practically—and not with civil rights or property or anything of that nature. The Visiting Forces (British Commonwealth) Act, which has been in effect since 1933, and therefore throughout the last war, has the same wording. Section 3, subsection 3, of that act says that for the purposes of any legal proceedings within Canada the court shall be deemed to have been properly constituted, and so on. The Visiting Forces (United States of America) Act of 1947 contains similar wording. In section 6, subsection 1, that act says that the court shall be deemed to have been properly constituted and its proceedings deemed to have been regularly conducted.

The only intention of this section of the bill is to adopt generally what has been established in one act which has been in effect for eighteen years and in another act which has been in effect for four or five years, and which seems to have worked very well. I am informed that no difficulties in the operation of either have been brought to the attention of the authorities. The intention is to apply the same section practically word for word to similar circumstances as affecting the associated nations. In that connection we must remember that in all probability—nobody can say with certainty—we will be the visiting forces much more often than we will be the receiving nation. I think this lack of interference in any country to which our forces may go is something rather to be desired from the point of view of our own forces.

Mr. Fulton: Let me point out to the parliamentary assistant that there are service offences for which men would be tried which might have consequences in Canada. Take, for instance, the case of a man accused of desertion from the armed forces of an associated state who come to Canada. He is tried in the service court of that associated state, found guilty by that court and branded as a deserter. As I understand the law at present that foreign country would have the right to demand the extradition of this person from Canada and the person in Canada would not be entitled to say: The proceedings in the court which found me a deserter are a nullity, which in fact they might have been. Therefore we would simply have to recognize that verdict and the man would have to be sent back. That is merely an example which occurs to me quickly, but I am sure similar types of situations can be multiplied. Therefore the effect of the verdict even of a service court may be of very great interest and concern to people who are in Canada.

Mr. Campney: In answer to the last observation of the hon. member, I think one must admit that cases could arise which would be cases of hardship, if you like. I am informed that in the operation of the other two statutes such cases have not arisen but they might arise. However, it seems to me that is a circumstance in which we cannot intervene. We are either going to let the other nation, whether its procedure is good, bad or indifferent or whether or not its justice is of the same high standard as ours, handle trials in disciplinary and criminal matters within its own forces or we are not. If we start to intervene by indirection or attempt to bring the matter before our courts, I am afraid we may get into more confusion than we think.

Mr. Stick: As I understand it, the National Defence Act now says that if a civilian employed by the military commits an offence within a military zone he is tried by a civilian court. Does that apply to civilians working on the United States bases in Newfoundland? We have a number of Newfoundlanders working with the Americans on United States bases. If one of them commits an offence within the confines of the base is he tried by the United States court or is he tried by the Newfoundland civil courts?

Mr. Campney: I am informed that as a result of the discussions which are going on regarding modification of the agreement to which my hon. friend referred, the civil courts will have jurisdiction; but it is one of the things still under discussion.

Mr. Stick: Even though the offence is committed within the confines of the United States base?

Mr. Campney: That is my information.

Mr. Stick: He will be tried by a civil court?

Mr. Campney: It will be possible when the modifications are put into effect.

Mr. Herridge: I am not a lawyer, but I am not at all satisfied with the explanation of the parliamentary assistant. I cannot express my objections in the language of the hon. member for Kamloops, but I certainly support his argument. I smell a certain amount of injustice in this section of the bill. As a matter of fact I had some considerable army experience in the first world war and I know what can happen sometimes when things are supposed to be right and then turn out to be wrong. I was carted five miles to a court-martial once and then they found they had the wrong man. You can understand my feelings when a question like this is involved. I do not see why parliament should pass legislation permitting any injustice to any person on Canadian soil, whether or not he is a member of other forces. This parliament is in Canada, and we in Canada believe in the rights of the individual and in giving justice to all on Canadian soil. Therefore because of our approach to the situation and the argument put forward by the hon. member for Kamloops I wish to move, by way of amendment to clause 10:

That the following words be inserted after the word "state" in line 21, "unless the contrary be affirmatively proved."

Mr. Fulton: In view of the importance attached to this matter, I wonder whether we could suggest to the parliamentary assistant that possibly the clause and the amendment should stand pending the return of the minister, or does he wish to dispose of it at the moment?

Mr. Campney: Personally I do not think any good would be gained by having the clause stand. I would rather request the hon. member to withdraw his amendment for the following reason. As I understand it, it is inherent in the whole agreement of the North Atlantic treaty countries that one nation will not interfere with the service forces of another visiting nation. I can understand the thoughts that actuated my hon. friend, but when twelve nations have agreed upon a certain line of conduct as being in the best interests of all those nations, and this after many months of difficult negotiation, if we now start amending this statute so as to interfere with that agreement we would, in effect, be reneging on the treaty. The interrelationship of the courts as among the associated nations, whether civil or military, has proven to be a very complicated subject and the cause of lengthy discussions. Finally, all the signatories to this agreement have decided on the various types of courts and jurisdictions, so I do not think I could accept the amendment. I believe that is a reasonable stand to take.

In addition, I do not see that any good purpose would be served, under these circumstances, in having the matter stand, much as I should like to accommodate my hon. friend.

Mr. Murray (Cariboo): The amendment suggests that we in Canada have the final say; that we are above all other nations. We arrogate unto ourselves the position of being supreme. What we decide is right. Of course I am not speaking as a lawyer, but other nations have their laws and they may think very highly of their codes. To support that amendment would make us appear rather ridiculous.

Mr. Fulton: I should like to deal with the point made by the parliamentary assistant, and which has been followed up by the member for Cariboo. I suggest earnestly that they have not appreciated the effect of the amendment. There is no suggestion that we should interfere in the proceedings or in the sentence of the service court of an associated power, or that we should say how they should conduct their affairs or what they shall do with their own personnel as the result of the proceedings of their court. The section, as it is presently drawn, makes it possible for results to follow in Canada, with respect to people who are in Canada, which may be deemed to be an injustice.

So long as a person is under the control of his own service court, the amendment would not have any effect on what happened. It is only when that person happens to come to Canada and not be in the control of his own forces or when the verdict of the foreign service court has an effect with respect to rights or property in Canada, that the amendment concerns itself and we concern ourselves on behalf of the rights and interests in Canada. In the amendment we are not seeking to say that the proceedings and verdicts of the foreign service court are, *ipso facto*, bad. We are not adopting any sort of arrogant attitude such as the hon. member for Cariboo has suggested; that is not it at all. We are recognizing and observing the presumption that the proceedings and verdict of the foreign service court are good, but if it is affirmatively proven in the individual case that they were not good, that there was some difficulty in the proceedings according to their own laws, surely that principle should be

allowed to stand. It should be open to someone here to bring such proof that there was a defect in the proceedings of the foreign court, according to the laws of that foreign country. That is all we are seeking to do by the amendment.

Mr. Campney: I think I understand the purport of the amendment, but it seems to me, first of all, that this does not affect property rights. It only affects criminal and service charges, as I understand it. The second thing is that it seems to me that if we were permitted by this amendment to exercise a latent jurisdiction which may become active in the administration of justice of a visiting nation in respect of its own people, we would be opening up the way for writs of habeas corpus, *quo warranto* proceedings, and all such proceedings. Each of these nations has its own procedure by way of appealing or of dealing with cases which have gone wrong, either in respect of procedure or in the result. No doubt in each case the man concerned would have access to such procedure. In my humble opinion, if we seek to exercise a review of such judgment in order to say whether the sentence was proper or the trial properly conducted, it would amount to nothing more nor less than an interference, perhaps with good intent but with bad effect, with the administration of justice of the visiting nation. In all cases under this section the visiting nation is only dealing with its own people. I do not see how the rights of other people can very well enter into the type of service trial that is envisaged by this section.

Mr. Herridge: I was rather surprised to hear the parliamentary assistant state "well, after all this does not apply to property rights, but to criminal acts". He seemed to imply that if it were a property right it would have some application, but since it only applies to human beings—

Mr. Campney: May I object to that remark. I inferred from what the hon. member for Kamloops said that there might be third parties, Canadians, who might be involved in property rights or other interests arising out of a case. I was trying to emphasize that, in my opinion, it would only be the national of the visiting country who would be concerned. Certainly I am not deprecating human life as against property rights.

Mr. Fulton: Let me clear up that point, because it seems to me that a national of a foreign country might also have an interest in property in Canada. His status is affected by the decision of the foreign court, and it may then be that his right to the property in Canada is going to be affected as a result of the decision, say as to whether or not he is a deserter. It would certainly have some bearing on property and civil rights in Canada, as well as upon the status of the foreign person.

Amendment negatived: Yeas, 12; nays, 24.

Section agreed to.

Sections 11 to 27 inclusive agreed to.

On section 28—*Coming into force.*

Mr. Fulton: Is it the intention that this act will not be proclaimed until a certain number of other countries have passed similar statutes bringing it into effect?

Mr. Campney: I cannot categorically answer the hon. member as to when it is likely to be proclaimed; but it is provided under the treaty, I think, that it cannot come into effect until at least four signatory states have ratified it.

Section agreed to.

On the schedule.

Mr. Fulton: I do not want to go over the schedule numeralled paragraph by numeralled paragraph, but may we take it article by article?

Mr. Fournier (Hull): It is repetition.

The Chairman: Is that agreed?

Mr. Campney: I am in the hands of the committee; but my understanding is that except in so far as this treaty applies to the armed forces in the limited field that has been covered by this bill, it is the subject of a more general bill that deals with the treaty itself—

Mr. Knowles: Oh, no. That is the other bill.

Mr. Campney: That is right. I was thinking of the clauses contained in the other measure. I am sorry.

Mr. Fulton: I perhaps need not make that request if I may be allowed to put a general question. The question is with respect to the recovery of judgments in the case of an accident taking place.

Mr. Fournier (Hull): Under what clause of the treaty?

Mr. Fulton: Under the schedule.

Mr. Fournier (Hull): Under what article of the schedule?

Mr. Fulton: I think it is article VIII.

Mr. Fournier (Hull): Could we carry the others and get down to article VIII?

Mr. Stick: Why not carry them all together?

Mr. Fulton: I think it is article VIII.

Mr. Fournier (Hull): Does the hon. member wish that we carry each article of the schedule?

Mr. Fulton: No. What I wanted to ask is this. My understanding with regard to the effect of article VIII, in conjunction with article VII, the preceding one—although it arises mainly under article VIII—is that damages are recovered in this way. Let us take the case of a Canadian in France doing damage to civilian property. My understanding is that the French civilian who is injured cannot recover his damages from the government of Canada as part of what is called the knock for knock agreement even though the Canadian soldier may have been on duty, but that there is nothing to prevent the French civilian from recovering a civil judgment against the Canadian soldier. As I understand it, this would then leave him the right to take out execution against the property of the soldier in Canada. It is rather a tenuous right for a French civilian, and an expensive proceeding for him to have to look to the resources of the soldier in Canada in order to recover his judgment. As I read the article, there is given to the government of the country of whose forces the soldier is a member a discretion to pay a civilian claim if it wishes; but it does not have to Normally it can be taken care of under this knock for knock agreement. Since that provision, it seems to me, would work hardship upon the civilian, I want to know whether there is any policy laid down with respect to this matter.

When I had to suffer the penance of serving in the adjutant general's branch of Canadian military headquarters in London for a short time, I remember our files were full of road accident cases where Canadian soldiers had done damage to the property of English civilians. There were cases of hardship at that time, and such cases were eventually taken care of in the United Kingdom by their over-all war damage policy with respect to their own civilians. If that had not been the case the consequent hardship would, I think, have created bad feeling between English civilians and Canadian soldiers. That sort of situation can grow into bad feeling. I am wondering whether there is any policy whatever here for the recognition of claims by the Canadian government and for payment by the Canadian government for damage done by Canadian soldiers in foreign countries to the property of civilians there, even though the Canadian government is relieved from liability under the article of this treaty.

[Mr. Stick.]

Mr. Campney: The knock for knock agreement applies only as between members of the various forces. In the case referred to by my friend earlier in his remarks, if I understood him correctly, that of the French civilian, under the provisions of the relevant article it is my understanding that the civilian would proceed in a French court against the French government; and if he recovered a judgment, the French government would then communicate—the man concerned being a Canadian soldier, of course—with the Canadian authorities and we would pay 75 per cent of the judgment and the French government would pay 25 per cent. That is the general procedure. In other words, the civilian proceeds against his own government, although another government is the ultimate one against whom the judgment is realized. There is a general arrangement among the nations that it will be on a 75-25 basis, for obvious reasons, so that both governments keep interested in the case.

Mr. Fulton: Is it not necessary that the French government should recover a judgment or that the Canadian soldier should be proceeded against to find out whether he was negligent?

Mr. Campney: I think paragraph (a) of section 5 of article VIII probably deals with that point. It reads as follows:

> Claims shall be filed, considered and settled or adjudicated in accordance with the laws and regulations of the receiving state with respect to claims arising from the activities of its own armed forces.

Mr. Fulton: It is the government of the country visited—that is France in this case—that is responsible for 75 per cent of the damage?

Mr. Campney: Twenty-five per cent. If it were a Canadian soldier, the French government would be responsible ultimately for 25 per cent of the judgment.

Mr. Stick: In article VII, paragraph 9 (d) we find this:

> to have compulsory process for obtaining witnesses in his favour, if they are within the jurisdiction of the receiving state.

Does that mean the same as what was referred to previously here this afternoon, that when you want a witness you apply to the receiving state and have the summons issued by the receiving state for the appearance of the witness?

Mr. Campney: Yes.

Mr. Stick: Paragraph 10 (b) of article VII reads:

> outside these premises, such military police shall be employed only subject to arrangements with the authorities of the receiving state and in liaison with

those authorities, and in so far as such employment is necessary to maintain discipline and order among the members of the force.

I am glad that provision is there. During the last war we had Canadian and United States forces in Newfoundland, and we found that military police were sometimes usurping the authority of the civil police. There was confusion as to which jurisdiction applied, whether the military police had jurisdiction outside the military bases or otherwise. This provision seems to be the result of the experience we had in Newfoundland. Now I see this clause to the effect that they work in conjunction with the civil authorities. I am happy to have that provision there because it is going to clear up a situation in Newfoundland which we wanted cleared up. But with respect to the question of compulsory witnesses, I take it the process will be the same as in the bill we passed earlier this afternoon. If you want a witness you apply to the civil authorities, who issue a summons for that witness to appear. Does that apply here?

Mr. Campney: That section was passed.

Section agreed to.

Title agreed to.

Bill reported.

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

Mr. Green: Next sitting of the house.

Mr. Speaker: Next sitting.

FINANCIAL ADMINISTRATION

PROVISION FOR CONSOLIDATION AND REVISION OF CERTAIN ACTS, AUDIT OF PUBLIC ACCOUNTS, FINANCIAL CONTROL OF CROWN CORPORATIONS, ETC.

Hon. Alphonse Fournier (for the Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to consolidate and revise the Department of Finance and Treasury Board Act and the Consolidated Revenue and Audit Act, 1931, and certain other acts; to provide for the organization and functions of the treasury board and the Department of Finance, and the appointment and functions of the comptroller of the treasury; to regulate the collection, management and disbursement of public money, public borrowing, the management of the public debt, and the acquisition, recording and issue of public stores; to provide for the keeping of adequate public accounts, the audit thereof, and the appointment, salary and functions of the Auditor General of Canada; to provide for the control of the financial affairs of crown corporations; to regulate the terms and conditions upon which contracts may be made on behalf of His Majesty; to provide a procedure for the write-off of debts owing to His Majesty that have become uncollectible; and to provide for the management of the consolidated revenue fund and for the making of certain payments therefrom.

Mr. Green: Will the parliamentary assistant give us an explanation?

Mr. Fournier (Hull): In committee.

Mr. Fulton: In view of the importance of the measure, could we have a statement at this stage?

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): I am entirely in the hands of the house. This bill is, in the main, a revision of the Consolidated Revenue and Audit Act, first introduced in 1878 and patterned at that time on the British act of 1866. It had no substantial revision until 1931, when Right Hon. R. B. Bennett, who was also minister of finance at the time, introduced the first major amendments. He gave as the reason the very great change in the financial scope of federal government affairs in the period between 1878 and 1931. I might say a very excellent job of revision was done at that time. The bill was referred to the public accounts committee.

Hon. members will agree that there has been just as much change in federal government activity between 1931 and 1951 as there was in the years between 1878 and 1931. Branches of the government administration have been increasingly aware of the limitations of the 1931 act, and this was made the subject of a special study by the public accounts committee two years ago. As a consequence the Minister of Finance (Mr. Abbott) introduced this resolution and a bill on June 25, 1951, not with the intent of passage at that time, but to enable the bill to be put into the hands of all members to study before being reintroduced at this session. The bill is an extremely technical one, of application to every phase of government activity, and I know that hon. members welcomed the opportunity for detailed study over the past recess.

When the minister introduced the bill last session he made a very full explanation of the general principles. He expected to be here to reintroduce the bill at this session, but he has had to attend the NATO meeting and will not return until the end of the month. Since it is desired to get this bill through this session, the minister has asked me to reintroduce the resolution at this session. It is of course the intention to refer the bill immediately to the public accounts committee, which is well qualified for this task because of the study it made two years ago. I do not expect that the house will want me to read the full explanation given

by the minister, since it is in *Hansard* of June 25, 1951. If there is any desire for it I have prepared a short summary of the minister's speech at that time, which I will be prepared to read.

Mr. Green: The parliamentary assistant had better give us that.

Mr. Sinclair: This is the first time I have ever read a speech in the house, and I read very badly. Therefore I hope hon. members will put up with it.

Mr. Green: You read the one you made a minute ago.

Mr. Sinclair: The hon. member for Vancouver-Quadra has always referred to that as following his notes very carefully.

The resolution seeks to reintroduce a measure providing for the financial administration of the government of Canada, the audit of the public accounts and the financial control of crown corporations. The measure is in substantially the same form as the bill which was introduced by the Minister of Finance at the last session of parliament and given first reading on June 25, 1951.

As the minister pointed out, the purpose of the measure is threefold. In the first place it is designed to provide the organizational and procedural framework for the financial administration of the government of Canada. As such it will constitute a consolidation and modernization in simplified, clarified and amended form of the provisions now included in the Department of Finance and Treasury Board Act, the Consolidated Revenue and Audit Act, 1931, and various other statutes. In the second place it will provide the statutory authority for departments to operate central stores accounts on a basis similar in principle to that provided in the Department of Transport Stores Act; and in the third place it is proposed to establish a more uniform and comprehensive system for regulating the financial relationships between the government and its crown corporations.

In replacing the Consolidated Revenue and Audit Act and the main portion of the Department of Finance and Treasury Board Act the new bill will define the powers and functions of the minister and the Department of Finance, the treasury board, the auditor general and the comptroller of the treasury. It will provide for managing the consolidated revenue fund and for regulating the manner in which public moneys may be paid into and out of the fund. It will determine the accounting requirements to be observed in receiving, managing and disbursing public money, and will prescribe the general form and content of the public accounts. It will clarify the present statutory provision relating to public borrowing and the managing of the public debt.

As the minister pointed out, the bill will define more clearly the powers in the field of operation of the treasury board. It will provide for the board to advise the governor in council on financial matters and on conditions of employment and general administrative policy in the public service. It will include specific provision for the board to make regulations with respect to the collection, management and administration of and accounting for public money, the keeping of records of public property, and the administration of the public service; and, when authorized by the governor in council, to perform certain administrative duties now performed by the council under the civil service and certain pensions and superannuation acts. By relieving council of some of these routine matters, there will be a considerable reduction in the volume of work which now comes before it. Moreover, it will mean that many of these matters which are now referred to the treasury board before being considered in council will be dealt with more expeditiously than in the past.

The bill carefully preserves the auditor general's independence, and reaffirms his special status as a servant of parliament. The anomalous requirement in the present legislation whereby the auditor general, if so directed by the governor in council, must audit the accounts of any branch of the public service before payment, will not be re-enacted. This provision has seemed to be quite inconsistent with his position as an officer independent of the executive, and under the new bill it is proposed that he will not be required to commit himself to the propriety of expenditures before payment.

Under present legislation it is the statutory duty of the comptroller of the treasury to undertake these prepayment examinations and to satisfy himself that there is adequate authority for all disbursements, and that there are sufficient unencumbered balances available in the relevant appropriations to cover them. The new bill re-enacts these provisions in substantially unchanged form, with only such additions as experience has shown are desirable. In consequence, the control of commitments and of issues out of the consolidated revenue fund will continue to be the special responsibility of the comptroller. In addition, however, provision will be made for the comptroller to furnish accounting services in connection with the collection of the revenue and to examine the collecting and accounting practices of departments when required to do so.

Among the new provisions of the bill it is proposed that there will be a specific but limited authority to write off certain uncollectable debts owing to the crown, which have been outstanding for a number of years. There is at the present time no parliamentary authority to write off such debts, and considerable expense is involved for departments in the maintenance of records of claims that are in fact worthless. The public accounts committee has from time to time considered the problem of dealing with these items, and in 1950 it suggested that consideration be given to the establishment of a procedure for writing off amounts which have been outstanding for ten years or more. The procedure proposed in the bill provides the means for dealing systematically with certain of these bad debts, and it is commended to the house for its consideration.

Another new provision relates to the authority of the government to implement guarantees which it has given under any act of parliament without requiring any further appropriation or parliamentary authority for the purpose. In the house last June the Minister of Finance (Mr. Abbott) indicated that he believed this to be a matter of the utmost importance, and that there should be no doubt as to the authority of the government to implement the terms of any guarantee which parliament had authorized it to make.

It is proposed to include specific provision making it clear that the Minister of Finance may invest balances of public moneys not immediately required for use in securities of Canada, and to provide statutory directions as to the accounting treatment to be given profits and losses incidental to those investment operations.

The new bill will also establish a system for the control of public stores, similar in principle to that now followed under the Department of Transport Stores Act. By providing comprehensive legislation that may be applied to the stores of any department, improved accounting and budgeting procedures will be available which will assist the department in securing the benefits of centralized purchasing and warehousing practices, while yet preserving for parliament the control of appropriations.

An important feature of the new bill is that it will establish a comprehensive pattern for the financial relationships between the government and its crown corporations. It has not seemed desirable to deal with all these bodies on the same basis, for it is clear from an examination of the legislation under which existing corporations were established that parliament has not granted to them all the same degree of independence and autonomy.

In the bill, as the minister explained last summer, three classes of crown corporations are distinguished. The first class consists of those corporations that are responsible for administrative, supervisory or regulatory services and are subject to the more or less continuous day to day control and direction of government or of a minister. It is proposed that these departmental corporations, as they are called, will be dealt with as at present generally in the same manner as departments of government.

The second class consists of those crown corporations that manage lending or financial operations or produce or deal in goods and supply services to the public on a commercial basis. These proprietary corporations, as they are generally termed, are not normally dependent upon parliamentary appropriations for their operating expenses. They are generally expected to pay their own way, and in the acts under which they are incorporated they have usually been given a considerable degree of managerial freedom. It is proposed in the bill that they be left free to control their own operating budgets and contractual commitments, but it is provided that their capital budgets must be submitted for approval of the governor in council and laid before parliament.

Mr. Green: Could we have an example?

Mr. Sinclair: Polymer.

In the third class are those corporations legally agents of the crown and which manage trading or service operations on a quasi-commercial basis, or operate procurement, construction or disposal activities on behalf of the crown. The corporations in this group are frequently dependent directly or indirectly on appropriations from parliament to meet all or part of their operating deficits and for this reason it has seemed proper that they should be subject to a somewhat greater measure of financial control than proprietary corporations. Consequently in addition to requiring their capital budgets to be approved by the governor in council and laid before parliament, it is proposed that their operating budgets should be subject to ministerial approval, and that the conditions under which they may enter into contractual commitments should be prescribed by the governor in council.

Mr. Green: Would that be War Assets Corporation?

Mr. Sinclair: Yes, and Canadian Commercial Corporation; groups like that.

As the minister pointed out, it is proposed that, except for the provisions I have just noted, the crown corporations part of the bill should apply to both agency and proprietary corporations. We are seeking to establish a pattern and to lay the foundation for more uniform and systematic financial relationships between the government and parliament on the one hand and the several classes of crown corporations on the other. In general the legislation is intended to deal with those matters which the present acts do not cover, but in the event that there is any inconsistency between the provisions of this part and any other act, it is specifically provided that the latter prevails.

As I have indicated, it is proposed that the capital budgets of both agency and proprietary corporations, as approved by the governor in council, should be laid before parliament. Agency corporations will also be required to submit their operating budgets for ministerial approval and to undertake their contractual commitments in accordance with conditions prescribed by the governor in council. For both agency and proprietary corporations, provision will be made for meeting emergency working capital requirements, for regulating the establishment of reserves and banking accounts, and the treatment of surplus moneys. The bill will also include provision requiring corporations to keep proper books of account, and to make annual reports to the appropriate minister to be laid before parliament with the corporations' audited financial statements. The auditor will be required to report on the financial affairs of the corporation in terms specified in the bill—terms, I might say, which are somewhat more stringent than the present Companies Act requirements. As the minister pointed out last session it is also proposed to qualify the Auditor General to act as the auditor or a joint auditor of a crown corporation in any case in which he is not now eligible for appointment.

I think, Mr. Speaker, I have referred to most of the significant aspects of the bill. There are other proposed provisions relating to the transfer of crown property, placing the government officers guarantee fund on a statutory basis, the recovery of debts due to the crown, the authorization of remissions, civil liabilities and offences and certain other matters, but I would suggest that it is more fitting that these should be explained in detail in committee. A number of existing statutes will be repealed and these are listed in a schedule to the bill.

The bill will provide more efficient procedures for the regulation and control of the financial transactions of the government and for the management of public stores and property. It will lay the foundation for a more satisfactory relationship between the government and parliament on the one hand, and corporations on the other. In so doing, it will enable parliament to receive a fuller accounting of the way in which public moneys have been received and spent.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, the subject matter of the resolution before the house is probably one of the most important that can come before any parliament, dealing as it does with the question of the efficient handling of public funds. Because, after all, it is almost a self-evident fact that nothing is of such importance to a nation, in the realm of everyday affairs at any rate, as what happens to the money a government takes from the people, how much it takes, and what it does with that money when it takes it under its control. Unfortunately, however, though one of the most important matters that can ever come before a parliament, this same subject matter is perhaps one of the driest and, unfortunately, the most complicated and technical. We always seem to get into dull and technical discussions when dealing with affairs of this kind.

I am sure the house will understand and agree when I say that in the light of those facts and the very general—and quite properly general—review given by the parliamentary assistant by way of introduction to the resolution, no comments in detail upon the contents of the proposed measure either should or could be made at this time. The detail can be left either until the resolution is in committee or the bill which is to follow is referred to the committee on banking and commerce. First let me say that the proposal to refer the measure to the banking and commerce committee—

Mr. Sinclair: The public accounts committee.

Mr. Fulton: I am in entire agreement with that. As the parliamentary assistant has pointed out, many of the suggestions being incorporated into this measure have resulted from recommendations made by the public accounts committee as a result of studies it has made from time to time of the public accounts and the evidence it has had presented to it. However, I must say that it is going to be difficult for the public accounts committee at this session to give this measure the study which it deserves. As has already been suggested, this session could be known as the cost of living session, but it appears to me it is rapidly qualifying for the name of the committee session. The rapidity with

which committees are springing up is becoming somewhat bewildering, and the tendency of those committees to bog down is becoming equally discouraging.

We now have another important committee looming on the horizon to deal with this matter. It is not to be suggested that we are wishing to stall in any sense, but this is a most important matter affecting the Consolidated Revenue and Audit Act and the legislation regulating the treasury and other matters concerning the public accounts. These matters are up for general revision at such infrequent intervals that it seems to me this committee must undertake its work in the determination not necessarily to delay but also not to allow any undue pressure to be put upon it to finish up its work in a hurry so that all considerations which should be gone into cannot be dealt with. Apart from the multiplicity of committees, this particular committee should not allow itself to be placed under pressure because this session is presumably going to wind up before Christmas, and thus give this task incomplete attention.

That having been said, I should like to turn for a moment to some general considerations which occur in discussing the Consolidated Revenue and Audit Act. As I have said, it is not desirable at this time to go into detail, but this resolution does give us an opportunity to say a word or two on the whole question of government expenditure and government economies. I am not going to rehearse all the controversy which has been raised in the past over whether the government is wasting our money. Charges have been made to that effect and in my view they are fully substantiated by the review of the estimates for the year and the tabling of the special tabulation of expenditures with this year's estimates.

I do feel that advantage should be taken of this opportunity to advocate a control by parliament through properly constituted agencies over government spending so that parliament itself can effect some economies. I think it will be agreed when we consider what has happened in the past few years that it is fairly obvious that parliament has not had an opportunity to bring about any savings in the expenditure of public funds. I am referring particularly to the procedure followed when we review the estimates. We know from experience that any suggestion we make that an item be reduced is regarded as a vote of want of confidence in the government. That was our experience when we moved a reduction in an item two years ago. The minister reacted immediately and said that the reduction would be taken as a vote of want of confidence, and the suggestion was dealt with upon that basis.

It must be remembered that practically the only opportunity of parliament to directly control the spending of money is through our review of the estimates each year. If the suggestion of a reduction is to be treated as a vote of want of confidence then that opportunity becomes completely illusory. It seems extremely likely that in the course of things that approach to the question in committee of supply will continue. I do not think it is unfair for me to say that unless the government has a change of mind we will not be able to accomplish any savings by the review which we give to estimates in committee of supply. We can get explanations and we can perhaps expose extravagance, but I am referring to what I regard as one of the most important tasks of parliament, that is to bring about by its own control over the expenditure of money reductions in expenditures which will be reflected in the amount of money the government takes from the people through the taxes.

I feel it is important in considering the legislation to be based on this resolution to approach the matter from that point of view and to see whether this revision provides a method by which parliament can effectively curtail expenditures after a proper review and discussion of the proposed expenditures on their merits, rather than having such proposals treated as indicating a want of confidence in the government.

It seems to me that a method could be devised under which all parties in the house and all hon. members could study proposed expenditures in an impartial way, in the sense of its being non-partisan, and without every suggestion that a reduction be made being taken as a reflection upon the wisdom of the government. When almost every day brings situations which increase the likelihood of expenditures in order to meet them, surely every opportunity must be given of finding ways and means of reducing expenditures. We should have the opportunity of examining whether the burden placed upon the government to meet these crises is not so intolerable that our whole system might be in danger of breaking down. I think it is axiomatic that at the present time the most important task facing this government and all public legislative bodies is to find ways and means of reducing expenditures and effecting economies without at the same time either curtailing essential defence expenditures or introducing such a rigorous elimination of spending as in effect to bring about a break-down of the actual

administrative machinery. If we can find a happy medium I think we will have solved one of the most pressing and urgent problems of our day, but one which I must confess it seems to me at the moment we are very far from solving.

With these general remarks, let me turn to some matters which come under more particular headings. One of the things which the parliamentary assistant has said this legislation is designed to do is to provide a more effective method of giving parliament a degree of supervision over public borrowing and the public debt. In that connection there is one remark I want to make at this time because I think it is something that should be said. I believe there is room for grave reproach of the government at the present time with respect to the way in which it has interfered, indirectly it must be confessed but nevertheless interfered, with the value of government bonds. It is reported in the press today that as a result of the policy of the Bank of Canada the value of government bonds has depreciated further to the extent of anything up to $1.30 on $100. I think that is one of the most dangerous things the government can do, because it seems to me the result can only be to destroy confidence in the obligations of the Dominion of Canada. If, in addition to the disturbance and uneasiness of mind of our people as a result of the present inflationary trend and the decrease in the purchasing power of our dollar, we have added any suggestion that as a matter of deliberate policy the value of securities with the backing of the Dominion of Canada is to be depreciated, I think the results will be disastrous.

Mr. Sinclair: Because this matter is of great importance, would the hon. member give me the source of his assertion that it was action by the Bank of Canada which resulted in that drop in government bonds?

Mr. Fulton: I have not the article with me. I will get it later, but I think I can summarize it now. It is in today's press, and the same general assertions have been made in articles previously; that the Bank of Canada formerly supported the market for Dominion of Canada bonds by issuing quotations of the prices at which it would purchase bonds of various issues. I remember that a year and a half ago, certainly not more than two years ago, most of the Dominion of Canada bonds issued during the war were quoted on the market at well over their $100 face value. However, within the last two years the Bank of Canada has withdrawn that support from the bond market, and because of that withdrawal of support the market quotations for bonds have been dropping until in many cases war loan bonds are now quoted at less than par.

The article which I saw today refers to a further quite substantial drop which has just taken place in recent days. It is because of the withdrawal of support of the bond market by the Bank of Canada that the drop in market quotations has taken place. Don't let the parliamentary assistant tell me that does not mean that the bonds will be redeemed at less than par. I know that as well as he does.

Mr. Sinclair: You are anticipating me. All I am going to say is that in the same press account from New York there is a statement by the Bank of Canada saying that they had not taken any such action, that they were neither supporting nor withdrawing their support of the bonds. That is in the very same statement to which the hon. member referred, and I think I should point that out in all fairness since I did not expect to be called on in this regard. It is important that an answer should be made, and on Monday at three o'clock I will be glad to make a statement on this very important problem.

Mr. Fulton: I am glad to hear that because I agree with the parliamentary assistant it is a matter of sufficient importance to call for a statement. I shall leave it at that for the moment. Certainly the understanding in the financial papers and the daily press is that it is the result of the action of the Bank of Canada in withdrawing support from the bond market. If the parliamentary assistant can clear up that matter, if in his statement he will say anything to indicate to the people of Canada that they need not have any concern that the bonds which they bought at $100 will become worth less than $100 as a result of government policy, then I for one will welcome that statement. I think it is a statement which should have been made some time ago. I hope it will not be confined to a statement merely that when the bonds come due for redemption they will be redeemed at par. That does not help the situation at all because these bonds are the same as currency today. When they were sold people were encouraged to buy them on the basis that their bonds would be freely negotiable, and up to the present time they have been.

Of what value to a person today is a bond which has a face value of $100 and will be redeemed at $100 in ten years' time, when perhaps the purchasing power of the dollar will have dropped still further, if today it will only fetch $95 on the market? That situation can only have the effect of

creating uneasiness as to the value of Dominion of Canada securities, and confidence will not be restored by the plain statement that at the end of their term they will be redeemed at par. The holder of a Dominion of Canada security today is not interested in what he will get for it in ten years' time. He wants to know whether it is worth 100 cents on the dollar today. I make these remarks because of the reference of the parliamentary assistant to supervision of public borrowing and the public debt.

Then I should like to repeat a suggestion I have made before, though I am not going to do so in detail, that there should be what amounts to, for want of a better word, a budget committee. I referred a moment ago to the problem which I believe above all others confronts all governments today, the problem of effecting economies. I have said before and I repeat, because I still believe it, that I am prepared to pay tribute to the work the treasury board does in trying to keep our expenditures down to a minimum. The treasury board is not always popular.

Mr. Sinclair: Never popular.

Mr. Fulton: I myself, when an estimate I have been anxious to see included is not there, am apt to curse the treasury board; but in spite of individual irritations I nevertheless feel we should occasionally give a word of commendation to the treasury board on the work that it does. I feel that in some respects its scope should be enlarged. I have said before, and I repeat, that I believe there should be a committee, whether it is simply the treasury board, an enlarged treasury board or a separate body, which can review the over-all financial situation of the government and the country at the beginning of every year about the time the estimates are being compiled. Then I believe it could consider these estimates, not only from the straight dollars and cents aspect, that is how much we could cut off across the board, but what general headings of expenditure should be given priority and where the large reductions should be made.

I am going to make a few suggestions as to how this committee might go about that. It may well be that these suggestions could be shot full of holes, but I merely give them to illustrate the type of approach I have in mind. I believe there is a great deal too much spent on government publicity and advertising. What I have in mind is that this committee might say, after looking at all the glossy reports of departmental and extra-departmental activities, the curricular and extracurricular work of the heads of these departments, "We think substantial savings could be made. We are, therefore, going to go through every publicity item of every department and reduce the expenditure on publicity to a minimum of say $2 million". That might be the approach of such a committee. "However, with respect to defence, and with respect to projects under the departments of agriculture and public works which are themselves going to be productive of increased revenue and development of the country, we shall consider those in an entirely different frame of mind." I believe that if the committee were to go over the annual forecast of expenditures in that frame of mind we could reduce non-essentials to the bone without actually interfering with the essential expenditures or reducing them below the danger point.

While discussing this measure I shall venture to repeat a suggestion we have made in the past. I do this to some extent for the purpose of refuting claims that we are always indulging in generalities, and never putting forward any particular suggestions. I suggest that the competing efforts of government publicity bureaux, which I believe result to a large extent in the heavy expenditures under that heading, could be eliminated by setting up a consolidated bureau to deal with the necessary publicity for all departments in exactly the same way, and for the same reason, that there has been set up in the past the printing bureau, the bureau for translations and such other centralized bureaux to deal with the common activities of government departments, instead of letting each one compete with the other for that type of work.

Dealing with another general heading to which the parliamentary assistant referred, the question of crown corporations, I must say I welcomed the statement that the approach in this bill would be to bring crown corporations within the control of parliament. I believe that is an accurate summary of what the parliamentary assistant said. I do not mean to bring their actual running and administration within the control of parliament; that has never been the suggestion put forward by those of us who have occasionally objected strongly that crown corporations seem to be too remote. We recognize, as anyone must recognize today, the necessity for delegated authority, the necessity for power within a department to administer, free from a multiplicity of controls and checks which would produce inefficiency. What we have had in mind is not that the day to day administration of these corporations must be supervised by parliament, but simply that the over-all policies and the way in which the administration is carried on should be brought within the scope of parliamentary review and

presented to us at least once a year in a manner that we can understand. In that way we would be enabled not only to get a financial picture of the result of that operation, but to get a grasp of the policy which is being followed within the department and within the government with respect to the administration and general purposes for which the corporation was set up. If that is to be the result of the portion of the act dealing with crown corporations, then it will go a long way toward meeting the objections we have advanced from time to time.

I find there were other notes I had with respect to matters which might be discussed at this time, but I think they are matters of detail which can be left until later. I shall not take any more time today, except to close on the same note on which I began, that I believe this legislation is probably amongst the most important which can ever come before any parliament. If we can find in it, and in our review of it, any method by which we may be able to come to grips with this problem of reducing government expenditures, then however long we may spend on this study the time will be well spent.

On motion of Mr. Knowles the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull) moved the adjournment of the house.

He said: On Monday we really hope to conclude the debate on the address and then proceed with Bill No. 18, an act to provide for the establishment of an agricultural products board, if the minister is here on that day. We would then take up third reading of Bills Nos. 21 and 22. Since Monday is a long day, perhaps I should mention Bill No. 19, an act to amend the Bills of Exchange Act, and the debate on this resolution concerning the financial bill. We could add the act to approve the financial agreement between Canada and the United Kingdom.

Motion agreed to and the house adjourned at six o'clock.

HOUSE OF COMMONS

Monday, November 19, 1951

The house met at 2.30 p.m.

COMMITTEES OF THE HOUSE

RADIO BROADCASTING—RAILWAY LEGISLATION—CHANGES IN PERSONNEL

Hon. Alphonse Fournier (Minister of Public Works) moved:

That the name of Mr. Knowles be substituted for that of Mr. Knight on the special committee on radio broadcasting.

That the name of Mr. Wylie be substituted for that of Mr. Low on the special committee on railway legislation.

Motion agreed to.

QUESTIONS

DEFENCE PRODUCTION—PRIME CONTRACTS—DISTRIBUTION OF SUBCONTRACTS

Mr. Coldwell:

1. What is the approximate total value of the prime contracts dealt with by the small industries division of the production branch of the Department of Defence Production from April 1, 1951 to date, concerning which this division has distributed information to enable subcontractors to approach prime contracting firms for possible subcontracts?

2. What effect has the activities of this division had to date on the distribution of subcontracts?

Mr. McIlraith:

1. The small industries division of the Department of Defence Production is a service division and it is, therefore, impossible to measure in quantitative terms the exact effect of its activities on the distribution of subcontracts throughout Canada. One method whereby subcontractors are kept advised of all prime contracts placed by the department is through the distribution twice a month of a list of all unclassified contracts over $10,000. The division has interviewed officials of some twelve hundred firms and there is no doubt that the work which the division is doing is helping to effect a wider distribution of subcontracts.

2. Answered by No. 1.

RUSTICO HARBOUR, P.E.I.—USE OF DRAGGER BOATS

Mr. McLure:

Will provision be made for the Rustico harbour fishermen in order that they may be able to use the new type dragger boats?

Mr. Fournier (Hull): The matter of deepening the entrance channel to Rustico harbour is under consideration. However, as this would be a large expenditure, it is being given further study.

PRIME MINISTER'S RESIDENCE—EAST BLOCK—ALTERATIONS

Mr. Fulton:

1. With reference to the contract let to A. I. Garvock for structural alterations to the official residence at 24 Sussex street, what was (a) the percentage or rate of fixed fee; (b) the amount paid the contractor under this heading?

2. With reference to the contract for work to the east block awarded to Doran Construction Company, what was (a) the percentage or rate of fixed fee; (b) the amount paid or to be paid to the contractor under this heading?

3. Are these amounts included in or additional to the amounts of $284,220.56 and $912,849.51 respectively, previously indicated as the cost of these respective operations?

Mr. Fournier (Hull):

24 Sussex street:

1. (a) Fixed fee of $10,000 on expenditure up to $168,000, plus 5 per cent on additional expenditure, such latter fee not to exceed $4,475; (b) $13,948.75.

East block:

2. (a) Fixed fee amounting to $11,300 on $161,300 plus 6 per cent on additional expenditure up to $625,000 plus 5 per cent on expenditure over $625,000; (b) $49,613.40 (paid).

3. Included.

VETERANS—QUESTION AS TO OVERPAYMENT FOR DENTAL SERVICES

Mr. McLure:

1. Were any claims made by the Department of Veterans Affairs against dentists for alleged overpayment for dental services to veterans during the years 1945 to 1951? If so, how many?

2. What number from each of the ten provinces?

3. What number of such claims, if any, are still before the courts?

4. How many cases were paid under protest?

Mr. Mutch: Mr. Speaker, here again I have spoken to the hon. gentleman who asked the question. I am informed that to answer the question in its present form it would require the examination of some 700,000 files. I have agreed to bring the information that I have to the attention of the hon. gentleman with the view to seeing whether I can satisfy him; otherwise he may rephrase the question.

Mr. Speaker: Dropped.

Questions

ESTABLISHMENT OF INDUSTRIES IN CANADA BY FOREIGN COUNTRIES

Mr. Brooks:

1. What is the number of industries established by foreign countries, other than the United States, in Canada, since January 1, 1946, to the present time?
2. How many in each of the provinces, respectively?
3. In each case, what is (a) the country of origin; (b) the amount of capital invested; (c) the product being manufactured?

Mr. McIlraith:

1. 136 plants were established during that period.

2. Ontario, 61; Quebec, 59; Newfoundland, 5; Nova Scotia, 5; Alberta, 3; British Columbia, 2; New Brunswick, 1.

3. (a) Ontario—United Kingdom, 52; Sweden, 3; Germany, 2; Australia, 1; Czechoslovakia, 1; France, 1; Holland, 1.

Quebec—United Kingdom, 31; France, 11; Czechoslovakia, 4; Germany, 3; Switzerland, 3; Belgium, 1; Columbia, 1; Greece, 1; Holland, 1; Hungary, 1; Italy, 1; Roumania, 1.

Newfoundland—Germany, 5.

Nova Scotia—United Kingdom, 3; Czechoslovakia, 1; Germany, 1.

Alberta—United Kingdom, 2; Sweden, 1.

British Columbia—United Kingdom, 1; France, 1.

New Brunswick—United Kingdom, 1.

3. (b) Non-resident (excluding United States) direct investments in manufacturing enterprises that have established or are in the course of establishing in Canada during the period January 1, 1946, to November 15, 1951, by provinces:

Ontario, $36,000,000; Quebec, $16,000,000; Newfoundland, not available; Nova Scotia, $1,700,000; Alberta, $560,000; British Columbia, $800,000 (estimated); New Brunswick, $500,000 (estimated).

3. (c) Ontario—Food and beverages, 6; Textiles (ex clothing), 4; Clothing (textiles and fur), 3; Wood products, 3; Paper products, 1; Printing and publishing, 1; Iron and steel products, 19; Electrical apparatus and supplies, 6; Non-metallic mineral products, 1; Chemical products, 9; Transportation equipment, 6; Miscellaneous products, 2.

Quebec—Food and beverages, 1; Health products, 2; Textiles (ex clothing), 14; Clothing (textiles and fur), 5; Wood products, 2; Iron and steel products, 10; Non-ferrous metals products, 3; Electrical apparatus and supplies, 2; Non-metallic mineral products, 3; Chemical products, 5; Transportation equipment, 4; Miscellaneous products, 8.

[Mr. Speaker.]

Newfoundland—Leather products, 2; Textiles (ex clothing), 1; Clothing (textiles and fur), 1; Iron and steel products, 1.

Nova Scotia—Food and beverages, 1; Clothing (textiles and fur), 1; Non-ferrous metal products, 1; Electrical apparatus and supplies, 1; Transportation equipment, 1.

Alberta—Wood products, 1; Iron and steel products, 1; Chemical products, 1.

British Columbia—Wood products, 1; Iron and steel products, 1.

New Brunswick—Printing and publishing, 1.

WHEAT—SALES DURING CROP YEAR 1950-51

Mr. Fair:

1. What quantity of wheat was sold under the international wheat agreement, during the crop year 1950-51?
2. What average price per bushel was obtained?
3. During the same period what quantity of class II wheat was sold?
4. What was the average price per bushel obtained?
5. For the same period, what quantity was sold to Canadian millers for Canadian consumption as flour?
6. At what price per bushel was this wheat sold?

Mr. McIlraith:

1. Answer to this question will be contained in the annual report of the Canadian wheat board for the crop year 1950-51, the compilation of which is now in process.

2, 3, 4, 5 and 6. See answer to No. 1.

THE ROYAL TOUR—SELECTION OF TRAIN CREWS IN ATLANTIC REGION

Mr. MacLean (Cape Breton North and Victoria):

1. What plan was followed by the Canadian National Railways in selecting train crews in the Atlantic region in connection with the royal visit?
2. Were the following factors considered (a) security; (b) good record; (c) experience?
3. Who recommended the selections?
4. Were they approved by the general manager of the Atlantic region?
5. What are the names, with length of service in each case of (a) conductors; (b) trainmen; (c) locomotive engineers; (d) firemen; (e) electricians?

Mr. Chevrier:

The Canadian National Railways advise as follows:

1. The plan followed in selecting such personnel was to ensure the assignment of men competent in their work, and where fitness and ability were equal, seniority governed.

2. Yes.

3. Selections were recommended by "local railway officers in each territory".

4. Yes.

5. See statement following.

Royal Train
Train and Engine Crews—Atlantic Region

Name	Occupation	Length of Railway Service	From	To
		Years		
Lemieux, J. M.	Engineman	26	Riviere du Loup	Mont Joli
Morency, J. A.	Fireman	10	"	"
Labbe, J. L. U.	Conductor	35	"	"
Norton, J. T. W.	Brakeman	11	"	"
Belzile, S.	Brakeman	10	"	"
Lee, C.	Engineman	32	Mont Joli	Campbellton
Gallant, J. H.	Fireman	9	"	"
Pelletier, O. Z.	Conductor	34	"	"
Smith, J. E.	Brakeman	34	"	"
Cote, C. H.	Brakeman	9	"	"
Leger, E.	Engineman	47	Campbellton	Newcastle
Wright, W. M.	Fireman	35	"	"
Jamieson, W. F.	Conductor	41	"	"
Campbell, J. R.	Brakeman	11	"	"
Perry, G. D.	Brakeman	12	"	"
Matthews, W. A.	Engineman	41	Newcastle	Fredericton
Campbell, D. M.	Fireman	9	"	"
Huestis, H. S.	Engineman	23	"	"
Thornton, F. L.	Fireman	8	"	"
Mountain, D. M.	Conductor	38	"	"
Taylor, J. A.	Brakeman	8	"	"
Bailey, F. F.	Brakeman	35	"	"
Beers, F.	Engineman	36	Saint John	Moncton
Ward, R. W.	Fireman	15	"	"
Bovard, E. W.	Conductor	44	"	"
Caddell, W. L.	Brakeman	23	"	"
Lutes, D. C.	Brakeman	12	"	"
Keith, P. W.	Engineman	34	Halifax	Sackville
Hicks, M.	Fireman	11	"	"
Renton, Noble	Conductor	41	"	"
Mitton, M. E.	Brakeman	10	"	"
Fairweather, J. B.	Brakeman	11	"	"
MacDonald, C. P.	Engineman	35	Sackville	Cape Tormentine
Johnson, G. T.	Fireman	10	"	"
McAleese, E. L.	Conductor	33	"	"
Murray, D. B.	Brakeman	11	"	"
Tamlyn, H. F.	Brakeman	12	"	"
Condon, W. J.	Engineman	40	Moncton	Halifax
Yuill, A. A.	Fireman	10	"	"
Bilby, J. G.	Conductor	39	"	"
Dixon, I. P.	Brakeman	35	"	"
McInnes, V. M.	Brakeman	14	"	"
Paquet, J. J.	Engineman	37	Borden	Charlottetown
Mitchell, R. G.	Fireman	13	"	"
Doyle, W. G.	Conductor	33	"	"
Godkin, G. A.	Brakeman	22	"	"
Paquet, M. F. E.	Brakeman	22	"	"

Note.—In regard to "electricians", the only person in this classification on the royal train was one of the railway's supervisors, Mr. A. C. Weaver, car lighting inspector.

Questions

VETERANS RECEIVING MEDICAL TREATMENT—
UNEMPLOYMENT SUPPLEMENT

Mr. Diefenbaker:

1. How many veterans are now receiving medical treatment in sanatoria and tuberculosis hospitals in Canada?

2. Are disabled veterans, receiving medical treatment in hospital, entitled to payment of the unemployment supplement?

3. Has consideration been given to providing for payment of the unemployment supplement to such veterans?

4. If not so entitled, upon what basis is payment denied?

Mr. Mutch: Mr. Speaker, I have spoken to the hon. gentleman in whose name this question stands. It is impossible to answer it in its present form. He has agreed to drop it and reword it in such fashion that I can supply the information.

Mr. Speaker: Dropped.

INCOME TAX DIVISION, LONDON, ONT.—
EMPLOYEES—DISMISSALS,
RESIGNATIONS, ETC.

Mr. White (Middlesex East):

1. How many persons were employed temporarily and permanently in the Department of National Revenue, income tax division, London, Ontario, at the end of each calendar month from January, 1950, to October 31, 1951, inclusive?

2. How many persons were discharged or otherwise let out from the above division in each of the calendar months from January, 1950, to October 31, 1951, inclusive?

3. How many persons were taken on staff permanently and temporarily in the above division in each of the calendar months from January, 1950, to October 31, 1951, inclusive?

4. How many persons resigned from the above division in each of the calendar months from January, 1950, to October, 1951, inclusive?

Mr. McCann:

1. The following is a list, by months, of the number of persons employed permanently and temporarily in the taxation division, London district office, from January, 1950, to October 31, 1951, inclusive:

	Permanent	Temporary	Total
1950			
January	268	243	511
February	266	242	508
March	265	240	505
April	264	239	503
May	263	235	498
June	263	229	492
July	262	222	484
August	259	208	467
September	256	193	449
October	251	164	415
November	246	119	365
December	246	114	360
1951			
January	241	110	351
February	237	109	346
March	237	108	345
April	236	110	346
May	236	108	344
June	234	109	343
July	229	108	337
August	224	103	327
September	224	100	324
October	218	91	309

2. The following is a list, by months, of the number of employees of the taxation division, London district office, who were discharged, or otherwise let out, for the period January, 1950, to October 31, 1951, inclusive:

1950	
January	Nil
February	Nil
March	Nil
April	Nil
May	Nil
June	Nil
July	Nil
August	Nil
September	Nil
October	13
November	34
December	2
1951	
January	Nil
February	Nil
March	Nil
April	Nil
May	Nil
June	Nil
July	Nil
August	1
September	2
October	6
Total	58

3. The following is a list, by months, of the number of permanent and temporary appointments to the taxation division, London district office, from January, 1950, to October 31, 1951, inclusive:

1950	Permanent	Temporary
January	Nil	3
February	Nil	2
March	Nil	Nil
April	Nil	1
May	Nil	1
June	Nil	1
July	Nil	Nil
August	Nil	Nil
September	Nil	Nil
October	Nil	Nil
November	Nil	Nil
December	Nil	Nil

1951	Permanent	Temporary
January	Nil	Nil
February	Nil	Nil
March	Nil	Nil
April	Nil	4
May	Nil	1
June	Nil	5
July	Nil	1
August	Nil	Nil
September	Nil	1
October	Nil	Nil
Total	Nil	20

4. The following is a list, by months, of the number of persons from the taxation division, London district office, who resigned during the period January, 1950, to October, 1951, inclusive:

1950	
January	6
February	4
March	2
April	2
May	9
June	7
July	15
August	16
September	27
October	21
November	14
December	3
1951	
January	7
February	2
March	1
April	3
May	6
June	5
July	3
August	6
September	2
October	5
Total	166

ST. LAWRENCE WATERWAY—EFFECT ON WATER LEVELS OF LAKE ST. PETER

Mr. Boisvert:

What effect will the seaway project have on the water levels of lake St. Peter?

Mr. Chevrier: The water levels of lake St. Peter will not be affected.

PENTICTON, B.C., POST OFFICE

Mr. Jones:

1. Were tenders called in connection with the addition to the post office at Penticton, British Columbia?
2. If so, what are the names of those who submitted tenders, and the amount of each tender?
3. To whom was the contract awarded, and at what figure?
4. Were terms of this tender altered after the award, or other arrangements made?
5. If so, what changes were made?
6. Was there an increase in the original tender price? If so, in what amount?

Mr. Fournier (Hull):

1. Yes.

2. C. J. Oliver Limited, Vancouver, $136,863; Kenyon and Company Limited, Penticton, $159,777.89; Dominion Construction Company Limited, Vancouver, $166.800;

3. (a) C. J. Oliver Limited, Vancouver; (b) $136,863.

4, 5 and 6. Under P.C. 4919 dated September 18, 1951, an extra expenditure of $5,202 was authorized to cover the cost of the revisions to the foundations including underpinning.

RUSTICO HARBOUR-CAVENDISH NATIONAL PARK ROAD

Mr. McLure:

1. Will the hard surfacing of the national park road from Rustico harbour to Cavendish be completed in 1951?
2. If not, will this project be completed in 1952?
3. What is the estimated cost for the hard surfacing?

Mr. Winters:

1. No. During 1951 the stabilized gravel base course was laid, but weather conditions did not permit the treating of this base course with asphalt.

2. No decision has been made regarding the availability of funds in the fiscal year 1952-53.

3. Cost of base course, $34,587.19; estimated cost to complete to specifications, $15,000.

MOTIONS FOR PAPERS

PERSONS HAVING TRAVELLED TO U.S.S.R., POLAND, HUNGARY AND CZECHOSLOVAKIA SINCE JANUARY, 1950

Mr. Diefenbaker:

For the complete file of correspondence respecting each and every person who, to the knowledge of any department of the government, has travelled to (a) U.S.S.R.; (b) Poland; (c) Hungary; (d) Czechoslovakia, since the first day of January, 1950, together with a copy of all correspondence which passed between each of the said persons and the Department of the Secretary of State for External Affairs, prior to the issue of passport to each of said persons.

Mr. Fournier (Hull): Mr. Speaker, the Prime Minister, who is absent today, asked me to ask the hon. gentlemen moving these motions whether they would let them stand until tomorrow.

Mr. Diefenbaker: That is correct, Mr. Speaker.

Mr. Speaker: Motion stands.

Wheat

USE OF WORD "DOMINION" FOR COMMONWEALTH COUNTRIES

Mr. Fulton:

For a copy of all correspondence exchanged between or on behalf of the government of Canada and the government of the United Kingdom or the government of any other commonwealth country during the last five years concerning the use of the word "dominion" as applied to commonwealth countries, and particularly with reference to any suggested change or alteration in the description or style of title of commonwealth countries.

Mr. Speaker: This motion also stands?

Mr. Fournier (Hull): Until tomorrow.

WHEAT

REQUEST FOR STATEMENT ON PAYMENTS

On the orders of the day:

Mr. A. J. Bater (The Battlefords): I desire to direct a question to the Minister of Trade and Commerce. In view of the anxiety of the western grain producers, is the minister in a position to make a statement in regard to wheat payments?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I should like to advise the house of the details of the final payment on wheat delivered to the Canadian wheat board during the crop year ended July 31, 1951.

Members will recall that the 1950 wheat crop in the prairie provinces was very late in maturing and suffered severe frost damage. In addition, unfavourable harvesting weather resulted in the delivery of substantial quantities of out of condition grain, with the result that a large scale drying program had to be carried out. Owing in part to the late harvest, transportation was a continuing problem throughout the crop year. These problems, inherent in the 1950 wheat crop, were tackled vigorously by the Canadian wheat board, the Board of Grain Commissioners for Canada, and other agencies. I think that the operating results which I shall describe will meet with the approval of producers and that the distribution now of the substantial surplus in 1950-51 wheat board operations will be of great assistance to producers who are affected by the delayed and uncompleted harvest this fall.

During 1950-51 producers delivered a total of 366·2 million bushels of wheat to the board. Of these deliveries approximately 150 million bushels graded No. 5, No. 6 and feed. Some No. 5 wheat was sold for milling purposes but the great part of the lower grades delivered to the board in 1950-51 had to be marketed as feed grain.

The 1950-51 pool account was closed out on October 20, and final accounting has now been completed. In closing out the pool, a total of 95·3 million bushels of wheat was transferred to the 1951-52 pool under the provisions of section 24(a) of the Canadian Wheat Board Act. Of the amount of wheat so transferred, about 25·0 million bushels consisted of milling grades of wheat which were covered by open sales contracts for future delivery. These stocks of milling grades were transferred at prices in line with sales contracts after an allowance had been made for carrying charges. The larger part of the transfer—about 70 million bushels—consisted of lower grades of wheat which were partially covered by open sales contracts for future delivery. Having in mind these contracts and sales prospects, stocks of low grade wheat were transferred to the new pool on the basis of the board's asking prices on October 20, less an allowance for continuing charges and market risks.

The net surplus in the 1950-51 wheat pool is $104,933,267.56. This means an average final payment of 28·65 cents per bushel on 366·2 million bushels of wheat delivered to the board in 1950-51. The final payments, and total returns to producers basis in store Fort William/Port Arthur or Vancouver for each of the principal grades are as follows:

	Final payment	Total return to producers
	cents per bushel	per bushel
No. 1 northern	25·498	*$1·85498
No. 2 northern	25·809	1·82809
No. 3 northern	29·343	1·79343
No. 4 northern	32·076	1·74076
No. 5 wheat	32·030	1·64030
No. 6 wheat	24·511	1·50511
Feed wheat	24·562	1·44562

*Basis Fort William/Port Arthur or Vancouver.

I would like to draw particular attention to the results achieved in the merchandising of lower grades of wheat. During the sales period of the 1950-51 pool, the board sold about two-thirds of the 150 million bushels of low grade wheat received from producers. Notwithstanding these large sales, the board was able to realize prices which now permit a substantial final payment on grades of wheat which, in the main, are marketable only as feed grain. I am sure that wheat producers in the prairie provinces who experienced the devastating results of the frosts of August, 1950, will be glad to know that these final payments are now coming to them, and that the final result is so much better than many people had anticipated.

The distribution of final payment cheques to producers will commence within a few days, and the final wheat payment will be completed prior to Christmas. The final payments on the 1950-51 oats and barley pools are just being completed.

Hon. members will recall that I had estimated that total payments to be made this fall would be over $100 million. Now that we have the results of the wheat operation I am glad to say that the total will be approximately $130 million.

During this statement I have given the final payments for each of the principal grades of wheat. With the permission of the house, I should like to put on *Hansard* a table giving final payments for all the grades of wheat—some 339 in number—for each of which a separate pool was maintained by the Canadian wheat board.

It is as follows:

Schedule of Payments to be Made Persons Named in Producers' Certificates Relating to the 1950 Wheat Crop

Grade	Cents per Bushel
No. 1 Manitoba hard	25.498
No. 1 Manitoba northern	25.498
No. 2 Manitoba northern	25.609
No. 3 Manitoba northern	29.343
No. 4 Manitoba northern	32.076
No. 5 wheat	32.030
No. 6 wheat	24.511
Feed wheat	24.562
No. 4 special	29.076
No. 5 special	29.030
No. 6 special	20.511
No. 1 Canada western soft white spring	35.498
No. 2 Canada western soft white spring	35.442
No. 3 Canada western soft white spring	35.905
No. 4 Canada western soft white spring	33.671
No. 1 Canada western garnet	30.720
No. 2 Canada western garnet	32.380
No. 3 Canada western garnet	33.506
No. 1 Alberta red winter	30.498
No. 2 Alberta winter	30.142
No. 3 Alberta winter	31.376
No. 4 Alberta winter	31.306
No. 1 Canada western amber durum	25.498
No. 2 Canada western amber durum	26.380
No. 3 Canada western amber durum	32.133
No. 4 Canada western amber durum	29.219
No. 5 Canada western amber durum	26.900
No. 6 Canada western amber durum	26.839
No. 1 Canada western mixed grain	29.562
No. 1 Canada western mixed wheat	26.592
No. 2 Canada western mixed wheat	27.244
No. 3 Canada western mixed wheat	26.587
No. 4 Canada western mixed wheat	26.554
No. 5 Canada western mixed wheat	26.716
No. 6 Canada western mixed wheat	27.032
Tough No. 1 Manitoba northern	25.498
Tough No. 2 Manitoba northern	25.809
Tough No. 3 Manitoba northern	29.343
Tough No. 4 Manitoba northern	32.076
Tough No. 5 wheat	33.030
Tough No. 6 wheat	25.511
Tough feed wheat	25.502
Tough No. 4 special	29.076
Tough No. 5 special	30.030
Tough No. 6 special	21.511
Tough No. 1 Canada western soft white spring	35.498
Tough No. 2 Canada western soft white spring	35.442
Tough No. 3 Canada western soft white spring	35.905
Tough No. 4 Canada western soft white spring	33.671
Tough No. 2 Canada western garnet	32.380
Tough No. 3 Canada western garnet	33.506
Tough No. 2 Alberta winter	30.142

Wheat Crop

Grade	Cents per Bushel
Tough No. 3 Alberta winter	31.376
Tough No. 4 Alberta winter	31.306
Tough No. 2 Canada western amber durum	26.380
Tough No. 3 Canada western amber durum	32.133
Tough No. 4 Canada western amber durum	29.219
Tough No. 5 Canada western amber durum	27.900
Tough No. 6 Canada western amber durum	27.837
Tough No. 1 Canada western mixed grain	30.562
Tough No. 1 Canada western mixed wheat	27.502
Tough No. 2 Canada western mixed wheat	28.244
Tough No. 4 Canada western mixed wheat	27.544
Tough No. 5 Canada western mixed wheat	27.716
Tough No. 6 Canada western mixed wheat	28.032
Tough and heating No. 3 Manitoba northern	35.343
Tough and heating No. 6 wheat	30.511
Tough and heating feed wheat	30.562
Tough No. 4 Canada western amber durum heating	32.219
Tough rejected No. 2 northern	28.809
Tough rejected No. 3 northern	32.343
Tough rejected No. 4 northern	32.076
Tough rejected No. 5 wheat	32.030
Tough rejected No. 6 wheat	26.511
Tough rejected feed wheat	26.562
Tough rejected No. 3 Canada western amber durum	30.133
Tough rejected No. 4 Canada western amber durum	29.219
Tough rejected No. 5 Canada western amber durum	26.900
Tough rejected No. 6 Canada western amber durum	28.837
Tough rejected No. 5 mixed wheat	28.716
Tough rejected No. 3 Canada western amber durum mixed ergot	29.133
Tough rejected No. 4 northern mildew	33.076
Tough rejected No. 6 wheat mildew	27.511
Tough rejected feed wheat mildew	27.562
Tough rejected No. 2 northern mixed fireburnt	27.809
Tough rejected No. 2 northern mixed heated	27.809
Tough rejected No. 3 northern mixed heated	31.343
Tough rejected No. 4 northern mixed heated	31.076
Tough rejected No. 5 wheat mixed heated	31.030
Tough rejected No. 6 wheat mixed heated	25.511
Tough rejected feed wheat mixed heated	24.562
Tough rejected No. 2 Canada western amber durum mixed heated	28.380
Tough rejected No. 3 Canada western amber durum mixed heated	29.133
Tough rejected No. 4 Canada western amber durum mixed heated	28.219
Tough rejected No. 5 Canada western amber durum mixed heated	25.900
Tough rejected No. 6 Canada western amber durum mixed heated	27.837
Tough rejected No. 3 northern mixed heated and heating	32.343

Wheat

Grade	Cents per Bushel
Tough rejected No. 5 wheat mixed heated and heating	32·030
Tough rejected No. 4 Canada western amber durum mixed heated and heating	29·219
Tough rejected No. 3 northern mixed rotten kernels	31·343
Tough rejected No. 6 wheat mixed rotten kernels	25·511
Tough rejected feed wheat mixed rotten kernels	25·562
Tough rejected No. 3 northern a/c tartarian buckwheat	31·343
Tough rejected No. 4 northern a/c tartarian buckwheat	31·076
Tough rejected No. 3 northern sprouted	31·343
Tough rejected No. 4 northern sprouted	31·076
Tough rejected No. 6 wheat sprouted	25·511
Tough rejected feed wheat sprouted	25·562
Tough smutty No. 2 northern	30·809
Tough smutty No. 3 northern	34·343
Tough smutty No. 4 northern	34·076
Tough smutty No. 5 wheat	32·030
Tough smutty No. 6 wheat	26·511
Tough smutty feed wheat	26·562
Tough smutty No. 2 Alberta winter	35·142
Tough smutty No. 2 Canada western amber durum	31·360
Tough smutty No. 3 Canada western amber durum	32·133
Tough smutty No. 4 Canada western amber durum	31·219
Tough smutty rejected No. 3 northern	30·343
Tough smutty rejected No. 4 northern	30·076
Tough smutty rejected No. 5 wheat	29·030
Tough smutty rejected No. 6 wheat	25·511
Tough smutty rejected feed wheat	25·562
Tough smutty rejected No. 3 Canada western amber durum	28·133
Tough smutty rejected No. 3 northern mixed heated	30·343
Tough smutty rejected No. 4 northern mixed heated	30·076
Tough smutty rejected No. 5 wheat mixed heated	29·030
Tough smutty rejected No. 6 wheat mixed heated	25·511
Tough smutty rejected feed wheat mixed heated	25·562
Rejected No. 1 northern	28·490
Rejected No. 2 northern	28·809
Rejected No. 3 northern	32·343
Rejected No. 4 northern	32·076
Rejected No. 5 wheat	31·030
Rejected No. 6 wheat	25·511
Rejected feed wheat	25·562
Rejected No. 2 soft white spring	38·442
Rejected No. 3 soft white spring	38·905
Rejected No. 2 Canada western garnet	35·380
Rejected No. 3 Canada western garnet	33·506
Rejected No. 1 Alberta red winter	33·498
Rejected No. 2 Alberta winter	33·142
Rejected No. 3 Alberta winter	34·376
Rejected No. 2 Canada western amber durum	29·380
Rejected No. 3 Canada western amber durum	30·133
Rejected No. 4 Canada western amber durum	29·219
Rejected No. 5 Canada western amber durum	25·900
Rejected No. 6 Canada western amber durum	27·837
Rejected No. 1 mixed grain	30·562
Rejected No. 1 mixed wheat	27·592
Rejected No. 1 mixed grain a/c ergot	30·562
Rejected No. 4 northern mildew	34·076
Rejected No. 5 wheat mildew	33·030
Rejected No. 6 wheat mildew	27·511
Rejected feed wheat mildew	27·562
Rejected No. 1 mixed grain mildew and field dirt	29·562
Rejected feed wheat rotten kernels mildew	26·562
Rejected No. 3 northern a/c rye	32·343
Rejected No. 3 northern a/c weedstain	32·343
Rejected No. 3 northern mixed earth	32·343
Rejected No. 4 northern mixed earth	32·076
Rejected feed wheat mixed earth	25·562
Rejected feed wheat mixed fireburnt	25·562
Rejected No. 3 northern mixed gravel	32·343
Rejected No. 4 northern mixed gravel	32·076
Rejected No. 1 northern mixed heated	28·498
Rejected No. 2 northern mixed heated	28·809
Rejected No. 3 northern mixed heated	32·343
Rejected No. 4 northern mixed heated	32·076
Rejected No. 5 wheat mixed heated	31·030
Rejected No. 6 wheat mixed heated	25·511
Rejected feed wheat mixed heated	25·562
Rejected No. 3 Canada western garnet mixed heated	33·506
Rejected No. 1 Alberta red winter mixed heated	33·498
Rejected No. 2 Canada western amber durum mixed heated	29·380
Rejected No. 3 Canada western amber durum mixed heated	30·133
Rejected No. 4 Canada western amber durum mixed heated	29·219
Rejected No. 5 Canada western amber durum mixed heated	25·900
Rejected No. 1 mixed grain mixed heated	30·562
Rejected No. 2 northern mixed rotten kernels	28·809
Rejected No. 3 northern mixed rotten kernels	32·343
Rejected No. 4 northern mixed rotten kernels	32·076
Rejected No. 5 wheat mixed rotten kernels	31·030
Rejected No. 6 wheat mixed rotten kernels	25·511
Rejected feed wheat mixed rotten kernels	25·562
Rejected No. 5 Canada western amber durum mixed rotten kernels	25·900
Rejected No. 2 northern sprouted	28·609
Rejected No. 3 northern sprouted	32·343
Rejected No. 4 northern sprouted	32·076
Rejected No. 5 wheat sprouted	31·030
Rejected No. 1 northern a/c tartarian buckwheat	28·498
Rejected No. 2 northern a/c tartarian buckwheat	28·809
Rejected No. 3 northern a/c tartarian buckwheat	32·343
Rejected No. 4 northern a/c tartarian buckwheat	32·076
Rejected No. 5 wheat a/c tartarian buckwheat	31·030
Rejected No. 3 Canada western garnet a/c tartarian buckwheat	33·506
Rejected No. 4 northern mixed wild radish	32·076
Damp No. 1 northern	25·498
Damp No. 2 northern	25·809
Damp No. 3 northern	29·343
Damp No. 4 northern	32·076
Damp No. 5 wheat	32·030
Damp No. 6 wheat	24·511
Damp feed wheat	24·562
Damp No. 4 special	29·076
Damp No. 1 soft white spring	35·498
Damp No. 2 soft white spring	35·442
Damp No. 4 soft white spring	33·671
Damp No. 2 Canada western garnet	32·380
Damp No. 3 Canada western garnet	33·506

Wheat

Grade	Cents per Bushel
Damp No. 2 Alberta winter	30·142
Damp No. 3 Alberta winter	31·376
Damp No. 2 Canada western amber durum	26·380
Damp No. 3 Canada western amber durum	32·133
Damp No. 4 Canada western amber durum	29·219
Damp No. 5 Canada western amber durum	26·900
Damp No. 6 Canada western amber durum	26·837
Damp No. 1 mixed grain	29·562
Damp No. 1 mixed wheat	26·592
Damp No. 4 mixed wheat	26·554
Damp No. 5 mixed wheat	26·716
Damp No. 4 northern heating	27·076
Damp No. 5 wheat heating	28·030
Damp No. 6 wheat heating	23·511
Damp feed wheat heating	23·562
Damp No. 2 Canada western amber durum heating	24·380
Damp No. 3 Canada western amber durum heating	25·133
Damp No. 4 Canada western amber durum heating	24·219
Damp No. 5 Canada western amber durum heating	22·900
Damp No. 6 Canada western amber durum heating	25·837
Damp rejected No. 1 northern	28·498
Damp rejected No. 3 northern	32·343
Damp rejected No. 4 northern	32·076
Damp rejected No. 5 wheat	31·030
Damp rejected No. 6 wheat	25·511
Damp rejected feed wheat	25·562
Damp rejected No. 2 Canada western amber durum	29·380
Damp rejected No. 4 Canada western amber durum	29·219
Damp rejected No. 4 Canada western amber durum mixed earth	29·219
Damp rejected No. 3 northern mixed heated	32·343
Damp rejected No. 4 northern mixed heated	32·076
Damp rejected No. 5 wheat mixed heated	31·030
Damp rejected No. 6 wheat mixed heated	25·511
Damp rejected feed wheat mixed heated	25·562
Damp rejected No. 2 Canada western amber durum mixed heated	29·380
Damp rejected No. 3 Canada western amber durum mixed heated	30·133
Damp rejected No. 4 Canada western amber durum mixed heated	29·219
Damp rejected No. 5 Canada western amber durum mixed heated	25·900
Damp rejected No. 6 Canada western amber durum mixed heated	27·837
Damp rejected No. 3 northern mixed heated and heating	33·343
Damp rejected No. 5 wheat mixed heated and heating	32·030
Damp rejected No. 6 wheat mixed heated and heating	26·511
Damp rejected feed wheat mixed heated and heating	26·562
Damp rejected No. 3 Canada western amber durum mixed heated and heating	31·133
Damp rejected No. 4 Canada western amber durum mixed heated and heating	30·219
Damp rejected No. 5 Canada western amber durum mixed heated and heating	26·900
Damp rejected No. 6 Canada western amber durum mixed heated and heating	28·837
Damp rejected No. 5 wheat mixed heated and rotten kernels	32·030
Damp rejected No. 4 northern a/c musty	32·076
Damp rejected No. 5 Canada western amber durum musty	25·900
Damp rejected No. 6 wheat mixed rotten kernels	25·511
Damp rejected feed wheat sprouted	25·562
Damp rejected No. 4 northern rejected mixed heated and musty	33·076
Damp rejected No. 4 Canada western amber durum mixed heated rejected a/c ergot	29·219
Damp smutty No. 3 northern	34·343
Damp smutty No. 4 northern	34·076
Damp smutty No. 5 wheat	31·030
Damp smutty No. 6 wheat	25·511
Damp smutty feed wheat	25·562
Damp smutty No. 3 Canada western amber durum	32·133
Damp smutty No. 4 Canada western amber durum	31·219
Damp smutty No. 5 Canada western amber durum	25·900
Damp smutty rejected No. 4 northern	31·076
Damp smutty rejected No. 6 wheat heated	25·511
Damp smutty rejected feed wheat mixed heated	25·562
Damp smutty rejected No. 4 Canada western amber durum mixed heated	28·219
Damp smutty rejected No. 4 Canada western amber durum mixed heated and heating	25·219
Smutty No. 1 northern	30·498
Smutty No. 2 northern	30·809
Smutty No. 3 northern	34·343
Smutty No. 4 northern	34·076
Smutty No. 5 wheat	31·030
Smutty No. 6 wheat	25·511
Smutty feed wheat	25·562
Smutty No. 3 Canada western garnet	35·506
Smutty No. 1 Alberta red winter	35·498
Smutty No. 2 Alberta winter	35·142
Smutty No. 3 Alberta winter	36·376
Smutty No. 4 Alberta winter	33·306
Smutty No. 2 Canada western amber durum	31·380
Smutty No. 3 Canada western amber durum	32·133
Smutty No. 4 Canada western amber durum	31·219
Smutty No. 5 Canada western amber durum	25·900
Smutty rejected No. 2 northern	26·809
Smutty rejected No. 3 northern	30·343
Smutty rejected No. 4 northern	30·076
Smutty rejected No. 5 wheat	28·030
Smutty rejected No. 6 wheat	24·511
Smutty rejected No. 5 Canada western garnet	31·506
Smutty rejected No. 4 Canada western amber durum	27·219
Smutty rejected No. 5 Canada western amber durum	28·900
Smutty rejected No. 2 northern mixed heated	26·809
Smutty rejected No. 5 wheat mixed and rotten kernels	26·030
Smutty rejected No. 6 wheat mixed rotten kernels	24·511
Dried No. 4 northern	35·076
Dried No. 5 wheat	32·030
Sample red spring broken	39·498
Sample durum broken	39·498

Wheat

Grade	Cents per Bushel
Sample red spring earth	42·498
Sample red spring weedstains	42·498
Sample red spring heated	39·498
Sample durum heated	39·498
Sample red spring mixed heated and heating	39·498
Sample red spring mixed rotten kernels	41·498
Sample durum mixed rotten kernels	41·498
Sample red spring mixed rotten kernels mildew	43·498
Sample red spring a/c tartarian buckwheat	43·498
Sample durum and barley heated	39·498
Sample red spring broken heated	43·498
Damp sample red spring weedstains	49·498
Damp sample red spring rotten kernels	48·498
Damp sample durum rusty	49·498
Damp heated red spring mixed heated	46·498
Damp sample durum mixed heated	46·498
Damp sample red spring mixed heated and heating	46·498
Damp sample durum mixed heated and heating	46·498
Damp sample red spring mixed heated and rusty	48·498
Damp sample red spring heated and heating rotten kernels	52·498
Damp sample red spring heated rotten kernels	50·498
Tough sample red spring weedstains	42·498
Tough sample red spring mixed heated	39·498
Tough sample durum mixed heated	39·498
Tough sample red spring mixed heated and heating	39·498
Tough sample red spring rotten kernels	41·498
Tough sample durum broken	39·498
Smutty sample red spring broken wheat	39·498
Damp smutty sample red spring mixed heated	46·498
Damp smutty sample durum mixed heated	46·498

Mr. J. G. Diefenbaker (Lake Centre): The minister mentioned that some 70 million bushels of feed wheat and some 25 million bushels of millable wheat had been transferred to the 1951-52 pool.

Mr. Howe: Yes.

Mr. Diefenbaker: That being so, was that amount transferred at a value, or will there be a further amount distributable out of the 1950-51 crop, even though distributed in 1952, in respect of that wheat, when sold?

Mr. Howe: In reply I would say that those grades were transferred at a price, as is provided by section 24(a) of the Canadian Wheat Board Act.

Mr. Diefenbaker: What was the price?

Mr. Howe: The price for milling grades was the price at which that grain had been sold for future delivery. In other words, there were outstanding contracts covering all that grain. And there were many prices, perhaps two hundred prices; different prices for every grade. But all that grain had been covered by contracts for future delivery, and the price at which the grain was transferred was the contract price, less an allowance for carrying and other charges that might accrue before the grain is delivered.

In the case of feed grain, about 20 million bushels was covered by future contracts. That was transferred at the asking price of the wheat board on October 20, less an allowance to cover carrying charges and marketing risks—a fairly substantial allowance.

Mr. Diefenbaker: What about the other 50 million?

Mr. Howe: That was transferred at the asking price of the wheat board on October 20, less an allowance to cover carrying charges and marketing risks.

[*Later*]:

On the orders of the day:

Mr. Argue: I should like to direct a question to the Minister of Trade and Commerce arising out of his very comprehensive statement. In view of the fact that the final prices for the various grades of wheat for 1950-51 are substantially under world prices and the fact that domestic wheat going into Canadian consumption is being held at the international wheat agreement ceiling—

Mr. Howe: Mr. Speaker, he is making a statement.

Mr. Argue: —will the government consider increasing the present price of wheat going into domestic consumption?

Mr. Howe: My hon. friend has made a statement for propaganda purposes which is not correct. The answer to the question is no.

Mr. Argue: On a question of privilege, I made a correct statement, and it was not for propaganda purposes.

LABOUR CONDITIONS

REQUEST FOR ALLEVIATION OF UNEMPLOYMENT IN LONDON, ONT.

On the orders of the day:

Mr. H. O. White (Middlesex East): I should like to ask the Minister of Labour what steps, if any, have been or are being taken to alleviate the serious mounting unemployment in London, Ontario?

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, I do not think the seriousness of the unemployment situation is as great as my hon. friend implies in his question, but I can assure him that we are keeping in close touch with the situation.

PUBLIC BUILDINGS

VALUATIONS OF ALVIN BUILDING, VANCOUVER, B.C.

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, on Friday last the Minister of Public Works brought down a return to an order of the house made on June 21, 1950, for a copy of any and all valuations obtained by the government on the Alvin building in Vancouver, B.C. The return brought down merely gives the figures of the different valuations. As a matter of fact, I had been given these figures by the deputy minister of public works by correspondence in July of last year and had written back to him asking for copies of the valuations, which is what is called for by the order of the house. Can the Minister of Public Works tell me when I shall be able to get copies of these different valuations?

Hon. Alphonse Fournier (Minister of Public Works): Mr. Speaker, my attention was called to this and I was asking myself what the hon. member wished to have. He asked for copies of valuations by seven or eight firms, and we did give the amounts of the different valuations. I do not know if I have a copy of the specifications and could go into every detail. However, I want to meet the wishes of the hon. gentleman and I shall see if I can give exactly what he wants.

Mr. Green: I presume that each of these valuators would send in a written valuation with the reasons therefor. The return asked for a copy of these valuations as given by the valuators.

Mr. Fournier (Hull): I shall do my best to give particulars of that. Perhaps I can also bring in the fact that this building is now worth nearly $2 million.

GOVERNMENT BONDS

STATEMENT AS TO MARKET FLUCTUATIONS AND SALES OF CANADA SAVINGS BONDS

On the orders of the day:

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): Mr. Speaker, I should like at this time to make a statement in answer to a question asked by the hon. member for Kamloops (Mr. Fulton) on Friday. He referred to a press report of a decline in the market prices of long-term government bonds—not, of course, Canada savings bonds, which have a fixed value at all times, but marketable bonds which may be bought and sold at prices agreed upon by buyers and sellers. The hon. member said that this press report suggested that the decline in such prices had been caused by interference on the part of the government or of the Bank of Canada, and he asked for an assurance that this was not the case, that, as he put it, "bonds issued at $100 would not become worth less than $100 as a result of government policy."

In replying to the hon. member at the time I pointed out that the very press report to which he referred contained a denial of the original suggestion, but I promised to look into the matter further and make a statement on it today. I find there is little to be added to my previous statement, but I am glad to give the assurance requested, namely, that it is not the policy of the government, or of the Bank of Canada, to cause a fall—or, for that matter, a rise—in the market price of government bonds. That price, in the interval between the time of issue of the bonds and the date on which they fall due for payment, is a reflection of varying conditions which affect the desire of bondholders to sell and of other persons to buy. Hon. members will recall that market prices rose after the war, at times as high as 105 for the longest-dated bonds, and remained above 100 for more than five years. Since last March, however, the prices of the longer-dated bonds have been several points below 100, though the shorter-dated issues have remained at or close to par.

The hon. member referred to the fact that people had been encouraged to buy these marketable bonds, victory bonds, on the basis that they would be freely negotiable and that up to the present time they have been. I can assure him that there has been no change in that regard at all. In this connection, I would refer to the discussion which took place in this house on June 20 last during which the minister gave a full explanation in regard to these matters. I can assure the house that there will always be a market for government of Canada bonds, not at a fixed level of prices but at prices which vary from time to time in accordance with conditions of supply and demand in the market. These conditions depend on many factors, including the judgment of investors as to the revenue obtainable from alternative investments which may prove attractive either to existing holders or to potential buyers of government bonds. If hon. members have seen what has been happening in the United States, the United Kingdom and other countries, they will realize that it is not government policy or central bank policy in any western country to seek to maintain a fixed level of world prices or interest rates.

In this connection, the hon. member for Kamloops referred to assertions in press reports "that the Bank of Canada formerly supported the market for Dominion of Canada

bonds by issuing quotations of the prices at which it would purchase bonds of various issues." This apparently refers, although somewhat incorrectly, to a wartime practice which terminated nearly four years ago. It was not a practice of supporting the market, but a question of trading methods. During the war the practice was for the Bank of Canada to notify dealers each day the prices at which, subject to change at any time, it was prepared to buy bonds, and similarly the prices at which it was prepared to sell. These prices were changed from time to time in accordance with market conditions. In January 1948 the bank announced that it was reverting to its pre-war practice of dealing, in general, only in response to bids and offers initiated by other buyers and sellers in the market, and there has been no change in its usual practice since that time.

Perhaps I may take this opportunity also of referring to the results of the sale of Canada savings bonds, sixth series, during the campaign period which has just closed. As hon. members know, these are not marketable bonds whose price fluctuates according to factors of supply and demand, but special savings instruments which not only provide a substantial annual return to their holders by way of interest but have the special feature of being cashable at any time at the price originally paid.

The government could not, of course, pay a relatively high interest rate, appropriate to long-term bonds, on an unlimited amount of what are virtually demand instruments, that is, payable on demand at the option of the holder. Accordingly, the amount of Canada savings bonds that may be held by any individual has always been limited. The underlying purpose of these bonds is to encourage and facilitate small savings and to provide a convenient and safe method by which large numbers of Canadians may build up out of current incomes a fund of personal resources for future use, and with the further advantage of a guaranteed value at any time in case of need to draw upon such savings before the final maturity of the bonds.

The limit in recent years has been $1,000 per holding of each series. This year the limit was raised to $5,000 in view of the desirability of giving every encouragement to new saving in the largest possible volume as an offset to inflationary pressures.

The results to date of the sale of the sixth series are as follows: In the payroll savings field, bonds to a total value of $168 million have been subscribed for by 677,500 employees in establishments for which definite statistics are available. This is an increase over last year of 12 per cent in dollars and of 5 per cent in number of subscribers. The foregoing figures relate largely to bonds to be paid for by regular monthly or weekly instalments set aside out of wages and salaries during the next twelve months.

In the general sales field, covering sales by investment dealers, banks, and other authorized agents to their customers and depositors, figures reported from October 15 to November 16 amount to $149 million from 190,000 individual purchasers. This represents an increase of 52 per cent over the same period of last year in dollar amount, chiefly as a result of raising the limit on individual holdings, but there was a reduction of 11 per cent in number of purchasers.

In total, therefore, during the principal selling period this year 867,500 Canadians have bought Canada savings bonds to the amount of $317 million and these figures represent increases of 2 per cent in number of purchasers and of 27 per cent in dollar amount. I am sure hon. members will agree that such results are gratifying, and indeed reassuring, and that those companies and organizations that have participated in providing facilities for the purchase of Canada savings bonds and the individuals who have taken part in the work of organization are entitled to take satisfaction in a worth-while job of real value to their fellow citizens and to Canada as a whole.

Mr. Knowles: May I ask the parliamentary assistant if he has any figures with respect to the earlier series, as to whether there has been any substantial cashing in of earlier bonds in order to purchase the sixth series with its higher interest rate?

Mr. Sinclair: I have no information on that, but if the hon. member wants the information I will get whatever is available for him.

VETERANS AFFAIRS

INCREASE IN BASIC RATES OF PENSION—INQUIRY AS TO INCREASE FOR DEPENDENT PARENTS

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): I should like to direct a question to the Minister of Veterans Affairs arising out of the statement he made on Friday in which he mentioned widows among those who would be entitled to the increase in the basic pension under the Pension Act, but did not make any reference to that other very worthy group commonly referred to as dependent war mothers. Will these war mothers be included among the recipients of the increase in the basic pension, and if so what will be the percentage of their increase?

Hon. Hugues Lapointe (Minister of Veterans Affairs): If I understand my hon. friend's question properly, he is referring to pensions paid to persons who are termed dependent parents under the Pension Act. As he knows, these pensions are not paid as of right but are awarded by the pension commission after investigation into the need for such a pension, and the amount is determined by the commission.

Mr. Fleming: Will the minister indicate whether the proposed amendments involving increases in other groups will apply to this group?

Mr. Lapointe: The amendments propose changes in the basic rates of pension, the amount of which is set by the act itself. The amount of the pension to be paid to the dependent parent is not determined in the act but is determined by the pension commission. However, there is a ceiling in the act.

Mr. Fleming: Will there be any provision for varying the present ceiling? Will there be any benefit at all to this group I have mentioned as a result of the proposed amendments?

Mr. Lapointe: I think my hon. friend will see what the bill contains when it is put before the house.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed, from Wednesday, November 14, consideration of the motion of Mr. Robert Cauchon for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto of Mr. Drew, and the amendment to the amendment of Mr. Quelch.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, as the house will appreciate, we are discussing at this stage of the throne speech debate the amendment moved by the hon. member for Acadia (Mr. Quelch), which brings into sharp relief the whole question of veterans affairs and the welfare particularly of two groups of veterans, the disability pensioner and the recipient of war veterans allowance. The position of the disability pensioner, which was the subject of so much discussion and agitation, has been improved as outlined in the announcement made by the Minister of Veterans Affairs (Mr. Lapointe) on Friday, which indicated that recipients of disability pensions will be granted an increase in their basic rate of somewhere in the neighbourhood of 35 per cent, taking the general average between single pensioners and married pensioners.

The house and the country of course welcome the announcement of those pension increases. Therefore I am not going to debate the question of disability pensioners as a separate issue nor am I going to debate the question of who is responsible for the results reflected in the announcement made by the minister on Friday. In my view that question does not need debate because the answer to it is self-evident. The Canadian Legion and other veterans organizations throughout the country are entirely responsible for the result announced on Friday last. A very short review of the history of this matter establishes that. The increase was requested last spring by the Legion in the veterans affairs committee. It had been requested previously in a brief submitted by the Legion last fall; but nothing was done. In fact action to increase the basic rates of pension had been consistently refused by the government until the Legion undertook, this summer, a further very strenuous and successful campaign to force the government to change its view.

It is perfectly obvious that the government yielded as a result of the mounting pressure which followed that campaign, so it was that effort on the part of the Legion and other veterans organizations which had the result announced last Friday. However, although I think it is important to keep the record quite clear in that regard, namely, that it was the result of the pressure of the veterans' organizations themselves, nevertheless that does not alter the fact that the house, the country and veterans' organizations generally welcome the action which the government has now taken with respect to disability pensioners.

But, Mr. Speaker, the recognition which has now been given to the need for an increase in the basic rate of disability pensions serves in large measure to emphasize the hardship being suffered at the present time by war veterans allowance recipients, which hardship has not been alleviated in any way by any action yet taken by the government. Indeed all we have is the promise of another committee, but not even a committee for the present session. It is to be a committee which will not commence its study until the session of 1952 and will not have the opportunity until then to recommend alleviation of the hardships being experienced by these veterans. It is about them particularly that I wish to speak today.

The hardship being suffered by war veterans allowance recipients arises from two sources. The first is the inadequacy of the level of payment, namely a maximum of $40 a month for single men and $70 a month

for married men. This problem must be approached bearing in mind the fact that the recipients of war veterans allowance frequently have no other source of income, which means that a single man is compelled to live on $40 a month and a married man on $70 a month.

I bring to witness here no less an authority than the Minister of National Revenue (Mr. McCann) that the purchasing power of the dollar has fallen, in terms of the pre-war dollar, to about 45 cents. Therefore what we are doing with the present rate of war veterans allowance is to compel a single man to live on something less than $20 a month in terms of the pre-war dollar or if married on something between $30 and $35 a month in terms of real purchasing power.

The second source of hardship results from the means test which is still applied to payment of veterans allowance, and compels many men, who could supplement the allowance, to live at the starvation levels to which I have referred. I suggest that the time has long passed when this situation and these hardships should have been relieved. It is not good enough to tell the recipients of war veterans allowance that they must wait until next summer some time—until after the studies and recommendations of a committee have been implemented. Their needs are perfectly obvious now. They do not need a committee to emphasize them or to establish what they are.

The claims for relief of these men can best be seen, if we deal with them under the same two categories. First, let us deal with the inadequacy of the level of payment. Surely if we recognize, as the War Veterans Allowance Act does, that the earning capacity of these men has been reduced on account of their service in the armed forces of their country, then we simply cannot justify the present legislation which compels them to exist at starvation levels. If we are prepared to recognize that they are entitled to something for the sacrifices which they have made and for the impairment of their health and their earning power, then surely we can be generous in the treatment that we mete out to them. In their recommendation, with which I am fully in agreement, the Canadian Legion has, I think, stated the very minimum to which these men are entitled, namely, that the minimum under the war veterans allowance be increased to $50 for a single man and $100 for a married man.

Mr. Knowles: And even that is not enough.

Mr. Fulton: Then the other course of action which is necessary to relieve the hardship being suffered is in connection with the means test. I think this should be called a "mean test" because, when it is maintained at its present level, it is indicative of a mean and narrow approach to this problem, and one which is not worthy of a government which, in other respects, when pressure has been applied, seems prepared to treat our veterans generously. Let us not be mean to the old war veteran. Let us treat him with generosity equal to that with which we treat other veterans. Surely this means test which compels men, who might otherwise be able to supplement their income, to live at starvation levels should either be eliminated or should at least be raised to sensible and decent levels so that war veterans allowance recipients might live decently and in a dignified manner instead of at bare subsistence levels, eking out the last few years of their lives in poverty.

When you consider what is going to happen even under the increases which have been announced recently with respect to old age pension and disability pension, you can see the iniquities of the means test at its present level. In the course of the discussions on the old age pension, the Minister of Veterans Affairs made it quite clear that the increased level of old age pension is not going to benefit the war veterans allowance recipients because their income is still limited by the maximum permissible under the means test regulations to $50 a month in the case of a single man and something less than $100 a month in the case of a married man.

Mr. Knowles: Is it not considerably less than that?

Mr. Fulton: Even with other allowable income, it is under $100 a month; actually it comes to $1,100 a year in the case of a married man on war veterans allowance. And when you read the evidence given by the deputy minister of veterans affairs before the veterans affairs committee at the session in the spring of this year, it becomes clear that, even in the case of the war veterans allowance recipient who is also in receipt of a disability pension, the same means test applies; so that the increase in the present level of disability pension which was announced by the minister on Friday will be of no benefit to the war veterans allowance recipient because he will still be subject to the same over-all limitation on his income.

In this connection, Mr. Speaker, I feel that the amendment moved by the hon. member for Acadia (Mr. Quelch) perfectly reflects the attitude which should be shown by this house and by the government to the man on war veterans allowance. It is time that the war veterans allowance legislation was

revised—and it should not be left until next spring; it should be done now—by increasing the levels of the payment and by raising the means test substantially, if not eliminating it altogether. With respect to the hon. member's amendment, may I say that I think it is a good one—I must say that I wish I had thought of it myself—and I intend to support it.

To turn from this matter to another consideration, it seems to me that, in advocating certain increases in payments under war veterans allowance and in contemplating the increased social security payments which have recently been approved by this house through the Old Age Security Act, we must turn our minds also to a consideration of how the country is going to finance those measures. I do not think it is responsible action on the part of members on either side of the house simply to advocate increased payments without being prepared to indicate in general terms how they think those increased payments can be met. I do not mean that we should lay down a blueprint, because it is not the responsibility of the opposition to lay down, in black and white, just how we think such details should be worked out; but I believe that we are not justified in constantly advocating increased social security and other welfare payments unless we are prepared to recognize the problem that they create, and which must be met, namely, the problem of paying for them. It is to that problem that I should now like to turn and to which I should like to invite the consideration of the house for the remainder of the time that I am going to take this afternoon.

This problem must be approached in the light of the fact that we have undertaken, and have committed this country to, a continuing level of expenditures which, when you sit down and think of what it means, almost staggers the imagination. We are a country of fourteen million population, committed to two undertakings alone which are going to tax all our energies to finance. If we do not start now to work out and to take positive steps to meet the expenditures involved in these undertakings, I believe that they may well bankrupt this country. Those two undertakings are the social security measures to which we are now committed and the expenditures in connection with our defence effort and the obligations which we have assumed to the North Atlantic treaty countries, of finding raw materials, arms and equipment to meet the threat of aggression.

I am not talking blue ruin, Mr. Speaker, and I hope that nobody will take it that I am doing so, or that I am advocating decreasing the present social security commitments of this country. What I am suggesting is that if we do not face the facts squarely and recognize that we are committed to really tremendous expenditures we may well wake up some day, when things are not quite so prosperous and easy as they are now, with a disastrous situation staring us in the face. I am urging that we face the problem now, and start on measures which will enable us to absorb these expenditures into our general economy.

First, a few figures to show the levels of expenditure to which we are committed at present. For social security we are now committed to an annual expenditure of $735 million in round figures. These figures are taken from the estimates of three departments, the Department of Labour—and there taking account only of unemployment insurance expenditures—the Department of National Health and Welfare, and the Department of Veterans Affairs. The estimates of these departments for the year 1951-52 total $735 million.

In addition, Mr. Speaker, we have assumed recently under the amended old age pensions legislation an annual expenditure by the dominion government of a further $230 million for old age pensions to those of 70 years and over, and an estimated $25 million annually for the dominion's portion of the pensions payable to those between the ages of 65 and 69. Under the Department of National Health and Welfare, for old age pensions and related legislation, we are thus committeed to an additional expenditure at present levels of $255 million a year. Then under the announcement made on Friday by the Minister of Veterans Affairs (Mr. Lapointe), and according to the best figures I have been able to get, it is estimated we shall have to find an additional $30 million a year for the increase in disability pensions. These two heads of increased expenditure total $285 million a year. When this is added to the present payments for old age pensions, disability pensions, unemployment insurance and so on, we are committed to an annual expenditure of $1,020 million for health and welfare services and pensions.

Then, under the heading of defence we have been told that Canada is expecting to spend for herself and her allies something in the neighbourhood of $5 billion, spread over the next three years. Simply to take general averages may of course be somewhat misleading, but we have to work with the figures we are given. If you average that out it comes to $1,750 million a year, for our

own defence expenditures and to meet our commitments to our North Atlantic allies. By simple arithmetic we find that our commitments under these two headings alone, and which are entirely outside what I might call the ordinary activities of government, total $2,770 million a year, or nearly 6 times all our annual expenditures for all the activities of the federal government in an average pre-war year.

I realize that the defence expenditure is a difficult liability to calculate, because this very heavy level may be only the result of the initial program upon which we have embarked to catch up on the backlog. But, Mr. Speaker, no one in this house, and I do not think anyone in any of the North Atlantic treaty countries, can forecast how long the cold war may continue. It may continue for 15, 25 or 50 years. We hope that we will never get beyond cold war, but we have to be ready to continue our efforts under the cold war indefinitely in order finally to convince the would-be aggressor, Russia, that it would not be wise to resort to a hot war. We have, therefore, to be prepared to continue, for however long it may take to bring that home to Russia, this tremendous level of expenditures on what I might call the extraordinary activities of government and not the normal governmental heads of expenditure, which amount to something in the neighbourhood of $2·5 billion or $3 billion a year. And we must really start to grapple now with the problem of financing it if we are to avoid waking up one day and finding the economy of our country facing possible ruin.

How are we going to meet this problem? I know that it is treading on dangerous ground to embark upon the realm of economics, but I suggest that we can only meet it by increasing the real wealth and real income of this country. And I maintain that the real wealth of the country is not money. Today money is suffering from the inflationary pressures which have been generated, and in this connection is therefore only of questionable value as a partial measure—it can only be a partial measure because its value is going down all the time—of the volume of business and commercial transactions. It is not an index of the real wealth of the country. It is true that in terms of money our national income has increased something like four times over pre-war levels, but our real product has only doubled. The increase in our national money income is largely the result of inflationary tendencies, so we cannot take any comfort from the fact that it has quadrupled over the past few years.

When refined to its real elements, Mr. Speaker, real wealth is found to be the combination of the productive capacity and energy of our people and the net result of the application of that productive capacity to our raw materials in the creation of end products. In other words, you get real wealth when you bring man and raw material together and produce something. When you do that, then you are building wealth. Only by increasing and accelerating this process can we provide the means of meeting the enormous expenditures that we have been considering.

We must then solve the problem by a positive program for the development and conservation of our resources. So far as I can see, that in a nutshell is the great need of this country—a positive program for the development and conservation of our resources. Conservation must go hand in hand with development, because we cannot contemplate the possibility of exhausting our resources in a matter of a few years by wasteful methods. Indeed, there are many aspects to the problem and it is difficult not to get deeply involved.

There is the problem of immigration; there is the problem of the limitation of resources; there is the problem of finances of a development program. But the main issue with which we are faced is that only by the development of our resources to increase the real wealth of the country shall we be able to meet the commitments which we have undertaken now.

On looking back on what has been said in the past as to the development of Canada, we find that over the years there have been many different visions of the future of this country. I go back to one which was expressed nearly a hundred years ago, in the confederation debates of the year 1864, by Sir E. P. Tache, the prime minister of the united provinces of Canada. Introducing the resolutions which were adopted at the Quebec conference of that year, and which led directly to the enactment of the British North America Act, he said:

> We had vast forests not yet opened or occupied, and yet we had a population numbering over 2½ millions of souls. With such an extent of territory and so fertile a soil, he had no doubt whatever that in less than half a century Canada would embrace a population equal to that of the large empires of the old world.

That statement was made nearly a hundred years ago. Then, at about the turn of the century, Sir Wilfrid Laurier, fifty years later than Tache and fifty years before our own day, said that the twentieth century belonged to Canada. But what is the position? We are still a country of only some fourteen million of people. We have not realized the vision

of Sir E. P. Tache of a hundred years ago, nor the vision of Sir Wilfrid Laurier of fifty years ago, nor the visions which inspired the fathers of confederation. Our population cannot by any stretch of the imagination be said to be even approaching, let alone equalling, that of the large empires of the old world.

We may be permitted our present-day vision of what Canada should be, even while criticizing the government for having failed to get further along the road to meeting the older visions. Indeed, not only must we face stern reality in the fact that Canada is committed to these obligations which we have been discussing, but we should supplement that stern necessity by a vision of our own of what this country could be in the future. If I may in very general terms paint a picture of what I see for Canada, I see her as a nation of not less than fifty million people, all profitably employed in a well-balanced economy; not an inferior or lesser partner, but becoming over the years the very centre and the senior partner in the British commonwealth of nations, which thus becomes again a real force for peace in the world. I believe, Mr. Speaker, that that is our manifest destiny. In support of that portion of the picture, I draw on no less an authority than the Minister of Agriculture (Mr. Gardiner) who, when speaking in Toronto to the Empire club last week, outlined in very definite terms his concept of the importance and the position which the British commonwealth of nations can play in the world today. He said:

> Everything possible should be done to maintain the British commonwealth—this greatest agency for peace in the world.

I quote that merely as a reference to show it is apparent that both sides of the house share this view of the extreme importance of maintaining the integrity and the reality of the commonwealth.

As I say, in my view, over the course of the next few years, if we bring about those conditions which make it possible for Canada to fulfil her destiny, this country will become in fact the senior partner and the centre of that commonwealth. But it is unfortunately true that as yet we have barely made a start in terms of what could be accomplished in respect to the development of our country. It is in the light of the tasks which confront us, the stern necessity of meeting the obligations which we have assumed as well as the desirability of realizing the vision which we may all dream, that I urge it as the duty of the government to plan for the development of our resources, to encourage the settlement of our country and to help provide the means by which men can be enabled to work on the materials which are to hand. It is the responsibility of government, in addition to formulating an immigration policy and pressing on with it, to embark upon such programs as soil conservation, irrigation, flood control, power development, and immigration and settlement generally, to bring men and materials together in this great country.

There are a number of such projects along these lines which immediately come to mind. For instance, there is the tremendous St. Lawrence seaway project. At the moment—I am delighted to see that we are committed to getting along with the development of the navigation side of that project. That is a step which all of us must support, although it is unfortunate that the United States is not going to be associated with us. However, at the same time that we embark upon the seaway project, we should give our attention to the development of the power resources of that area, which would be another means of contributing to the development of Canada and to meeting our commitments to our North Atlantic allies.

There is the South Saskatchewan river project, of which we have heard a great deal in the house lately. I am not qualified to discuss all the implications or the possibilities of that project, but I am sure that enough has been said here to establish that the benefits in terms of additional resources and the development of our economy would be tremendous. It is to be regretted that the government has temporized and delayed and made of this apparently a political issue rather than approaching it with a spirit of vigour and determination as a national obligation to contribute to the development, the growth and the rounding out of the economy of our prairie regions.

Then, moving west, we have the potentialities of the Columbia river and the Fraser river basins. The Fraser river is the one which interests me particularly. It has been said by those who have made a study of this matter that the Fraser river represents the last and greatest area of undeveloped power potential in the settled portion of Canada. Those of us who know the river will agree with that statement of fact. That tremendous body of water at the present time in its journey of some 850 miles to the sea from its source is virtually unharnessed. About all that has been done so far to make use of the Fraser is to make a beginning on the problem of facilitating the passage of the salmon from the sea to the spawning grounds through these turbulent waters. When you think of what it could mean in terms of power development, with an integrated program of irrigation and flood control as well, it simply defies imagination.

On another occasion when there is more time, Mr. Speaker, I will develop these thoughts in more detail, but I do not wish to take too much of the time of the house, or go too deeply into detail now, even if I were an expert, which I am not. Perhaps none of us is. I am certainly not qualified to go in great detail into the technical aspects of it. But this I do know—that the potentialities and the resources of that Fraser river basin of British Columbia, in common with the northern areas of this country generally, are almost totally unsuspected and untapped by the people of Canada. The great challenge to develop them which faces us cannot be neglected, cannot be left unaccepted, any longer.

We are faced with the necessity of providing for huge expenditures on social security projects and on defence, and to meet our commitments to supply raw materials and equipment to our North Atlantic allies. Perhaps that is the most urgent reason why we must face this problem of developing our country's resources. But in addition to that there is the vision of a great Canada which all of us may dream, a Canada which is the centre of the British commonwealth of nations, a great nation in her own right. We see her as the magnet to which all peace-loving nations are drawn, and particularly as the unit around which the commonwealth, which means so much to us, has solidified and stands as a contribution to world peace. In short, we see Canada as a nation whose people are not afraid to accept the challenge of the future, the challenge which problems of the world today pose for us. We have here a nation whose people are justly confident that their ideas are a threat to no one, but that their potential will be a real contribution to world peace and prosperity. We must then go forward, prepared to meet the challenge and to take action to develop the resources which will bring such inestimable good to the whole of mankind.

(Translation):

Mr. Armand Dumas (Villeneuve): Mr. Speaker, perhaps I am a late-comer. I feel, however, it is my duty to say a few words on the address in reply. Because I shall be brief, I hope to gain the sympathy of the house.

To the congratulations extended to the mover of the address (Mr. Cauchon) and the seconder (Mr. Simmons) I wish, first of all, to add my own. They performed their task most tactfully. As do many other members I envy the hon. member for Beauharnois his eloquence. He spoke very feelingly of unity. My good friend from Yukon and the Mackenzie River district took us on a trip to the far north, that beautiful and great country with unlimited natural resources.

Mr. Speaker, I wish right now to fulfil a very agreeable duty.

On behalf of the veterans of my constituency, of their associations and in my own name I wish to congratulate and thank the Minister of Veterans Affairs (Mr. Lapointe) for the announcement he made in the house last Friday.

I congratulate the minister for the magnificent way in which he explained to his colleagues the proposed amendments to the basic rates of veterans' pensions. It was clear and accurate that he obtained a generous increase. I also thank him for his great devotion to and affection for his comrades in arms.

In addition, at the beginning of the present session, the Minister of Veterans Affairs informed the house that in the early days of the 1952 session a parliamentary committee will be set up to examine proposed amendments to the War Veterans Allowance Act, amendments which will be made retroactive to January 1, 1952.

The veterans of my constituency and myself would have liked to see this act amended during the present session. However, having listened to the minister's explanations, we well understand that it would be quite unreasonable to proceed any faster.

The main reason for which this second session is being held in 1951 is the old age security bill, which will soon take its place on our statute books. I wish to say that the people of the constituency of Villeneuve are grateful to the government for having hastened the adoption of this measure designed to ensure the security of our older people. In this connection I also wish to congratulate the hon. Minister of National Health and Welfare (Mr. Martin) in particular, as well as the chairman and members of this house who served on that committee.

The speech from the throne, Mr. Speaker, also forecasts a number of very important and far-reaching measures, such as the St. Lawrence seaway project, the construction of a causeway across the strait of Canso, an irrigation project beneficial to the people of southern Saskatchewan, an amendment to the

Railway Act which will give effect to the recommendations of the royal commission on transportation, and a bill to give effect to certain recommendations of the royal commission on national development in the arts, letters and sciences.

Included in the speech from the throne are many other measures, of no less importance, too numerous to mention here.

Mr. Speaker, we shall realize, on prorogation day, that the government was wise indeed in calling the members for a second session in 1951.

Of all the measures I have mentioned, with the exception of the old age security act, the most important is undoubtedly the one relating to the St. Lawrence waterway project. Everyone is aware of all the difficulties involved, both in the past and now, by the construction of a seaway in our great river. The federal government has done more than its share of the preliminary steps; today, this same government gives us the assurance that the project will soon become a reality.

That gigantic project, to be undertaken at an estimated cost of $700 million, will permit the development of considerable hydro-electric power and a better use of that great waterway.

The St. Lawrence river can be compared to a first-class highway, but unfortunately certain obstacles prevent us from benefiting fully from it. The development of the deep waterway will permit the transportation, among other things, of iron ore from Labrador and eastern Quebec. The transportation of that ore will create considerable traffic in the direction opposite to that of the existing traffic, thus bringing about a better balance which should be greatly beneficial to our economy.

On the orders of the day we find a government motion providing for the setting up of a crown corporation called the St. Lawrence seaway authority.

The administration of this corporation will no doubt be entrusted to men of proven competence. I am no seer, but I do not think I am mistaken in assuming that engineers will be included in the executive of this most important corporation or will at least be attached to it. I will make so bold, Mr. Speaker, as to express the wish that one of them will be a surveyor.

Here is why, Mr. Speaker, I make that suggestion. Some of the powers which the St. Lawrence seaway authority will have, and which are set out in the motion I have just mentioned, are as follows: to expropriate; to construct, maintain and operate all necessary works.

In the exercise of those powers, the corporation will often be faced with border problems, either international or interprovincial. Property limits, the preservation of monuments and many other complex surveying problems will also be involved. The commission's prestige would grow and its work be greatly facilitated if a member of the corporation were to be a qualified surveyor. It will also create a feeling of confidence among owners of adjoining properties, whether it be the government as represented by the two provinces concerned, or the farmers.

In addition, even if the members of the corporation are to be paid for their services, as will certainly be the case, the honour of being a member of so important an executive body will reflect upon the professional groups to which these men belong.

What a wonderful opportunity is offered our country to acknowledge the services rendered in the past by the land-surveyors. They played a great part in the development of our country and blazed the trail for the explorers. They were explorers themselves and true pioneers.

For these reasons I hope that land-surveyors will be represented on the St. Lawrence seaway authority.

The building of a causeway across the strait of Canso is a project long awaited by the people of the maritimes. This project will facilitate the transport of goods from Nova Scotia as it will make it easier to carry into that province goods from the central and western provinces. Everybody will gain by it.

Our friends from the west, more particularly those from the southern part of Saskatchewan, will see before long the carrying out of a project on which they set a high value.

As a matter of fact, the building of one or several dams on the Saskatchewan river will allow our friends to reclaim large tracts of unproductive land.

The three projects I referred to, namely the St. Lawrence river project, the building of a causeway across the strait of Canso and the improvements along the Saskatchewan river, are nationally important even though each

may seem to benefit only a particular area. I claim that it would be in the general interest of this country to carry them out as soon as possible. For several reasons my constituents are glad that I support those projects. Our people always welcome any project that may contribute to the development of our resources and to the general progress of Canada. I was highly pleased to hear certain statements made by the hon. member for Vancouver South (Mr. Laing) in a speech delivered in this house on October 31 last, as reported on page 581 of *Hansard*. Dealing with the deepening of the St. Lawrence river, he said:

> When that project comes before the house I hope no western member will find it necessary to oppose it.

A little later on, he added:

> The justification for the Canadian government taking such action is that the advantages and results of that development will accrue to all the people of Canada, and the sooner we realize that a development of that magnitude in one part of Canada is going to serve all Canada the sooner we will have a more closely knit and more united Canada. I bring up the subject only because the great new industrial development in this country is going to occur in western Canada. We as western members are going to have to come here in the years ahead and ask all members of the house for the same type of support and co-operation that I hope we can now give with respect to the St. Lawrence waterway.

I proudly endorse that statement by the hon. member. We too, in western Quebec, shall very likely come to this house and seek support for some important projects we have in mind and that we hope to carry out with the co-operation of the other parts of our country.

Just a word now about that part of the speech from the throne referring to certain amendments to the railway legislation, following the recommendations made by the royal commission on transportation. I merely wish to remind the house that our district sent representatives to the commission while it was sitting here in Ottawa. In fact, Mr. Gilbert Lebel and Mr. Maurice Lamontagne explained a few abnormalties in the freight rates existing in our district and they submitted a brief in that connection on behalf of the economic guidance council of Abitibi.

In addition, this submission asked for a branch-line of the Canadian National Railways from Rapide des Cedres to Chibougamau through Bachelor lake. In this connection, the Turgeon report has this to say on page 133:

[Mr. Dumas.]

Chibougamau Lake Project

> In the year 1948 the Canadian National Railways completed the construction of a line about 40 miles in length from Barraute to Rapide des Cedres in the Abitibi region, Quebec. The representative of the Abitibi Economic Planning Council appeared before the commission to submit that the Canadian National Railways should continue construction to Chibougamau lake, through Bachelor lake, a distance of about 165 miles.
>
> The commission has since been informed that the Canadian National Railway Company is considering the matter and is awaiting further information to decide whether potential traffic will warrant the building of the extension.

Mr. Speaker, I now quote from page 135 of the report:

> The survival of Canada's railways, both private and government owned, is of essential importance to the nation. When further transportation facilities become necessary in parts of the country not yet supplied, the task of providing them will generally fall to the railways.

I repeat, Mr. Speaker, what I said in 1949 and 1950 in connection with the construction of a railroad in that part of the country. There is serious evidence of considerable deposits in that district not only of precious metals like gold and silver but of copper, lead and zinc. In my opinion, that line would be very useful to the district and I believe the Canadian National should undertake the building of that railroad as soon as conditions permit.

As regards the adjustment of rates, the report states on page 134:

> Among the representations mentioned in the foregoing paragraphs, request is made for freight rate adjustments which are matters for consideration of the railways and also of the Board of Transport Commissioners. The board will no doubt deal with them as part of their task under order in council P.C. 1487.

As far as freight rate adjustments are concerned I do hope that the representations made by Messrs. Lebel and Lamontagne to the royal commission on transportation will be taken into serious consideration and that the board of transport commissioners will carry out the necessary adjustments.

As for the measures designed to carry out certain recommendations of the royal commission for the advancement of arts, letters and sciences in Canada, I will only say this much. Highly competent men sat on that commission, they have accomplished a gigantic task, and the recommendations they put forward deserve our most serious consideration.

I could hardly take part in the debate on the speech from the throne without saying a few words of more immediate concern to my constituency.

The cost of living has risen in my constituency as much as elsewhere. With everyone here, I deplore this situation.

As stated by the Right Hon. Prime Minister (Mr. St. Laurent), "we are all affected by the rise in prices and the situation pleases no one".

On the other hand, the demand for manpower is very high and I hope our people will all be working this coming winter.

The farmers of my constituency keep toiling to clear and improve their farms. The arduous task they undertook is now producing results. However, if we want the progress of the farmers of our district to be on a par with that of industry, we will have to help those who clear the land and make it easier for the farmers to distribute their products.

I know our farmers. I know how steadfast they are, and if we help them ever so little we may be sure that they will do their full share in the development and progress of western Quebec.

The mine worker toils incessantly to produce ever increasing quantities of basic metals which are becoming more and more indispensable to our economy.

The workers in the Rouyn-Noranda, Cadillac, Malartic, Val d'Or-Louvicourt mining area have done very much for the development of that rich area and they expect from us the protection to which they are entitled.

The gold mining industry is going through a difficult period, and producers have to market the precious metal at a price infinitely lower that it should really be. Some mines are operating at a loss just so they can prevent disaster in municipalities depending solely on that industry.

Most of the workers in the region having invested their savings in real estate located in the various municipalities, the federal government must do its best to protect the future of these miners.

Fortunately, in order to overcome the difficulties facing the gold mining industry and the municipalities which depend on it, the government has maintained in force the Emergency Gold Mining Assistance Act. We hope it will remain in force in 1952, with even more generous provisions if possible.

The government cannot lose anything by doing so; in fact it will gain much. Here is the reason why. The gold producers acknowledge their responsibilities. They also participate fully in the development of our other mineral resources: I refer to frequently used metals like copper, zinc, lead, silver, nickel, etc., which are in such great demand. An example will illustrate what I mean. Let us take the Sullivan Consolidated mine. This typically Canadian enterprise, which produces nothing but gold, is established in my region.

This mine during the years favourable to the gold industry had accumulated a certain working capital. It could have waited, could have accepted government assistance in order to maintain its financial position. But it did not do so. The directors of the company realized there was a strong demand for base metals. They lost no time in investing the capital in prospecting work and development of base metal mines. Thus, the Sullivan Consolidated played an important part in the development of the zinc and copper deposits of the East Sullivan. The same company also advanced a part of the outlay required for the development of important zinc and lead deposits in the Gaspé region. These deposits should be mined before long. In addition, this mine is spending large amounts on prospecting activities in many other parts of the country. I could give many examples.

I say, Mr. Speaker, that government aid to gold mines is well justified since, first of all, it prevents the turning of certain towns into ghost towns and the financial ruin of the majority of our workers. On the other hand, that money is repaid a hundredfold to the country, because it brings about the opening of new base metal mines that produce essential metals for our civilian and military needs.

The government realizes the importance of air transport in our district and, through the Department of Transport, it has provided landing strips near the cities of Rouyn and Val d'Or. The people of my country are grateful to the government for its solicitude in the matter. I must say, however, that in case of war, the Rouyn airport would not be appropriate for jet planes. I wish to draw the matter to the attention of the Minister of National Defence (Mr. Claxton). I am confident the Department of Transport would willingly co-operate with the Department of National Defence to complete the work at that airport so as to provide, in case of war, a greater protection for the mining centres in the vicinity of those airports.

In conclusion, Mr. Speaker, I hope that the war in Korea, which unfortunately seems to develop into an endless struggle, will end in

a just peace before the year is out so that our boys who have answered the call to serve under the command of the United Nations in that country may all come back to celebrate with their families the approaching Christmas and New Year's day.

(Text):

Mr. Robert Fair (Battle River): Mr. Speaker, the throne speech debate has now been in progress from time to time for a number of weeks and, judging by the list of speakers still on our desks, we are perhaps going to carry on for some days yet. I believe this is a good thing for, at this particular session, we have no budget to deal with and no estimates, so this is the only occasion on which many of us will have an opportunity to state our grievances.

During the course of the debate many questions have been raised and some legislation has been passed, particularly the legislation providing for the old age pension. I understand that legislation is now being dealt with at the other end of the building, and I hope that on this occasion no such action will be taken as was taken when the first old age pension bill was sent there. I believe the gentlemen at that end of the house now realize the plight of many of our older people, and I hope they will give the bill speedy passage. I shall not be at all disappointed if they should come through with a recommendation to increase the amount of the pension.

During the debate we have had one amendment to the motion disposed of; and on November 7, immediately after that first vote was taken, the hon. member for Acadia (Mr. Quelch) moved the following amendment:

That the amendment be amended by adding thereto the following words:

"Furthermore we regret that Your Excellency's advisers have failed to compensate the recipients of war veterans allowance for the increase in the cost of living by an appropriate increase in the amount of the allowance."

I believe that every veteran in the house today should support that subamendment; and were they all free to express their opinions I believe they would do so. Personally I want to support it in any way I can, even to the extent of paying additional taxes to make that payment possible. Had I previously been in doubt about my stand on this particular subamendment, I had my mind fully made up a week ago yesterday when we had the Remembrance day service down at the cenotaph. During the time that the governor general took the salute I stood a short distance from where he was on the stand; with him were several cabinet ministers including the Minister of Finance (Mr. Abbott), the Minister of National Defence (Mr. Claxton), and the Minister of Veterans Affairs (Mr. Lapointe). Also with them were the Prime Minister (Mr. St. Laurent) and some other gentlemen whom I did not know. I know these men are carrying a terrific load today; but as the groups of old-timers, and even the little fellows, passed by, a tinge of bitterness was raised in me when I saw many of these veterans carrying canes which they did not then use. Looking back to the time of the first great war I can remember the great pains taken to find uniforms for and to give training to many of these veterans. Then their supplies were provided for them while they were overseas fighting. Since they came back we have been told of the struggle they had over there, of the mud they had to lie in and of many other things. Even during the second world war we also provided vast sums of money to equip the men who fought over there, and when they came back we gave them a fairly good deal compared with that given to the veterans of the first war. Now I am wondering—and I asked myself this question a week ago Sunday—why we cannot look after these old fellows after they came back, after their health had been broken and after, as a result of conditions that had been permitted in this country, they were not able to save enough during their working days to take care of themselves in their old age. After a man reaches 40 or 45 years of age today, industry no longer wants him. Many of these old veterans had been in industry, and when they reached a certain age they were thrown out. Now they cannot find employment. I feel it is our duty—the duty of this parliament and this government—to supply them with a decent livelihood for the rest of their days.

I was quite satisfied—in fact I did some desk pounding—the other day when the Minister of Veterans Affairs made his announcement—on Friday last I believe—telling us what the legislation will provide for recipients of pensions under the Pension Act. This legislation was perhaps grudgingly brought down in the house because the speech from the throne does not make any mention of it; but because of pressure that was exerted

last session and this session so far, in the house and throughout the country, I believe the government felt compelled to do something for those disability pensioners. That is perhaps not surprising when we realize that the government today, with their approximately 185 members, are here on the strength of a minority of the votes cast in the last election. Hence when the opposition was heeded, perhaps that was only right, because the opposition still represent a majority of votes throughout the country.

The fact that the Minister of Veterans Affairs made that announcement on Friday last is, I think, his admission and that of the government that the disability pensioners were not getting enough to keep them going on a decent scale. Having made that admission he also admitted—as did the government indirectly—that the recipients of the war veterans allowance are not getting sufficient to keep them at a decent standard of living. I therefore do not know of any better time than the present to bring in another announcement stating that the government will at this session make an additional payment to recipients of war veterans allowance. There is still plenty of time to do that.

I am fully aware of the fact that the government has stated that, at the 1952 session, a committee on veterans affairs will be set up, and that any action they may take could be made retroactive to January 1 of next year. But while we are having a few days of cold weather and snow at the present time, let the Minister of Veterans Affairs and the government not forget that before this committee, which is to be set up next session, will have an opportunity to report under ordinary circumstances, many cold days will have to be endured by the recipients of the present war veterans allowance and many of them will not have enough food, clothing or warmth in their houses to enable them to have the proper standard of living. So why not do it now?

The government has the idea of looking after many other people, but I do not know of any group in this country more deserving of protection than the group who went overseas and sacrificed everything. I do not intend to say any more on that particular subject at this time, except to quote a portion of an editorial appearing in the November issue of *The Legionary*, which reads as follows:

> It is regrettable that the government did not see fit to have a parliamentary committee set up to deal with war veterans allowance during the current fall session so that the increase, whatever it may be, could have helped to tide the recipients over the coming winter months when expenses are heaviest. The government having announced its decision, however, *The Legionary* can only express the fervent hope, which it feels sure all ex-servicemen and women will share, that when the amount of the increase is determined, it will be sufficient to enable these gallant old defenders of Canada's freedom to spend their remaining years in reasonable comfort, free from fear of want or outright poverty. Nothing less than that will satisfy their younger or more fortunately placed comrades—nor, we firmly believe, the citizens of this country generally.

I believe the official organ of the Legion states the opinion of 100 per cent of the members of this house, if they were only free to express their opinions.

In addition to the plight of the old veterans, there is another occupational group in Canada facing hardships and in many cases practically total ruin. I am referring now to my farmer friends in the prairie provinces. For the second year many of them have their crop out under the snow, and they are unable to pick up the pay cheque for which they have worked so hard all year because of the weather conditions that have prevailed. On September 25, 1950, after having about seven or eight days good threshing weather, there was a break in the weather and practically no harvesting was done after that date. Practically all the crop lay out under the snow during the winter. After having to wait for the heavy snowfall to melt away this spring, the farmers were compelled to harvest their 1950 crop before they could do anything about putting in the 1951 crop. After the excessive snowfall it took a considerable time for the land to dry sufficiently to enable heavy machinery to be brought in, so that it was late before planting took place. The weather did finally turn good, and as a result we had one of the best crops we have ever had in western Canada.

On September 25 of this year, the weather again turned bad, and very little harvesting has taken place since then. Some people have been able to thresh or combine some grain, but in most cases the grain is still in the field. All of the grain is either tough or damp. Under these conditions it is not possible to keep the grain over during warm weather. Many reports have been received on conditions out there, and one of the latest I have been able to get is an estimate made by the Alberta department of agriculture which deals with conditions in that province. It shows the following estimate for wheat: threshed, 43 per cent; in stook, 16 per cent; swathed, 28 per cent; standing, 13 per cent. In the case of oats, it showed 33 per cent threshed, 35 per cent in stooks, 18 per cent swathed, 14 per cent standing. In the case of barley it showed 54 per cent threshed, 21 per

cent in stooks, 19 per cent swathed and 6 per cent standing. This is not a very bright picture.

In addition to some farmers being unable to harvest their crops, those who were fortunate enough to get them harvested were unable to deliver one bushel. On account of the early frost and bad weather last year, a heavy percentage of the grain was low grade. Because of a lack of markets, and later on a lack of boats and box cars, much of that grain remained in the elevators in various places all over the prairie provinces. When the milling grades of this crop were available for shipment, the elevators could not handle them. This explains why many appeals have been made to the Minister of Trade and Commerce (Mr. Howe), and many letters have been written to the transport controller, the wheat board and the board of transport commissioners, to have something done. In spite of these appeals we find that many areas are without box cars. Some weeks ago the wheat board found it necessary, in order to fulfil commitments it had made, to issue orders that only milling grades of wheat could be loaded. The points from which this grain was to be taken were those nearest to Fort William, and those from which the quickest turn around could be made. We understand that all of these measures were necessary but a number of farmers are placed in a difficult plight.

This letter is typical of the many I have received from farmers. It reads:

> Is there any way you could fight the terrible way the grain board has of handling our grain? We cannot sell one bushel of wheat even as the elevators are plugged and so far this year only nine railroad cars have come into Mannville. The two crops previous to this were completely dried out around here and we had to spend every cent we had to buy feed from around Vermilion and Irma. Now this year the frost lowered my wheat to grades 5 and 6 which the elevators are not permitted by the grain board to take, even if they did get room. The government from Ottawa announced that there were lots of cars for moving grain. Why are they allowed to announce such falsehoods? True, there are plenty of empty cars, and all empty elevators at Viking, but why the awful situation all along our line? I have my gas, repair bills, hired man, etc., to pay before he leaves for the bush and can't do it as my wheat is on the ground in piles and granaries full with no way to sell it. Had it not been for a few cattle to sell in the past few years, we farmers could not have carried on at all.

I believe that illustrates the plight in which a large percentage of our farmers find themselves. In some cases they did not even have the cattle to sell. When one realizes the exorbitant price that is being charged for binder twine, for machinery and many of the other things that enter into the cost of production, one can understand the plight of these people. I am fully aware of it, because I have been in exactly the same predicament for a little more than 30 years.

Recently requests have been made to have loans granted on the grain not yet harvested. If it is feasible I believe it is necessary, and I hope that something along that line will be done. I am well aware of the government policy concerning credit restrictions, and that has caused many bank managers to refuse loans to farmers who were formerly able to get the money they wanted. Government policy, of course, must be obeyed, and this is the result. When the Minister of Agriculture spoke a week ago today he gave quite a talk on agriculture, as he usually does, and tried to point out that if the farmers were to adopt different methods of farming—I believe he was referring to horses—they would not find themselves in their present condition. The Minister of Agriculture has not been on the farm very much recently, or on many farms, at any rate, because at the present time we have not sufficient help on the farms to operate in the old way by working horses and using smaller machines. With horses and smaller machines you just cannot handle the land that we are handling in the west. Because of the long working hours and poor living accommodation on many farms, many of our farm workers go to the cities where they can have more of the conveniences of life, shorter hours, better pay and pensions to take care of them in their old age. Therefore it has become necessary to buy bigger machinery, and in many cases that machinery runs twenty-four hours a day when the weather will permit. The present system of farming is entirely necessary under our present conditions. If we had had a policy for agriculture in Canada that would guarantee the farmers and their help a standard of living equal to that in other occupational lines, then we would be able to use more horses and more horse-drawn machinery.

Mr. Wylie: Who wants to use that?

Mr. Fair: The price of farm machinery is entirely too high today. Some people may defend these prices. When the committee on prices is dealing with other matters perhaps it might also deal with the cost of producing farm implements. There is no comparison whatever between the price of those items at the present time and the price of grain. There is no connection whatever between them. For that reason we have been asking for many years to have parity prices established.

Further, in connection with the price of hogs, a very good suggestion was made by the hon. member for Selkirk (Mr. Bryce),

namely to have an investigation into that industry also because, as has been pointed out, we have had very wide fluctuations in the prices paid for hogs on the different markets throughout this country. But when you go to the butcher shop to buy a particular part of the hog you do not realize that there has been any fluctuation whatever. This is not good enough. This is one of the reasons our cost of living is up where it is at the present time. Perhaps the packers, the implement manufacturers, the manufacturers of electrical appliances, and many others of these groups should be investigated by our prices committee.

I was really pleased with the announcement made by the Minister of Trade and Commerce (Mr. Howe) today in connection with the final price to be paid by the wheat board. However, I was not so well satisfied with the manner in which it came out. We find that regardless of the number of times an opposition member asks for this information, when it is about ready to be handed out apparently a question is given to some government member so he can get the information supplied by the minister. However, regardless of what certain people have said against the wheat board, some of them in this house, I feel that it has done a really good job in spite of government policy. What I mean about government policy is that the wheat board has been compelled to sell wheat to millers to be milled into flour for Canadian consumers at a price that will likely average about 50 cents a bushel below what the wheat board has been able to obtain for grain which we know as class II sold to countries outside the international wheat agreement.

The international wheat agreement as it stands at the present time is not working out very well in favour of the wheat producers. Again I want to bring to the attention of the house the suggestion made by the hon. member for Acadia (Mr. Quelch) when this agreement was under discussion a couple of years ago. He asked that the price of wheat be tied to the price of goods in the country importing our wheat, thus having a fluctuating price that would take full cognizance of the cost of production. If that were done we would not have the losses that are sustained at present under the agreement.

The Minister of Trade and Commerce (Mr. Howe) told us that No. 1 wheat will average $1·85498. That is getting it awfully close to the maximum, and I am personally pleased with the result of the wheat board operations. On a number of occasions, as have all this group, I have praised the operation of the wheat board, and as long as I am here I intend to support that organization. But I feel it would be much better if it were not compelled to mix in other government policy with its own operation. The job of the board is to get the best possible price it can for the products entrusted to its care. In my opinion they have done quite well. Many people are trying to get back to that old gambling den, the grain exchange. The farmers of the three prairie provinces should be very wary when this question comes up. Perhaps I should place on *Hansard* something I clipped from the Manitoba *Co-operator* of November 15, which reached my office this morning. The heading is:

> Sleep came harder with a bare larder
> (Cogitator's Nightmare)
>
> The best grade of wheat in the world, No. 1 northern, sold for 23½ cents per bushel! Fantastic—you say, but it's true. No. 2 C.W. oats returned 9½ cents per bushel. Malting barley returned 17 cents per bushel at a point with a freight rate to the Canadian lakehead of 18 cents per 100 pounds.

I might break off here and state that at the point at which I farmed the freight rate was 26 cents a hundred, so you can take 5 cents a bushel off wheat and 2 cents a bushel off oats in respect to the prices that I have already quoted. That means that in 1932 wheat sold at my shipping point for 19 cents a bushel. That was the amount we received for the best wheat grown in the world. I continue with the quotation:

> Rye was worth 15 cents a bushel, and flax 50 cents a bushel. These were not necessarily the lowest prices received by the producers.
>
> Prices referred to here were quoted December 16, 1932. There was no one to absorb the hedges, and the market sagged. Elevator agents bore the brunt of criticism, yet elevators were apparently paying all that the market would permit. The speculator who was so staunchly supported by the advocates of the open market, as a necessary factor in absorbing the farmers' hedges, was apparently Christmas shopping. In any event, he was not on the job when he was so badly needed.
>
> What guarantee is there that the speculator would not again take an unannounced holiday?
>
> The following tabulation is self-explanatory:
>
> Official list prices paid per bushel at country elevators under price list No. 115, dated December 16, 1932, for points with freight rate to Fort William of 18 cents per 100 pounds.

I am just going to quote the top grades in each: No. 1 hard wheat, 23½ cents a bushel; oats, 2 C. W., 9½ cents a bushel; rye, 2 C. W., 15 cents a bushel; flax, 1 C. W., 50 cents a bushel; barley, 3 C. W., 14 cents a bushel. If I could have permission of the house I

should like to place this on record. The prices of lower grades of grain are shown in this list. It is as follows:

Official list prices paid per bushel at country elevators under Price List No. 115, dated December 16, 1932, for points with freight rate to Fort William of 18 cents per 100 pounds.

Spring Wheat	Per Bu. cents	Amber Durum	Per Bu. cents
1 Hard	23½	1 C.W.	24½
1 Northern	23½	2 C.W.	20½
2 Northern	20½	3 C.W.	16½
3 Northern	18½	4 C.W.	15½
No. 4	17	5 C.W.	14½
No. 5	15	6 C.W.	12½
No. 6	11		
Feed	7		

Oats	Per Bu. cents	Rye	Per Bu. cents
2 C.W.	9½	2 C.W.	15
3 C.W.	6½	3 C.W.	12
Ex. 1 Feed	6½	4 C.W.	10
1 Feed	5½	Ergoty	10
2 Feed	4½		
3 Feed	2½		

Flax	Per Bu. cents	Barley	Per Bu. cents
1 C.W.	50	3 C.W.	14
2 C.W.	46	4 C.W.	11½
3 C.W.	32	5 C.W.	9½
4 C.W.	32	6 C.W.	8½
		3 x C.W. 6 Row...	17
		3 x C.W. 2 Row...	17

In addition to these prices other figures could be placed on record, including eggs at three cents a dozen, butter at eight cents a pound, butterfat at a similar price, and many other commodities and prices I could mention. However, I am not concerned particularly with them today.

I place these figures on record because they are the prices which obtained under the system operated by the Winnipeg grain exchange. Many people have tried to lead the farmers astray and to get them back into the same old trap so that they may be skinned all over again.

On Saturday next, November 24, a plebiscite is being taken among farmers in Manitoba to see whether or not they will continue delivering their coarse grains to the wheat board, and having it sold by that organization. The prices announced by the Minister of Trade and Commerce (Mr. Howe) as having been obtained by the wheat board this year for coarse grains and wheat should be enough to open the eyes of any farmer, that is anyone who is truly a farmer. Perhaps we will hear from a gentleman in the other end of the building, who was a former minister of mines and resources, who came to Ottawa on the strength of the farmers' vote and then sold them out, and who during recent months has been helping the farmers' protective association of Manitoba. That gentleman should be ashamed of himself, and I shall be very much surprised if he is not out there assisting in the present campaign. I hope the representative of the Winnipeg *Free Press* will give publicity to what I am saying today, because I have taken occasion to do the job in a similar way at other times. I hope the farmers of Manitoba will be wide awake when they go to the polls next Saturday, and vote to deliver their grain to the wheat board. In my opinion that is the last hope of the Canadian farmer.

As I said before, we should see to it that the wheat board continues to sell the farmers' grain, and forgets about putting into operation other government policy. One of the things to which I strongly object is the selling of wheat to Canadian millers at a price similar to that obtained under the international wheat agreement. That policy cost the wheat growers in the prairie provinces this year an average of 50 cents per bushel. On different occasions I have asked the Minister of Trade and Commerce why that situation exists, but up to the present time he has not given me an answer. The last time I asked he replied that they were paying the same prices as the others; but that is not so. We are getting nothing from the consumers of Canada in return for that, and I say it is about time something was done in that connection.

I have here a page from the *Western Producer* of September 13, 1951, in which appears an advertisement of Saskatchewan Pool Elevators Limited. In it they deal with marketing under the international wheat agreement, and make this statement:

> The agreement represents what wheat pool members hope will be a permanent, long-term method of marketing their wheat crop, most of which is sold on the export market. Its purpose is to protect both producer and consumer nations from unfair prices, and to stabilize and expand world trade in wheat. It is meant to prevent such absurdities as the German tariff on wheat of $1.62 in 1930.

And then follows this part, of which I would ask the Minister of Trade and Commerce to take particular notice:

> The agreement is achieving its purpose, but the steady inflation of prices of the things farmers have to buy presents a situation which will have to be taken into account in future agreements. A new agreement will have to be negotiated soon, and western farmers have a responsibility to consider what changes, if any, they think should be made in methods of setting prices and price ranges in future agreements.

I hope the Minister of Trade and Commerce and others concerned will take that into consideration, and do something about it. Apparently many people in this country are

quite satisfied with a long-term contract; but in my opinion that is not sufficient unless we have a price that will take care of our cost of production.

I should like to say a few words concerning income tax assessed against farmers. Unfortunately the Minister of National Revenue (Mr. McCann) is not in his seat, a fact which gives me some concern because I have received a number of complaints about this matter. A short time ago—and I believe the practice still exists—offices in our prairie provinces, including the one in Edmonton with which I am more familiar, sent letters to farmers who, it was believed, had not yet exposed all their business activities. Those farmers were told to bring their permit books, their bank books, cancelled vouchers and receipts. After they and, in many cases, their wives reached the offices where they met the assessors or investigators, they found the books they had brought were not required, and that in many instances the officials in charge did not even look at them. Without any notice having been given, those officials proceeded to get from the farmers an inventory of what they had held some two or three years before, and an inventory of what they are worth today. If the act does not now contain a section making provision whereby those people would be given notice when called upon to give such information concerning net worth, then some such section should be inserted.

I have in mind one instance where a farmer was asked to meet an investigator. After being told by the official that he did not want to see the farmer's permit book or bank book or receipts, he proceeded to extract from the farmer a net worth statement. Just to show the lengths to which some of these investigators would go, this particular one wanted to know what the farmer and his family spent on liquor. I have known that farmer for many years. His reply was that they had not spent anything for that purpose. He was then asked what he had spent on smokes, to which he replied. "We do not smoke." "Does your wife smoke?" And his reply: "No, my wife does not smoke." "Well," the investigator said, "some of your boys smoke, surely." "No," replied the farmer, "they do not smoke." "Then, what did you spend on haircuts?" For years this farmer and his boys have been trading haircutting, and have had no expense on that score.

An hon. Member: Bald-headed?

Mr. Fair: Then the investigator asked, "What did you spend on razor blades?" I think that is going the limit. I wish the Minister of National Revenue were in his seat so he might hear what I am saying. I hope he will read it, and see to it that justice is meted out to our farmers. Then many of these farmers—perhaps all of them, so far as I know—had to include in their incomes anywhere from $25 to $50 per member of the family per year for carrots, turnips, cabbages, potatoes, and things of that kind grown in the garden. That is a definite steal by the government. Why should the farmer, who is not engaged in truck-farming, have to do that? What other occupational group in Canada has to include such items in their receipts accounts? In many instances the farmer has a garden which is cared for by his wife; and the farmer's wife receives no pay for it. In many cases this is not worth more than $25, because you cannot sell any of the things that are produced.

There is another thing about which we have protested. In June, 1947, the Minister of National Revenue (Mr. McCann) told us that the cost of brushing and clearing out small acreages would be allowed as a current expense. After corresponding with the Edmonton office for some time I was told that this would not be allowed, that it would be tacked on to the capital account. The farmer must pay money to have certain patches cleared out of his cultivated land, and he is not permitted to show the cost as an expense. Here again the government is deliberately stealing his money. It has no business doing that. Until other members in this house representing agricultural constituencies, and perhaps some of our legal friends from the city, take up this matter you will not have the production that Canadian farmers should be able to produce.

On another occasion I pointed out that there is something radically wrong with our taxation program and our agricultural policy in general when we have to import butter and eggs and many other things. I should like to refer again to wheat for a moment. During the 1945-49 period we received $1·833 for our top grade wheat, but for the 1950 crop we are receiving only $1.85 and a fraction. I venture to say that the cost of production, the cost of machinery, of farm help and many of the other things the farmer has to buy has increased by at least 30 to 40 per cent; yet he is compelled to take practically the same price for his grain although much of it is lying out under the snow.

I am not going to say anything more on this occasion except to pat on the back one of the courageous Liberal members in this house, who unfortunately is not in his seat at the moment. I refer to the hon. member for

Charlotte (Mr. Stuart). The hon. member has lived close to the United States border for many years. For about twenty years he made his living on the water, and for some time past has ably represented his constituency in this house. He has told us on many occasions in private conversation about the wrong that exists in connection with the increase in prices brought about by the tariff. On October 31 he cited many instances where deliberate steals—if I may use that word again—have been made from the Canadian people. I shall mention just one instance which he cited, of a refrigerator selling for $225 in the United States while the same refrigerator, made by the same manufacturer, sells for $465 in Canada. There is a glaring instance of robbery by somebody. I believe the government could look after that if they wanted to. As reported on page 601 of *Hansard* of October 31 the hon. member said:

> In conclusion, Mr. Speaker, I want to make one prediction which will never come true, perhaps, because the suggestions I have made will not get very far.

The hon. member realized that he was a voice crying in the wilderness.

> Nevertheless I want to make one prediction. Throw open the gates in this country for three months and the cost of living will drop by many points. We all know that. Again I want to say that this is the Liberal approach to the problem. I only hope that the men here who have listened to my remarks today will just add a little bit to what I have said and see if something cannot be done to put in their place these monopolistic organizations that we have in Canada.

I believe there are approximately 185 Liberal members in the House of Commons. The reduction of the tariff is the Liberal approach, according to the hon. member for Charlotte, and he is asking for help. Since the hon. member made his speech I have not heard one Liberal member speak in favour of it. What are they going to do about it? There is a challenge which should have been taken up many years ago, but these conditions still exist. What are we going to do about it? Is any Liberal member going to support the hon. member for Charlotte? That is a question I should like to see answered by some of the prominent backbenchers on the Liberal side. I should like to see some of them make speeches and support by their votes the good suggestions that have been made by some of their own colleagues and by many of us in the opposition.

(Translation):

Mr. Auguste Maltais (Charlevoix): Mr. Speaker, I have no intention of prolonging this debate unduly and, in so far as I can confine myself to my notes, my remarks shall be rather brief. May I first of all congratulate the mover of the address in reply (Mr. Cauchon) and the seconder (Mr. Simmons). For all their tardiness, my congratulations are none the less sincere.

The hon. member for Beauharnois, who received part of his education in the county of Charlevoix, could scarcely fail to rise to the occasion and to do justice to the task entrusted to him. He has certainly not betrayed the confidence placed in him by his fellow citizens.

I have not the pleasure of close acquaintance with the hon. member for Yukon-Mackenzie River. I am sure, however, that when his constituents heard he was to second the address, they were rightfully proud of this honour.

I take this opportunity to mention that last summer the Prime Minister (Mr. St. Laurent) paid us the high honour of visiting the constituency of Charlevoix. To the honour attached to the highest office in this country, he enjoys another one, which he prefers, that of being a great Canadian.

In addition, I can hardly omit mentioning, Mr. Speaker, the humble invitation sent to you during that same season, by my compatriots, during your brief stay at Laval university, requesting that you pay them a visit. Charlevoix was indeed happy to greet you and your visit will long be remembered by the people of that old district of the province of Quebec. Remember that we only bade you "Au revoir".

Along with most hon. members, I listened with satisfaction to the speech from the throne. The measures announced, several of which have already been adopted, reflect the constant care and attention the present administration brings to the solution of current problems, domestic as well as international.

Some hon. members even went so far as to say that these measures were so excellent and popular, in spite of what our Conservative friends may think, that an election must be in the offing, as if the Liberal party were incapable of any good legislation except on the eve of an election! There must have been a great many elections in the last twenty-five years since the list of the Liberal party's achievements in that time is very long indeed.

Nevertheless a government's task knows no limits and the situation in which all nations find themselves today makes Canada's role much more difficult and costly to play.

Perhaps it was the timeliness of that complex and uncertain situation that prompted the Progressive Conservative party

to introduce the motion of want of confidence now before the house. Since it is my intention of limiting my remarks to the proposed amendment, I should like to read it again:

> We respectfully represent to Your Excellency that in the opinion of this house adequate steps should be taken to combat inflation and deal effectively with the high cost of living.

After attempting to explain the reasons for his amendment, the leader of the opposition closed with these words, as reported at page 226 of *Hansard:*

> (I) express the hope that the members of this house, without any extension of the motion, will vote for that motion which asks the government to act now in a spirit of co-operation.

In spite of this invitation, I will not support the motion, and that for two reasons. First, because it implies that the government have accomplished nothing, which is contrary to the facts, and secondly, because the general terms of the motion refer to nothing definite and do not suggest a definite measure to improve the situation referred to in the motion.

We all know that, in this country today, there is a certain amount of inflation that hampers different sections of our economy and remains as a constant threat. No one will deny however that this lack of balance is universal and that all the countries in the world are suffering to a more or less alarming degree. Canada at the present time may be the country that has best succeeded in avoiding its most disastrous effects. Have prices not gone up 100 per cent since about 1935 in Great Britain? In about the same period, prices in France have gone up 2,000 per cent. And what about Greece where prices have increased 25,000 per cent?

I believe that, considering the way in which our respective indices of the increase in prices are computed, Canada compares favourably with the United States despite the fact that direct controls are applied in our neighbouring country. That, however, did not prevent Mr. Collins of the New York *Times* from saying that the Americans are not justified in stating that price maintenance has checked inflation.

Of course, two wrongs do not make a right. However, before trying to do away with the symptoms of an epidemic it is necessary, in order to arrive at a sure solution of the problem, to go back to the cause of the epidemic. And I am one of those who believe that, unless the serious problem of inflation is discussed at the international level, the palliatives or the remedies that each country can take individually will only dull or allay the pain, but will not cure it.

Since this factor is quite beyond its reach, how can Canada control the price of the goods it imports?

Would anyone dare to forbid our exports to various markets where the prices are more attractive when such a policy might lead our whole economy into a state of complete stagnation?

Since Canada has to export and to import, it is utterly incapable alone to withstand successfully the inflationary pressure created elsewhere but felt in our own country.

Moreover, from what I remember of history, no country ever escaped inflation after a war. That is why every nation seeking ways to preserve peace must also seek ways to stabilize the economy of all nations for fear that our very efforts to win peace may in themselves cause our downfall.

A total defence program involving a nation's best energies is in the long run a hard undertaking to carry out and one which may very well be a burden for generations to come. Besides, the present conflict cannot be settled on the battlefield. Such is the bare truth that has been emphasized by facts that are only too recent.

Who would have thought that totalitarian Germany, once defeated, would be requested by her conquerors to join them as an ally? And who could have forecast that the powerful victors in the Pacific would be so soon confronted by danger from those very nations they have assisted, as was stated by a paper or a book the name of which I don't recall at the present time? How can you explain that, within so short a time, we are called upon to give assistance to both those countries of Europe and Asia which we so desperately fought, or that, after waging war to protect unfortunate Poland, we could have agreed to giving that country up to its worst enemy?

But I am getting away from my subject and I apologize. I was speaking of inflation. Although the problem is world-wide the government, who has admitted it in unequivocal terms, is duty-bound to do its best to solve it.

When the leader of the opposition calls upon the government to act now, he comes too late for, as usual, the government is ahead of him. I do not propose to read once

more through the long list of measures taken to stop this inflationary wave which has swept over the country as a result of the exhausting war we have gone through and because of the spectre of another war. As a humble supporter of the present government, before the public as well as in this house, I shall quote the opinion of a stranger lest I be charged with being, according to the favorite expression of our friends to the left, a blind supporter of government policy.

Here is what Mr. William R. Biggs, vice-president of the Bank of New York and the Fifth Avenue Bank of New York had to say in a speech delivered in Toronto on October 12 last. I quote Mr. Biggs at a point where he concludes a list of certain measures taken by the United States government in an effort to put a stop to inflationary pressures.

(Text):

I quote Mr. Biggs now:

Before we go to the direct methods of control, it is interesting to contrast our indirect controls with those of our neighbour, Canada. Canada has enacted additional personal and corporate income taxes and various sales and excise taxes, but has so imposed this additional taxation that almost 45 per cent of the increased tax revenue has been obtained from sales and excise taxes. Furthermore, Canada has not only had a surplus in every year since the war, but expects to have a surplus in the fiscal year ended March 31, 1952—and a substantial one in relation to the size of her budget. Her national debt has been reduced by over 15 per cent since 1946.

Canada not only has increased her discount rate from 1½ per cent to 2 per cent, but she has been realistic in the matter of encouraging savings. Recognizing the importance of accelerated public saving, she has increased the rate paid on her savings bonds by about one-half of one per cent. In other words, Canada has acted upon the necessity of higher interest rates as part of a program to contain inflation. Again, in Canada really tough instalment selling terms have been laid down. As just one example, the down payment for a new or used automobile is 50 per cent with only twelve months to pay.

Because of the concentration of banking into a few large banks in Canada, with branches throughout the country, the Canadian credit control system, which seeks to limit bank loans to last year's levels, has been particularly effective. Canada has also adopted a very ingenious plan for discouraging unnecessary capital expenditures. No depreciation on new construction or new equipment will be allowed as a deduction for income tax purposes for a four-year period commencing April 1, 1951, except in certain categories considered essential to defence or basic to national development. This should prove to be, over the long run, an extremely effective way of reducing unnecessary capital expenditures and, hence, should relieve the strain on the supply of raw materials.

These indirect controls add up to an effective program which has some real teeth in it. They have also the great advantage over direct controls of not requiring a great build-up in bureaucracy to operate and enforce them. In connection with the effectiveness of the Canadian program, it should be realized that inflation in Canada, as in the rest of the world, is affected most importantly by rising prices in this country.

(Translation):

These are the words of a man who cannot be considered as prejudiced. But the work of the government goes further. In September, by freeing the dollar, the Minister of Finance (Mr. Abbott) added one more weapon to the government's program towards the stabilization of our economy.

The Conservatives keep repeating: the government should reduce expenses. I wonder what my colleagues, who are friends of the government, think about this matter. However, as far as I am concerned, I must admit that the requests which I make of certain departments for the construction of post offices, the improvement of wharves and other projects meet with just about the same answers. I could sum them up in these words: Because of its strict economy program, the government has to put off your requested projects.

But this Conservative party, which so loudly demands a reduction in government expenses, also wants Canada to undertake a huge program for the production of transport planes for civilian and military uses, as was stated by the leader of the Conservative party, at the Seigniory club on November 1.

Is this the same party which demands that our country be turned into a veritable arsenal and that our people become a race of Spartans through the training here of large highly mechanized shock forces, all of which would add to the present defence expenditures?

Is it the same Conservative party that criticizes the travelling and representation expenses in friendly countries and yet, at the same time, requires the immediate formation of a North Pacific alliance as well as the setting up of a third world power among the commonwealth countries, plans which would necessitate a considerable increase in expenses for travelling, representation and administration? Let us be serious about this.

When one considers that about half the expenses of the government are made up of interest charges on our national debt and expenses incurred through the maintenance of our various social services, and that the other half is made up of defence and general administrative charges, I wonder if a single

dollar saved on the latter account and credited to the defence account would add one iota of effectiveness to the means already taken to fight inflation.

I am much more inclined to believe, as Pierre Vigeant has already written in *Le Devoir,* that "economy and rearmament are irreconcilable." I am not sure, moreover, that Mr. James Muir, head of the Royal Bank of Canada, did not speak some words of truth when he stated at the annual meeting of the Royal Bank, held in Montreal last January 11:

(Text):

The importance of choosing the right kind of policy to combat inflation is hard to overestimate. But it is important also that we should not make our problem bigger than it need be, by a disproportionate expansion of military expenditures. The allocation of armament expenditure is a job for military experts; but the over-all size of the defence program, like war itself, is as Clemenceau once said, too important a matter to be left to the generals.

(Translation):

By way of digression, may I add that the signing of a truce in any international conflict entails consequences too serious to be the result of a defiant propaganda and false prestige. An honest compromise would be better than an inadequate measure that would only adjourn the problem instead of settling it.

But, to return to my previous remarks, the Prime Minister stated in this house: "We all share the concern caused by inflation".

Some time later, the Minister of Finance stated that the control of inflation required not only government action but also the co-operation of all classes of society, with respect to prices, profits, wages, production and the economy.

Mr. Speaker, anyone who, in the slightest degree, has any sense of observation can clearly see that the Canadian people are making tremendous sacrifices at the present time, in order to complete our collective program to safeguard our democratic and Christian way of life. Those who are fighting in Korea and those who are now serving in Europe under the command of General Eisenhower prove that we are ready to defend our liberties if need be.

Nearer to us still, who will deny all the privations endured and the worries felt by many Canadian families either because of too high taxation, or because they lack comfort or even security? In other words, Canadians are doing their share.

But although the large majority of Canadians hold it a sacred duty to preserve and to defend what was built by Christian civilization while accepting at this time the troubles and inconveniences of the international situation, it seems that a certain section of our capitalistic system—and I mean the large corporations set up during the last century—is not always aware of the humanitarian and social role it should play in a democracy.

These capitalist institutions have operated too long with an eye to production and profit only. The time has gone when we could cling to old systems and ignore the rights of those who toil and suffer and when we could hide behind the materialistic and even selfish principles whose supreme law was: production for profit when poverty, insecurity and consideration for the human element were of secondary importance. Because our capitalist system has failed to fulfil its moral obligations, we have seen the emergence of all those doctrines such as pseudo-socialist regimes or political parties which are all of one breed and inevitably lead to communism.

Our social legislation is but a new word to meet needs as old as mankind. In this respect capitalism's inertia can hardly be excused.

The struggle the democratic countries are now undertaking against the forces of evil, besides requiring a common effort, must enable us to correct situations which must be remedied. A hope can only be replaced by a broader one.

Was it not the Right Hon. R. B. Bennett himself who more than a decade ago said, as reported by André Roy of *l'Action Catholique,* of Quebec city:

We must reform the economic regime. Important economic and social changes have taken place in the life of all nations and have seriously threatened this regime. To satisfy the exigencies of the new social order, capitalism must therefore change if it is to continue to serve our interests.

In view of those remarks, I am fully justified in stating that the large corporations have also a part to play in the fight against inflation which concerns each and every one of us.

If the average Canadian citizen must tighten his belt in order to overcome the crisis which now affects us, there is all the more reason for the large corporations to temporarily sacrifice that part of excess profits which puts certain goods beyond the reach of the average buyer.

The attitude of the Bell Telephone Company of Canada seems strange to me. It constantly keeps demanding higher rates and claims to be unable to reconcile itself to a temporary loss of those profits which represent the margin which its subscribers have difficulty in meeting. It would be interesting to know how Bell's subsidiaries were treated when the last rise of 5 per cent was granted and if any account was taken of the principle of solidarity which must apply in a common effort to fight inflation.

This economic scourge constitutes a problem of national scope which the government have already tackled by various means at their disposal. However, it also requires, on the international front, the co-operation of every country and, on the domestic front, the co-operation of every group.

In conclusion I will repeat, after the head of the Conservative party, these words of William Green:

> Let us sink our tiny differences and stand together for the free enterprise system, which allows labour to organize and for the rights of employers. Let us dwell on the bonds that hold us together rather than the barriers which divide us.

Before resuming my seat, I would like to deal with another subject and refer to the speech delivered in this house by the hon. member for Labelle (Mr. Courtemanche). I am sorry he is not in his seat. He will, of course, permit me to complete a quotation he made on that occasion. He was quoting the words of the Hon. Antoine Rivard, spoken on January 20, 1942, at a meeting of the St. Laurent branch of the Kiwanis in Montreal. This quotation I wish to complete by adding to it what the hon. member did not say but what Mr. Rivard did say:

> Our forebears had to choose between wealth, giving up their language and their faith and, on the other hand, poverty, ignorance and arduous labour. They chose to resist attempts at assimilation. Our destiny has not changed . . . Education? Not too much! Our ancestors left us a heritage of poverty and ignorance and it would be a betrayal to educate our compatriots . . .

Mr. Speaker, in so far as my children are concerned, I would be betraying them if I left them a heritage of ignorance and poverty, and I refuse to accept for my people a verdict rendered by an ignoramus.

(Text):

Mr. Clarence Gillis (Cape Breton South): I am going to speak on the amendment moved by the hon. member for Acadia (Mr. Quelch). It is found on page 807 of *Hansard*, and reads as follows:

[Mr. Maltais.]

> Furthermore, we regret that Your Excellency's advisers have failed to compensate the recipients of war veterans allowance for the increase in the cost of living by an appropriate increase in the amount of the allowance.

I am going to try to stick to that amendment. It does not say, as many of the speeches have indicated, that the government should amend the War Veterans Allowance Act at this session. I believe this is a very tame amendment, and one with which every member of the house could agree. The amendment merely says that the hon. member regrets, and I think every member of the house regrets, that along with the increase in the basic pension something was not done by way of amending the War Veterans Allowance Act.

I said, Mr. Speaker, that I was going to keep my speech relevant to the amendment. I am going to deal exclusively with the War Veterans Allowance Act. In saying what I am about to say at this time, I do not want it to be considered as criticism or anything of that kind. The act needs amending. I am going to suggest some amendments which I believe should be made. The hon. member for Acadia regretted that something was not done to compensate the recipients of war veterans allowance for the increase in the cost of living. In addition to that particular adjustment, there are other adjustments which are necessary. My reason for bringing this matter to the attention of the government at this time is that the government may decide at this session to amend the act. They may decide not to do so, but may follow through with the announcement that a parliamentary committee will meet early in the 1952 session to study the whole social security set-up and relate the War Veterans Allowance Act to it. Whether it is done now or early in the new session, I believe some of my suggestions will be of interest to the committee and will supply food for thought by those who may draft the new act which I hope will be brought in as soon as the government deems it advisable.

What I have in mind are matters which most of the top level civil servants who do the drafting of the War Veterans Allowance Act or any other act seldom come in contact with. They are matters that the veteran welfare officers in the communities across the country who have handled the War Veterans Allowance Act run into every day, and which give them some trouble. My main purpose in speaking now is to bring

these matters to the attention of the committee, and to record them for the benefit of those who may be considering proposed amendments to the act. In this and other debates I have heard a lot about who should get the credit for this and who should get the credit for that. My philosophy has been that you can get anything you want, so long as you do not care who gets the credit for it. In regard to the increase in the basic pension announced the other day, I want to compliment the minister. It was perhaps more generous than some hon. members of the house expected. It certainly was needed, and it met fully the demands of the Legion. I do not think anyone in particular can claim credit for that. The minister was fortunate in being the person to announce it.

The same thing applies to the War Veterans Allowance Act. I have heard people say that this party or that was responsible for it. I can remember the time when there were none of these acts. I can remember the formation of the old Great War Veterans' Association, and then its absorption by the great British Empire Service League, and the setting up of the branches of the basic organization. I can remember the names of many individuals who participated in building that organization and developing the mechanics of both the Pension Act and the War Veterans Allowance Act. Looking back over the years many people stand out in my mind, but I know they are not looking for any credit. There were hundreds of people who built the machinery the Legion uses today. There were many surveys, and many people lost a lot of time and sleep laying the basis for this War Veterans Allowance Act. I have met some of those people in this house who have grown old now; some of them are in the Department of Veterans Affairs. Back in the early thirties I sat in to help draft the original of this War Veterans Allowance Act, and it arose out of a survey of unemployment in the provinces and the way it affected the ex-servicemen. It is because many of these individuals were not looking for credit that we have the legislation, and that the Legion is a strong organization today. I hope it always remains sane. It has played a good role so far, but I believe it is fortunate that in this house there is a large representation of veterans who, regardless of party, have policed that legislation. They will see that nothing happens to interfere with it.

In my opinion no particular party should get any credit. The need is there, and it is a right that this country owes to the ex-servicemen. Thousands of veterans have participated in building the organization, and many members of this house have contributed a lot of time in order to bring about what we have. I am glad that at this session the government at last recognized that the veterans were entitled to the increase of 33⅓ per cent in basic pension. I do not want anyone to think for a moment that what I am saying about the amendments to the War Veterans Allowance Act is by way of recrimination or carping criticism, because when we decide we have reached finality in any legislation and stop bringing these matters to the attention of the government, there will be no further need of us. When we decide we have reached finality in any legislation and there is no need of us any more, we can set up one man and give him a book and say: "You go ahead and administer it." But our job, as I see it, is to pick out defects and make reasonable recommendations as to how they might be remedied.

The War Veterans Allowance Act is designed to take care of a certain type of veteran. I hold in my hand an advertisement which appeared in one of the papers that circulate in my riding, namely the Sydney *Post-Record*. It is a block advertisement of recent date and in big letters it reads:

> Wanted for needy war veteran one kitchen stove and bed clothing. Phone number 8138, Canadian Legion Branch No. 128 and goods will be picked up.

It was largely the unemployability of certain types of veterans that gave rise to the act in the first place. I say no act is perfect, or the problem has not been solved so long as that type of advertisement appears in a local paper in any part of this country. Here is one veteran who is badly in need of some assistance, otherwise the veterans organization in that community would not be advertising for help and assistance for him. A person who is obliged to accept that type of help is in the unfortunate category of ex-service personnel. If you examine the record I think you will find that particular group are veterans who slugged out the whole war in a combat unit and were unfortunate enough not to get a wound. They went all through the war and suffered terrific physical handicaps. They came back without any physical wounds and became employed in heavy industry, or in some other type of work. As a result of the gradual wearing down of their nervous systems and their bodies generally they crack up four or five or ten years after the war is over. They appear before a doctor, but they have no disability as such that entitles them to a pension, so they receive war veterans allowance. If they are single men the amount they can get is very small. They have to eke out an existence.

In my opinion that is the type of veteran who deserves the utmost consideration in any legislation. There are hundreds and thousands of veterans who perhaps had a day, a week, or a month in the line, or in the service, and were lucky enough to get wounded, get out and get the benefit of the disability pension. There are many recipients of war veterans allowance who have suffered to a greater degree than the man who has lost a limb, because their bodies are wrecked. We should see that legislation is enacted that prohibits the need for a branch of the Legion to insert an advertisement such as the one I have mentioned in any newspaper in any part of this country. In my opinion the legislation should be so flexible that it would give administrative latitude to the welfare officers in any community to provide for that type of case brought to his attention by the Legion and certified as a legitimate case. That kind of advertisement should not appear. I do not believe the administration of veterans affairs in any part of Canada wants that kind of thing to appear in any newspaper. Something is wrong when it does appear.

Another disability the war veterans allowance recipient suffers is this. He establishes a pension of $40.41, or the maximum provided for a married veteran. That may be made up, as it is in many cases of a $25 disability pension, or a $15 disability pension, augmented by the veterans allowance. There is a 25 per cent increase in the disability pension, but, because of the means test in the War Veterans Allowance Act the allowance of the recipient of war veterans allowance is reduced by the 25 per cent that was added to the basic pension. Twenty-five per cent on the small pension he receives is not very much. When it is taken out of the war veterans allowance it does not make him very happy, because he lost 25 per cent in 1948. Under this arrangement the war veterans allowance recipient who is on a partial disability pension and a partial war veterans allowance loses that 33⅓ per cent. That does not make him very happy, and it is because of the means test in the War Veterans Allowance Act. In that particular instance serious consideration should be given to removing the means test from the War Veterans Allowance Act.

Another point that I should like the parliamentary assistant—who is here now paying attention as he always does, and who understands these matters very clearly—to put in his little book or to place on the record is this angle. In many industries across this country they have what they call a welfare scheme. They pay into a special fund as an insurance against sickness. This is in addition to unemployment insurance, which does not cover a man who is unemployed because of sickness. Therefore many of these industries have what they call a welfare fund. The particular case I am referring to is the coal workers relief association. The steelworkers also have it. If they are unemployed through sickness they can receive for a limited time perhaps $8, $9 or $10 a week as a sick benefit. Mind you, that is an insurance they have paid for, and they are entitled to it if they are off sick. The older veteran breaks down and is entitled to war veterans allowance because he can no longer be employed in that industry. He is also entitled to his $8 or $9 a week welfare insurance that he has been paying into for fifteen or twenty years. But when war veterans allowance is granted, it is granted minus the amount that he will receive from the insurance that he paid for over the years. When that is generally understood, what happens? The average industrial worker who is paying into this welfare scheme says to himself: "Why should I pay that insurance? I receive no benefit from it. I pay 40 cents, 50 cents or 60 cents a week as insurance against sickness, and when I am in need of it I find that I have insured the government. It is deducted from the war veterans allowance that I would have received had I not paid into that welfare scheme." When we are considering amendments to the act, some attention should be given to that matter. That is the means test again that prevents the recipient of war veterans allowance, under the circumstances I have described, from receiving benefits of the insurance that he has paid for.

Another point I think requires amendment is that having to do with imperial veterans' widows. In my opinion a very rank piece of discrimination is contained in the act in that regard. The act was amended, and rightly so, to include the widows of imperial veterans who had residence in Canada for twenty years. In many cases the widow still resides in Canada, and has been here for the required number of years. The veteran, however, may have passed away after he had been here fifteen years, or nineteen years, or perhaps nineteen years and a few months, thus leaving his widow ineligible to receive the war veterans allowance. I do not think there would be much money involved in making the change I suggest. Pathetic cases have been brought to my attention, where there has been no income. The widow of the Canadian serviceman who may live next door is eligible, and draws the allowance; but because the good Lord decided that this other husband should leave this earth before the

twenty-year period, his widow is not eligible. In my view that section of the act, as it affects widows of service personnel who could qualify otherwise, should be amended.

It is a small point. I should imagine a comparatively small amount of money is involved. It is, however, a source of irritation. The government should keep in mind that every satisfied customer is a good organizer for it. One or two cases such as I have described can poison the minds of many people in a community. All the good things are forgotten; the hundred and one benefits do not come to mind; what stands out like a sore thumb is the fact that Mrs. Jones, whose husband died a month before she would have been eligible under the act, has become an object of charity in the community, when, because of hair-splitting, it was ruled that she was not entitled. I do not think it is even good politics for the government to permit that sort of thing to be chucked around in the next election campaign. The parliamentary assistant, with whatever influence and persuasion he may have—and he has considerable—should seek to remedy this with treasury board. An amendment should be made, because if we should happen to have a contest in the near future such complaints would be unanswerable.

Another point the parliamentary assistant should stress very strongly is that of permissible earnings. At the present time the pension and permissible earnings allowed a recipient of war veterans allowance are below the amount fixed for those who come under the old age security provisions affecting those from 65 to 69 years. The maximum now permitted a single veteran is $610 a year, while that for a married veteran is $1,100. Under the old age assistance measure, affecting those from 65 to 69, the permissible earnings and pension are set at $720 and $1,200. The least the government should do is to bring the war veterans allowance in line with the pension. I would hope, myself, that it might go much further.

If I had time I could place many examples on record, but I am not going to do it just now. I hold in my hand a document setting out certain facts in a particular case. This veteran was receiving the maximum war veterans allowance as a married man. Then it was pointed out there was something in the act about casual earnings. He had a job at the hospital for which he received $285 a year. The hospital was quite satisfied, because it was the type of work for which they had difficulty finding applicants, for the simple reason that the income from that work was not sufficient. The man in question was able to give satisfactory service in a small community for this amount, and for a couple of years proceeded to do so. However, someone reported him, with the suggestion that what he was earning was not casual but rather in the nature of permanent earnings. It was alleged that he was permanently employed, because he could depend on receiving the $285 each year. His war veterans allowance was reduced accordingly, and a claim was made against him with the result that he had to reimburse the department for what he had been paid in the two years, and in this way was caused considerable trouble. The case went before the district authority and then before the appeal board at Ottawa, both of which had no alternative but to say, "That is the way the act works."

Surely this is unfair. The description of casual earnings as set out in the act should be clarified. I do not blame the investigator or those who administer the act, because casual earnings can be construed in many ways. But if a man who performs an essential service in a humanitarian institution for which he receives this very small amount of money cannot be said to have received casual earnings for that kind of work, then I do not know what it could be. Surely the expression "casual earnings" must be more clearly defined.

I am not suggesting that those who administer war veterans allowances should stick to the $720 and $1,200. We know that many war veterans who have been declared unemployable, and who have become the recipients of war veterans allowances, are employed in heavy industry. A man may leave a steel plant, a coal mine, a textile plant or an automobile industry where the work is heavy and where he must be on his feet much of the time. Such a man, who may be receiving a war veterans allowance, after a little rest may find that he is able to do a good deal of useful work, and might be able to earn enough through casual employment as a doorman, as an elevator operator or in some other way to place himself in a position where he would have a fairly decent standard of living.

If on this basis of casual earnings a man is to be pinned down, he will find that he must refrain from doing anything if he is to retain his allowance. He will not take a chance on earning anything at all for fear of upsetting his right to war veterans allowance. I say that in this connection more administrative latitude should be allowed. Those who administer the act from the local offices, who see the people, who understand the conditions and are familiar with them, should be given sufficient latitude to make recommendations to the board at Ottawa or to the district

authority. If a man is doing a fairly good job by way of rehabilitating himself, after leaving a heavy industry, he should not be forced to retire at, let us say, 60 years of age, when there are many kinds of light work he might be able to do. Indeed he should be encouraged to do that work.

This matter of permitting casual earnings when a man is not capable of continuing his regular occupation should be given serious consideration. When they retire, as well as receiving their war veterans allowance—which alone certainly would not provide a high standard of living—they should be encouraged to contribute service to the community, and to earn what they can on the side. The government is not saving money by relegating men of this kind to the kitchen, by telling them they cannot augment their incomes. On the contrary, it is depriving communities of useful service by those men. The amount will always be too small. If you pay $50 per month it will be too small, and $60 a month will not feed, clothe and shelter a person today. But if a man is paid at least $50 per month, then there should be greater latitude in connection with casual and permissible earnings. The recipient of veterans allowance should have a chance to do something for himself as far as the standard of living is concerned.

Mr. Mutch: I wonder if my hon. friend is not confusing casual and permissive earnings. He will remember that $125 is permitted for a single man and $250 for a married man as regular earnings, whereas casual earnings have no dollar limit provided they come within the description of not being regular. Is the hon. member advocating an increase in the permissive regular earnings? You cannot very well expand the casual earnings because there is no limit on them.

Mr. Gillis: I was suggesting a clarification of casual earnings and permissive earnings. In the case I cited, this man had earned $285 a year and it was ruled that that was regular and therefore not permitted. He was not allowed anything; he was cut off completely. So he stopped working and the government gave him back the $10 per month they had taken from him. The hospital lost his services. Everybody was hurt and the government did not save any money. A look should be taken at that particular angle.

I do not think there should be a limit. If a man is certified as being unemployable in the industry in which he has made his living and is granted a war veterans allowance of $40, $50 or $60 per month, that is granted as of right because he is prematurely aged and cannot earn his living in the industry in which he had earned it previously. That is given him as compensation. I do not think there should be any ceiling on other earnings. If that man can find employment, such as the man in the hospital to whom I have referred, as a doorman, an elevator man and so on and can earn $50 or $60 a month, he would still be below the normal rate of wages and salaries prevailing today. Such a man should be permitted to give to the country what service he can in order to supplement his statutory right just as long as he does not go back to his regular occupation and income.

I suggest that there should be no ceiling on earnings, so that those who are obliged to accept war veterans allowances may be encouraged to do something up to the time they are unable to do anything at all because of age or wear and tear. I leave this with the parliamentary assistant. I know that both he and the minister understand these matters. I am putting forward these facts so that when they meet the treasury board they will be able to argue with these people at the top level in this city who do not often come in contact with this kind of thing.

There is another point I should like to bring to the attention of the minister concerning the recipient of war veterans allowance who may be in one of the departmental institutions under the veterans' care arrangement. Many of these older veterans have no homes and when they get along in years and become a bit shaky they are not able to look after themselves properly. Then the department decides to place them in one of the departmental institutions. When the veteran goes into such an institution he gets his board and room, but they take away his veterans allowance. He is allowed $8 per month for clothing and comforts. Eight dollars per month will not buy much in the way of clothing or very many comforts. If you roll your own cigarettes you may be able to keep on smoking, but you do not take in many shows or go for many taxi rides on $8 per month. And you certainly do not buy much in the way of clothing. I suggest that a look should be taken at this.

Many of these aged veterans who are placed in these institutions will not be around much longer. I have in my hand a letter written to me on August 31 by a naval veteran of both wars who was in an institution in Halifax under the veterans' care arrangement. He passed on about a month after writing this letter. He was much concerned about this particular point, and he was a most reasonable fellow.

Apart from this $8 per month not being enough to provide comforts and clothing, there is still another angle. If you attempt to let that $8 per month accumulate, perhaps

to try to get enough to buy a suit of clothes at today's prices it will not be given to you. This man said that he thought he would let this money accumulate against the time when he might be going out. It must be remembered that these men go into and come out of these institutions from time to time; they may go in for the winter and come out for a few months in the summer. When he tried to collect the $8 per month for the time he had been in he could not get it, and was unable to get his suit of clothes. Perhaps I had better read one paragraph from his letter, where he states:

> With further reference to veterans allowance it happened that during the summer months while I was receiving $40.41 veterans allowance I was forced to enter the city hospital, Sydney, N.S. for the period of ten days from July 14 to July 24, 1951. As it happened I received war veterans allowance in full during that period but since the department has determined that I was not entitled to allowance and have been making deductions from my allowance monthly and apparently will continue until they have made up every cent that they paid me for this period.

From reading that I assume that during the short time he was in hospital he received the full amount of war veterans allowance, but when the department found that out they concluded that he was not entitled to the allowance for the period he was confined to the hospital. That is even more far-fetched than I thought it was at first. If he was at home his expenses would not be as great as they were while he was in the city hospital. While in the hospital he would have to pay the doctor, the ward rate and, if very ill, the nurse. I think the department should take a look at that particular angle.

Most of these men are quite old; if they leave the institution during the summer months they may be many miles away from any departmental hospital. They may have a sudden seizure of some kind and have to be rushed to hospital. Instead of cutting off the allowance while they are under additional expenses, some arrangement should be made so that at least the allowance would be paid during the time they were in an institution under emergency circumstances.

As I said when I began, Mr. Speaker, I am not raising these questions purely as matters of criticism because no small group of men who sit down to draft or amend an act can know everything about it or be conversant with all the possibilities that may exist. They may be small points, but they are points of irritation. I merely rose at this time to do what I have been doing for a long time, point out the defects in the legislation as I see them so that those who may rewrite the act or prepare amendments to it may be able to introduce something to rectify the sections that I say are wrong and require clarification.

I am not complaining about a lot of things that perhaps I could complain about. I felt I should stick to the War Veterans Allowance Act at this time and be as relevant as possible to the amendment to the amendment moved by the hon. member for Acadia. While some members say it is a want of confidence motion, I cannot see it as a vote of want of confidence. The hon. member merely says he regrets that the War Veterans Allowance Act was not taken care of at the same time the question of the basic pension was looked after. Together with him I also regret that, and I also realize that if a proper job is going to be done in revising the act it will take a little time. I suggest that the parliamentary assistant look at *Hansard* and examine the sections that I think require consideration and clarification. I know there is no use our trying to push the government to do it, because they are too heavy. They are on the other team, and it is the winning team so far; but when they are ready to do so I suggest that consideration should be given to the points I have mentioned.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, the house is engaged in debate on the amendment introduced by the hon. member for Acadia (Mr. Quelch) in the following words:

> Furthermore we regret that Your Excellency's advisers have failed to compensate the recipients of war veterans allowance for the increase in the cost of living by an appropriate increase in the amount of the allowance.

I intend to support that amendment with all my heart. Last Friday the house welcomed the announcement of the Minister of Veterans Affairs (Mr. Lapointe) indicating it is the intention of the government at the present session to introduce legislation to amend the Pension Act with a view to increasing the basic rates of pension provided by that act. I am sure that measure will be welcomed in all parts of the house and the country; but the fact that the government has seen fit to introduce such a measure at the present session serves to underline and emphasize the fact that there is no shred of excuse left now for further delay in dealing with the problem presented by the cost of living in relation to the War Veterans Allowance Act.

The need having been recognized by the government of dealing immediately with the Pension Act to remedy its inadequacies, then certainly no longer can any excuse be offered by the government for delay and postponement in dealing with the equal needs of those who are entitled under the War Veterans

Allowance Act at the present time. On that subject I simply say that in the light of the question I put this afternoon to the Minister of Veterans Affairs, to which I am sorry to say I received a very unsatisfactory answer, I hope when the Pension Act amendment is before the house an opportunity will be given not simply to bring needed assistance to those who are within the scope of the statement outlined by the minister last Friday when he referred to the pensioned widows and others, but also to relieve the lot of the dependent parents of veterans who have paid the supreme sacrifice in the service of their country. All of us in this house want to do justice to the veterans' widows. Why should we then put limits upon that justice and deny, as the minister apparently indicated this afternoon the government proposes to deny, any further consideration to the dependent mother of a veteran who has given his life? There is simply no justice on the part of the government in turning a deaf ear to the plight and need of the dependent mother or father of a veteran who has given his life in the service of his country.

Mr. Mutch: If the hon. member will permit, the minister in response to the question put to him made no statement of policy whatsoever. He stated what is the effect of the present legislation and with respect to that which is to come he said: Wait and see the bill.

Mr. Fleming: I do not understand the point of my hon. friend's interruption.

Mr. Mutch: I will explain it if the hon. member will permit.

Mr. Fleming: The minister stated what the situation is, and when invited to indicate if there was any intention on the part of the government, or any provision in the bill, to meet the need of the war mother he did not have anything to offer. Notwithstanding the fact that he did not embrace the opportunity offered this afternoon to make an announcement to that effect, if he is going to have something in the bill to deal with this matter I think the house will welcome it. For my part I am glad to take advantage of this opportunity to urge that when the bill is brought down it should take account of and seek to meet the need of that very worthy group whom we commonly call war mothers.

I propose to devote the balance of my remarks to the subject of housing. May I therefore ask you to call it 6.15, Mr. Speaker.

At 6.15 p.m. the house took recess.

[Mr. Fleming.]

AFTER RECESS

The house resumed at eight o'clock.

Mr. Fleming: Mr. Speaker, I feel constrained to speak this evening on the subject of housing because apparently this will be the last opportunity afforded at the present session for the discussion of that subject. The house will recall that on October 16 the Minister of Resources and Development (Mr. Winters) made a statement with respect to housing, which has had little if any discussion in the house since.

I am sure that members of the house heard with amazement the statement made on October 18 by the parliamentary assistant to the Minister of Finance, when he said as reported at page 158 of *Hansard*:

—it would seem that the only real domestic problem we have is the high cost of living.

The high cost of living is a tremendous domestic problem; but for any hon. member to say it is Canada's only domestic problem simply establishes how far he is removed from reality, because in housing conditions in Canada today we have a domestic problem of gigantic proportions. Against the statement of the parliamentary assistant, who I presume was speaking the mind of the government, let me put to you, sir, a statement that comes from a body of public servants who are much closer to the people than is this government or the parliamentary assistant to whom I have referred. I refer to the Canadian federation of mayors and municipalities. At their annual meeting in Montreal on February 15 of this year they said the housing shortage is Canada's No. 1 problem. That statement was made ten months ago, when housing conditions were not as difficult as they are today and when the failures of government policy were less manifest than they are today. I therefore choose to take the evidence of the mayors of Canadian cities on that subject in preference to that of the parliamentary assistant speaking for the government. These mayors are close to the problem. They see it literally on their doorsteps. One city in which the mayor can see this problem in reality is the city of Vancouver, from which the parliamentary assistant hails.

This, sir, is a problem of critical proportions; and I say to you that it owes its critical proportions largely to the government's folly and failure. This is a national problem; and at their annual meeting last February it was recognized by the federation of mayors as a national problem to be found in every municipality in Canada.

Let me review briefly the unhappy story of the way this government has befuddled any federal efforts to cope with this problem. Do I need to take you back, sir, to the general election campaign in the spring of 1949, when the government was just full of promises of the way they were going to grapple with this housing problem? If they were returned to office they were going to do so many things that they had failed to do in the post-war years when they had power; if the people would give them one more chance they would grapple with this housing problem and defeat it. Unhappily the people took this government at their word. Then came the fall of 1949 and we had a great display in this house of a government proceeding, with loud trumpetings, to put its election promises into the form of statutory enactments. We had the Minister of Resources and Development introducing amendments to the National Housing Act, of which two were the most conspicuous. The first had to do with provision for an additional one-sixth on the mortgages provided under the National Housing Act. The second was to introduce a new section 35 to provide for what was in effect, although the government still does not call it that, subsidized housing.

What was the background of those two measures which had general support in the house? The house welcomed those amendments; the house supported them unanimously; and the house called upon the government to put them to work.

Sir, the background of that one-sixth additional loan was legislation of the province of Ontario; because in 1948 the government of which my leader, the leader of the opposition (Mr. Drew), was then head introduced in the legislature of Ontario what proved to be extremely beneficial legislation. The province stepped into a gap left by federal legislation; because the great weakness of the National Housing Act in this respect, as became so clearly demonstrated under conditions then obtaining, was that there was too big a gap between the prevailing prices of houses—taking account of the high cost of construction—on the one hand, and the amount of mortgage available under the National Housing Act, on the other hand. This gap had been widening by reason of the increase in the cost of construction. It became an increasingly difficult problem because more and more of the people who could afford to make a high down payment had already been in the housing market, and the people who were then wanting to enter the market were those who had less money to put into houses by way of down payment. The province therefore, meeting a gap existing under federal legislation, under the eyes of the federal government, stepped in and introduced this beneficial legislation under which the province made available second mortgage loans to the extent of one-half of that gap between the cost of construction and the mortgage available under the National Housing Act, with a limit of $1,250 on any loan.

The extent to which that legislation assisted in the construction of houses in the province of Ontario is best attested by the fact that before it went out of effect at the end of 1949 it had provided ten thousand loans and a total of $13 million by way of second mortgage at an interest rate of 3½ per cent which, as you will see, sir, was substantially below that at which the federal government proposed to make such money available. The federal government on this occasion in November, 1949, was following a good example. We did not criticize them for doing so; on the contrary, we commended them. So the federal government in the fall of 1949 made its belated move to close this gap which had existed under federal legislation. Amendments to the National Housing Act were enacted to increase the mortgage loan available by one-sixth, at an interest rate of 4½ per cent. That legislation came into effect at the end of 1949, and the province of Ontario accordingly was obliged to remove itself from that picture.

The second feature, sir, of the amendments of 1949 was, as I have said, the enactment of section 35 under which provision was made for federal contribution to the deficits that might be incurred in the construction of houses intended to be rented where the provincial governments would contribute, either themselves or with the municipalities, the additional 25 per cent, provided the projects were approved by the federal government. In that legislation the federal government laid down the firm provision as to the cases in which federal money would be available under section 35: every project had to be approved by the federal government.

Running through all the lending provisions of the National Housing Act and the outstanding provision made for the additional one-sixth loan was this feature which proved to be the joker in the manner the government applied the legislation. It all applied on the lending value; and it remained for the government, with the aid of Central Mortgage and Housing Corporation, to determine what would be the lending value. Some of us speaking in the debate on the amendments

in November, 1949, pointed out that the efficacy of the amendment then introduced into section 4, as well as the efficacy indeed of all the lending provisions of the National Housing Act, would depend upon the interpretation which the government put upon those words "lending value."

We shall see what the government did to implement the intent of parliament. In February of this year the government proceeded to deal three hammer blows at the hopes of this country for the construction of even sufficient houses to keep up with current demand, let alone to make any reduction in this formidable backlog of housing needs. In the first place they laid it down that the lending value for all purposes under the National Housing Act should be determined by the level of construction costs at January 1, 1950, a time when construction costs were substantially below the figure to which they had risen in February, 1951. Next they discontinued completely the one-sixth additional loan. Parliament had enacted that amendment to the National Housing Act. It was parliament's determination that that one-sixth additional loan should be available. But this government, without any consultation whatever with parliament, without so much as saying by your leave, simply announced that there would be no more granting of the one-sixth additional loan.

The gap between the loan available under the National Housing Act and the cost of construction immediately widened so that it eliminated thousands and thousands of Canadians from the market. In doing what it did on that occasion this government tore up the legislation of parliament. It nullified parliamentary legislation. At the same time this government tore up, yes, tore to shreds its own election promises. Later in the spring the third step followed, which of course was not as significant as the other two, but nevertheless had some effect. The government increased the rate of interest charged on loans under the National Housing Act.

When those two hammer blows were dealt at house-building efforts in Canada in February, a storm of protest rose throughout the country. A statement was made by the premier of Ontario in the legislature of that province which, I might tell the house, was endorsed at least by the applause of all parties. None of them had a word to say in opposition to the comment then made on this subject. Speaking of the discontinuance of the one-sixth additional loan, the premier said:

> I want to express entire disagreement with this move . . . I agree that something must be done, but of all things to be cut back, housing should be the last.

[Mr. Fleming.]

Never were truer words spoken. In the face of a protest like that, and a veritable storm of public protest, this government did not flinch but stubbornly refused to reinstate the one-sixth additional loan. The inevitable result followed. How could it have been otherwise? We saw immediately a decline in housing starts in Canada, and it has accelerated as the months have passed. The daily bulletin of the dominion bureau of statistics for November 2 summarized the situation to the end of September of this year as follows:

> Construction of new dwellings units was again at a lower level in September than a year earlier. Starts fell 46 per cent—the fifth decrease in as many months—while completions were off by 11 per cent to record the third successive monthly decrease. The September drop in starts followed declines of 20 per cent in August, 40 per cent in July, 21 per cent in June, and 14 per cent in May. Completions, following a general rise in the first 6 months, fell 18 per cent in August and 28 per cent in July.

So the story proceeds. Let us recall that only in these past several months has the country felt the full effects of the reversal of housing policy announced by this government in February. When next year comes the country will be reaping the full and sour fruit of this policy, because housing completions will be showing the full effect of the decline in housing starts this year from the time this government's policy showed its full and baneful effect.

We need not cover all the cities in Canada, but I turn to Vancouver because I go back to that remark of the parliamentary assistant who represents one of the Vancouver constituencies. I hold in my hand the October bulletin of the Vancouver housing association, and I read this paragraph:

> City of Vancouver: For the nine months ended September 30, dwelling permits (units) issued in the city of Vancouver were down from 2,261 in 1950 to 1,250 in 1951; a drop of 45 per cent. These figures reveal the drastic effect of the credit restrictions on residential building introduced last spring.

Will you bear in mind, sir, that the housing starts in the early months of this year compared favourably with the early months of 1950, but by the end of September the comparison of the early months had been obliterated, and the net result was an overall drop totalling about 45 per cent. Yes, those are the fruits, the inevitable fruits, of the policies of this government. Those are the results of its blindness. We were told that these policies were to have an anti-inflationary effect. I say to you that they have had an anti-house-building effect.

Then we were told that the government could not afford to go on with some of the housing projects that had been started. For instance, there was the Fraserview project

in Vancouver, that was to provide 1,100 homes for veterans and their families on a site specially set aside for the purpose. The federal government stepped in and said that because of the costs and because of the inflationary effect of constructing these houses, only those upon which starts had been made could be completed. They permitted 600 houses to be completed, but 500 were stopped. Can you credit that in this year 1951, under a shabby excuse like that, treatment of this reprehensible type would be meted out by a Canadian government to Canadian veterans?

What I have to say about the prime minister's residence, what I have said on repeated occasions in this house, has always been prefaced by the remark that all parties in this house supported the idea of providing a residence for the prime minister.

An hon. Member: Originally.

Mr. Fleming: Yes; we have always supported the idea. But, sir, there was no one so far as I know on the opposition side who believed that the government should have carte blanche to go ahead without calling for any tenders, without getting any estimates of the cost of construction, and pour $600,000 into the construction of one house. They found the money for that purpose, while at the same time they stopped the construction in Vancouver, among other places, of 500 houses because they said they did not have the money, and the construction of those houses would be inflationary. Where is the consistency?

Mr. Hellyer: That is not what they said.

Mr. Fleming: That is what they said. The Minister of Resources and Development (Mr. Winters) said in this house that these constructions were being stopped and these measures calling for withdrawal of the one-sixth mortgage loan were being adopted, because their effect would be inflationary, and the government was going to stop inflation by discontinuing them. Therefore I say to you: where is the consistency? Apparently it is not inflationary to go ahead with what was a good idea, namely providing a residence for the prime minister, but to make a hopeless botch of the way that project was handled by the government.

Mr. Laing: Which project?

Mr. Fleming: The prime minister's residence; $600,000 for one house without any estimates of cost.

Mr. Whitman: Cheap.

Mr. Fleming: Without any estimates of the cost of construction being brought before the house. They do not like it over there, and I can well understand that they are very touchy about it, because if there ever was an idea that was good in principle at the start that was wrecked by this government by the way they handled it, by the way they poured taxpayers' money down the drain, it was that project of providing a residence for the prime minister.

Some hon. Members: Cheap.

Mr. Knowles: They call $600,000 cheap.

Mr. Hellyer: They wanted a residence worthy of you, Donald, if you ever make the grade.

Mr. Fleming: I hope I am never lacking in a sense of humour on any question that is properly a subject for humorous discussion in the house; but if we can dismiss from our minds the discontinuance of construction of houses for veterans at Fraserview and elsewhere in Canada, then it might be a matter for humorous comment by my hon. friend opposite. But when it becomes policy on the part of the government to stop the construction of veterans' houses because they say it is inflationary then I say to you, sir, it is not a matter for humour; it is a very tragic matter. It is a tragedy to a good many veterans and their families in Vancouver, and I propose to take that subject seriously.

Some hon. Members: Pretty small.

Mr. Fleming: What is this situation that the parliamentary assistant (Mr. Sinclair) to the Minister of Finance, speaking for the government, could apparently gloss over? He did not even find it a problem. He said there was only one problem in Canada that anybody has any complaint about, and that is inflation. Of course that is a big problem, but it is not the only problem. May I just give you some indication of how serious this problem is. I think this again will be a challenge to some members of the government, to the parliamentary assistant and others out of touch with public opinion, and out of touch with the hard facts of life in many localities in Canada for too long.

Sir, not long ago a situation arose in the city of Hamilton. It was reported in the press of October 4. I read from the account in the *Globe and Mail* of parents putting their children up for adoption because they did not have accommodation. The account reads:

> A story of parents putting their children up for adoption because they did not have housing accommodation to accept the newborn child into their overcrowded living space, was reported here today.
>
> Miss E. Duffy of the Children's Aid Society described this condition to the special housing committee meeting this afternoon, when various welfare agencies disclosed their findings on housing conditions in this city.

Mr. Laing: That is Hamilton.

Mr. Fleming: I wish the people of Canada would understand that when conditions in the city of Hamilton, such as I have just described, are referred to in the House of Commons the government members opposite have chosen to laugh at them. I hope that fact will be heard in Hamilton.

Some hon. Members: Laughing at you.

Mr. Fleming: The account proceeds. Let hon. gentlemen opposite continue to derive humour and merriment over the plight of these unfortunate people in Hamilton. I continue:

Welfare officials described incidents of broken homes, unhealthy living conditions, children bitten by rats, parents boarding their children out, and effects on school children.

"The story on housing in this city is so heartbreaking I could not begin to describe it," said Mayor Lloyd Jackson.

At one point, the mayor was so moved he broke down and could not continue. Tears streamed down his cheeks and he had to reach for a glass of water before he could resume his faltering remarks.

Some hon. Members: Oh, oh.

Mr. Fleming: Again the description of an unhappy situation in Hamilton has evoked derisive laughter from government benches. I proceed. This is a statement made in Toronto on October 6 by a gentleman who is well known for his welfare work, Mr. F. N. Stapleford, general secretary of the neighbourhood workers' association. A press account of his statement is as follows:

"Neither Toronto nor Canada is solving its housing problem. The many houses which are going up are simply taking care of the expansion in current housing needs. There is a big backlog which is not being touched," he added. "We have as many people in Canada in urgent need of housing now as we had five years ago. In Toronto there are conditions prevailing which are nothing short of disgraceful!"

Further down, after giving a description of conditions in Toronto similar to that I just gave of conditions in Hamilton, which provoked so much merriment on the part of government supporters, he says:

"Housing is Toronto's No. 1 social problem," Mr. Stapleford said. "If a city-wide survey was made, the number of families in one or two rooms—and often paying exorbitant rent—would be very large."

Let us next hear from an expert of Central Mortgage and Housing Corporation. Let hon. gentlemen opposite laugh at this. These are statements made by Dr. O. J. Firestone, economic adviser to the Department of Trade and Commerce and Central Mortgage and Housing Corporation. Let them laugh at this statement made by Dr. Firestone on September 18, as reported in the *Globe and Mail* of that date:

"Population and economic growth have been so rapid in the last decade that housing has not kept pace with the growth," Dr. Firestone said. "This is indicated by the fact that in 1951 the number of families without homes is estimated to exceed 500,000, or about twice the number in 1939 and about two-fifths more than in 1945."

Canada may thus be facing by 1955 a situation similar to that in 1945, with backlog requirements larger than ever before and further expansion still ahead.

"Thus we may find that at that time it will not be enough to build the close to 100,000 units per year—our accomplishment between 1949 and 1951—but an even larger number. Perhaps between 115,000 and 130,000 units per annum will be necessary," he said.

Then further down:

The economist said it had been estimated that in the 1949 housing program, when some 90,000 housing units were built, about 235,000 Canadians were employed the year round either in building houses or in supplying the necessary materials and services. By 1955, he added a 130,000 unit program might provide employment for over 300,000 persons.

Then, let me give another statement by a gentleman who ought to know something about the housing situation in Canada. This is a press statement attributed to F. A. Mager, president of the national house builders' association. It was made in September last in Winnipeg, and reads as follows:

Hundreds of builders face disaster unless mortgage credit restrictions are eased, F. A. Mager, president of the National House Builders Association, declares. "Figures released by the dominion bureau of statistics show 40 per cent fewer dwellings were started in July than in the same month a year ago. The drop can be blamed on Ottawa's failure to regard housing as part of the national defence effort."

Then he had this further to say, and I ask hon. members to weigh these words well:

"Bad as the situation is now," he concludes, "it'll defy description next spring. Already the birth rate, immigration, and the influx of defence workers are jamming our great industrial centres. Attics, private garages and basements are full; trailer camps and shack-towns are springing up. Much of this congestion, with its disastrous effects on the health and morals of the younger generation, would be avoided if the government would ease its mortgage credit terms."

For these unhappy results this parliament is not responsible, because parliament was not consulted about the reversal of government policy last February. Parliament was not consulted about the withdrawal of that one-sixth mortgage loan. Parliament had no part in that, no voice in it. This was the act of the government; and the full fruits of this wretched and disgraceful policy are to be laid at the door only of the federal government.

We are told something about the situation in government publications. How critical is the situation? "Housing in Canada" for the third quarter, 1951, a publication of Central Mortgage and Housing Corporation, tells us at page 22:

The composite index of wholesale prices of residential building materials advanced to 283 in July, 1951, 18 per cent higher than the index at July, 1950.

And in regard to wages it says on the same page:

At 217—

That is the level of wage rates in the construction industry.

—the index was 10 per cent higher than in July, 1950.

That points unmistakably to this fact, that every house built in 1949 cost less than if construction had been delayed to 1950. Every house built in 1950 would have cost more if the construction had been delayed to 1951. And who is to say that this process has ended? Who is to say that houses not built in 1951 but delayed until 1952 are not going to cost much more than if they had been permitted to be built in 1951? There is no reason visible on the horizon today to lead any sensible person to think that it will cost less to build houses in 1952 than it does in 1951. Therefore what is the sense of preventing the construction of houses in 1951 unless you say that you are going to do without the construction of needed houses in Canada?

I turn now to the other subject, related to section 35 of the Housing Act. I say that a number of the provinces have stepped in and co-operated with the federal government. Ontario is one. The fact that the province of Ontario has been most co-operative in this respect was readily acknowledged by the Minister of Resources and Development (Mr. Winters) in a speech on June 13 last to the fourteenth annual conference of the Canadian federation of mayors and municipalities. He said this:

On Monday, the Hon. Leslie Frost announced that the government of Ontario has proposed to the federal government that the operations of section 35 in Ontario be extended beyond land assembly into the field of rental housing in the larger municipalities. If all eligible municipalities participate, it is estimated that this group of projects will result in about 5,000 housing units.

Mr. Martin: How many have been built by Ontario under that agreement?

Mr. Fleming: As many as the federal government would permit to be constructed; that is how many. And the minister who has just introduced one of his frequent senseless interruptions would be using his time much better if he would try to help along construction of houses in Windsor. He would be doing something much more useful than rising tonight and making foolish interruptions.

Mr. Martin: On a point of order: How many houses have been built by the government of Ontario?

Mr. Fleming: The answer is: as many as the federal government would permit. Then the statement of the minister continues:

Because of the need for rental housing in the larger communities in Ontario, we feel that the proposal from the government of Ontario has much merit. I am glad to state that, in principle, the federal government is in agreement with this approach to the immediate problem as outlined by the government of Ontario. We hope that substantial progress will be made at an early date.

And then this further statement:

Although many problems are involved, I believe that a high degree of co-operation between the three levels of government will meet most of them. Let me say that we are very happy to work closely with the government of Ontario in carrying out the aims and objects of the proposal which has been made by Mr. Frost.

And then we have the fact that on July 26 an agreement was brought about, and the federal government then approved the construction by Ontario of 5,000 houses on the basis of allocation among different municipalities at a rate of one house per five hundred of population. That program has proceeded with all the speed the Ontario government has been able to put behind it in its negotiations with the municipalities. And provision has been made for the construction of 325 houses in the city of Windsor, although we do not get any help from one citizen of Windsor, namely, the Minister of National Health and Welfare, except foolish interruptions. And do not forget what has happened. The minister had better look at page 78 of *Hansard* and read what his colleague the Minister of Resources and Development had to say, where he pointed to the fact that the government at Ottawa had to restrain the government of Ontario from going ahead too fast with the construction of 5,000 houses. He said:

You will recall that about this time Ontario announced an initial program of 5,000 units to be expanded at a later date, and other provinces came forward with proposals indicating their intention to build low-rental projects. This operation would have imposed a charge against available materials, and this had to be taken into consideration because the small amounts of materials showing up as surpluses in some areas would not have been sufficient to cope with the number of units being discussed under this section.

There is the answer to the minister. And so we come down to October 6, the next feeble attempt by the government to change policy. We find the announcement of the federal government that they are going to change the mortgage lending provisions. Buyers are now called upon to make a down payment of 20 per cent of the cost based on an agreed selling price and 10 per cent in the case of defence workers, the balance being payable in twenty-five years.

I point out that there is no system of priorities set up for materials for these plans, and in the second place the program of this government in defence production has been so slow in getting started that there is no hope of immediate benefit for defence workers. And look at the condition attaching to it. A house for a defence worker, to qualify under this provision, must be located within fifteen minutes transportation from the defence plant. In our larger urban centres how many houses can be built within fifteen minutes transportation of defence plants? Why, in the city of Toronto these houses have to be built outside the city limits, while the defence industries are within the city, far more than fifteen minutes transportation away. So a provision of that kind has tied defence workers to an impossible condition.

I say further, as Mr. Churchill in England has said, that "house building should have priority second only to national defence" itself. And Mr. Frost said the same thing in Ontario, that we should regard housing as a necessary and integral part of our defence program—a necessary and integral part. That is the policy the Minister of National Health and Welfare now attempts to deride.

Mr. Martin: You have not answered the question yet.

Mr. Fleming: Housing is a matter of federal responsibility. Now we find the Minister of Resources and Development (Mr. Winters) and the hon. member for Spadina (Mr. Croll) saying on public platforms that housing is a provincial responsibility. We always find that when things are going well in any field this government claims that the credit is all federal, and the subject clearly lies within the federal field. But the minute they realize what a botch they have made of it, and that they are faced with an impossible situation, they say that it is not a subject of federal responsibility but a matter for the provinces. It is the same old story. Every time there is a problem confronting them they say, "This is not our responsibility; it is that of the provinces."

I say here tonight to hon. members opposite that housing is a federal responsibility. It is a federal responsibility, first, because the problem is national in its scope. It is federal because in the second place only the federal government has financial control and in the third place because it has control of materials. Do not forget that. Then in the fourth place it is a federal responsibility because in 1949 the federal government promised to meet this problem and to beat it. Fifth, it is a federal responsibility because federal policies have created it. Defence policies have created this concentration of defence workers in cities. Immigration policies are bringing more people to Canada. I am not quarrelling with that, but those newcomers to this country are going into the larger industrial areas. They are going into Ontario, because they like to come to a province which offers such attractive possibilities.

Some hon. Members: Time.

Mr. Fleming: I can finish in a minute.

Mr. Fournier (Hull): Mr. Speaker, while I admire the hon. member very much I am not surprised that he would object to curtailing speeches in the House of Commons, particularly when he has been speaking for over an hour.

Mr. Fleming: That is not true.

Mr. Fournier (Hull): We did not object, Mr. Speaker—

Mr. Fleming: I rise on a point of order.

Mr. Fournier (Hull): The hon. member will not observe the rules of the house.

Mr. Fleming: I rise on a question of privilege.

Mr. Fournier (Hull): The hon. member has had sixty minutes of privilege.

Mr. Fleming: That statement is utterly untrue. It is now 8.41 p.m. The minister knows that I started speaking at 8.04½, and before the dinner adjournment I had two minutes exactly. I have not had more than forty minutes, notwithstanding the untrue statement—

Mr. Fournier (Hull): The hon. member has raised his question of privilege, and I should have the privilege of saying a few words.

Mr. Green: Is this on the point of order or is it a speech?

Mr. Fournier (Hull): It is going to be a very short speech with no abuse.

Mr. Speaker: On the point of order, all I will say is that the time of the hon. member for Eglinton has expired.

An hon. Member: And how!

Mr. Fournier (Hull): I agree with you, Mr. Speaker, that his time expired a long time ago.

Mr. Fleming: That is untrue.

Mr. Fournier (Hull): The hon. gentleman does not like us to tell him the truth. He repeats that about five or six times every session. We are very patient with him

and listen to him. Being polite, we do not say anything. During his speech tonight we heard such words as "folly", "senseless" and "nonsense". The hon. member is one of these big men from Toronto who come down here to tell everybody else that nobody else has any sense. The hon. member is the only one who agrees with that opinion.

Some hon. Members: Oh, oh.

Hon. Alphonse Fournier (Minister of Public Works): Mr. Speaker, I have never attempted to remonstrate with the hon. member for Eglinton (Mr. Fleming). He is a young member of parliament who came to the house in 1945 after we had purchased the property at 24 Sussex street. We had never heard his name before and we did not know where he came from until he entered the house and sat at the other end with another young man. When he made his first speech he was a little nervous, but he did not try to abuse anybody. But he has grown older, and when there is an election in the offing he seems to have no control over his words or expressions. He thinks he is as effective outside as he is in the house, but I know that nobody believes what he said tonight about the Prime Minister's residence. I will not say a word more on this because I do not want to imitate the hon. member.

In 1943 or 1944 by expropriation proceedings, not by negotiation, the government purchased the last property available on the Ottawa river in the eastern part of the city. It was a real domain, a lovely property. For twenty-five years both parties had been talking about having a residence for the Prime Minister. This property was not purchased to provide a home for the late prime minister or his successor. The Australian government required space for their offices, and the property was rented to them under a moderate month to month lease. The property was paid for by the Department of Finance after a judgment of the exchequer court set the price at $140,000. I did not come here tonight prepared to speak on this subject, but as I recall it the owner of the property asked $275,000. That was a value placed upon the property by the valuators and assessors who gave evidence in the exchequer court. The judge of the court visited the property before rendering judgment.

This was an old residence which had been built in the first years of confederation. Everybody admired the site and the home. That property was paid for; and then in the dying days of the 1949 session the late prime minister—he was not interested in this personally because he was going out of public life—made a moving speech in which he suggested that this property should be acquired as a residence for the Prime Minister.

Mr. Green: I think it was the Minister of Trade and Commerce (Mr. Howe) who made that speech. I was here.

Mr. Fournier (Hull): Mr. King made that speech when he was not in the government. It was in the dying days of the last session before the election. Mr. King had received Laurier House from Lady Laurier and had also been provided with sufficient money by friends to renovate the residence. He told us that during his lifetime he would have liked to entertain more people but he did not feel he was able to do that with the salary paid to him as Prime Minister and the cost of upkeep of that residence.

Some days after the opening of the new session my colleague, the Minister of Trade and Commerce (Mr. Howe), told the house that in the absence of the Prime Minister (Mr. St. Laurent) the government had decided to build a residence for the Prime Minister of Canada. I recall the leader of the opposition (Mr. Drew) and the leaders of all other parties agreeing that this should be done, that after eighty and some odd years this country should provide a residence for its first citizen where he could receive people. The matter was discussed pro and con and everybody seemed to be in agreement. I think it was a good decision.

We hear many speeches made in an effort to show that we are spending money uselessly, but I do not think it becomes the hon. member for Eglinton to speak in the way he has spoken tonight, especially when he has not given the facts as they actually exist. I think he is a bigger man than that. Sometimes he seems to forget himself.

Mr. Fleming: What we are concerned with is how you spent the other $460,000?

Mr. Fournier (Hull): If the hon. member will only listen to me perhaps he will learn. I may be wrong, but if so there are many people in Canada who are wrong in the same way. Does the hon. member say that the Prime Minister should still be living in four rooms at the Roxborough? If he does, I do not agree with him.

An hon. Member: No one said that.

Mr. Fleming: That is not the question at all. We are all in favour of providing a residence.

Mr. Fournier (Hull): Why should the hon. member interrupt me when I did not interrupt him when he spoke and said everything.

Mr. Fleming: Your colleague interrupted me about fifteen times.

Mr. Fournier (Hull): The hon. member cannot avoid abuse; that is why he is not effective in the house. If he could only keep quiet and listen to others who have thoughts and opinions in which they believe and want to express he might learn something.

We took this property, and it was decided in this house that we should provide a residence for the Prime Minister. No one dissented about the project. Being the Minister of Public Works I was put in charge of the undertaking. There are many experts on public works. Everybody seems to know all about public works and what they cost. It seems so easy to criticize.

We had the advice of probably the best architects we could find. They came from Toronto, and worked on the project. After consultation with these outstanding architects who have left many monuments in our country, even in Toronto—

Mr. Fleming: You certainly built yourself one out on Sussex street.

Mr. Fournier (Hull): Go and ask the veterans if these same architects did not build a fine hospital in Toronto. They are the same architects. They were our advisers. They devised the plans and prepared the specifications. We were rebuilding an old home on the advice of the architects to try to save thousands of dollars, which we did save; and we can prove it. I think I can get the figures. We saved around $38,000 by not having a complete new plan. I am not making up these figures. They were given to me. The architects said: You can hardly give a firm price contract on this work. We looked around and thought one of the best contractors in Ottawa was Mr. Garvock. He had quite a lot of experience and had done a great deal of work in this vicinity. He was so proud to take on the job that he only asked a fee of $10,000, and we thought it was very modest.

He undertook the work, and it took some time. It was going on even before the government had decided to curtail housing in Canada. You say that we went along with the project and built the house. Would you approve if the minister in charge or the government had just dropped the project once we had started it?

Mr. Fleming: Are you asking me?

Mr. Fournier (Hull): I am asking reasonable people who know something about construction. Once we had started on the house we found it was quite expensive.

An hon. Member: I should think so.

Mr. Fournier (Hull): Yes, and I know what the hon. member said at a political meeting. I think he was wrong to say it unless he could substantiate what he said at that meeting.

Mr. Fleming: What are you talking about?

An hon. Member: In Vancouver.

Mr. Fournier (Hull): I am not speaking to the hon. member for Eglinton (Mr. Fleming). The member to whom I am speaking knows what I mean.

Mr. Fleming: I should like the minister to say what he means.

Mr. Fournier (Hull): You are not the one this time. The work went along. We paid the bills. We asked for votes in the house and they were approved by parliament. We proceeded with the work, and we did not spend more than $284,000 on that building. That is the figure I gave in the house and the figure that appears in the records of the public works department with respect to the building. There is a building right next to that residence that cost twice as much, and if you look along that street you will see other buildings that cost around $200,000. Yet you would deny the Prime Minister of your country a building that cost $284,220.56.

Mr. Fleming: Over $600,000.

Mr. Fournier (Hull): Read the figures.

Mr. Fleming: Look up your return. It is over $600,000.

Mr. Fournier (Hull): I am reading from the return which was handed down in the house on November 5.

Mr. Fleming: Last June your return put the total at $613,000.

Mr. Fournier (Hull): November 5 this year.

Mr. Fleming: Give the figures as to the amounts spent on the grounds and the furnishings.

Mr. Fournier (Hull): The structure cost $284,220.56. That is the building, and then you add to that the cost of the property which was purchased seven or eight years before. If the hon. member knew all the properties we have in Ottawa, what was paid for them and what their maintenance has cost, he would not always be harping on the Prime Minister's residence. I could show you privately-owned properties where far more than that has been spent, and nobody ever mentions it. We paid $140,000 for that old property. What was asked for it before the courts? Then there is the $284,220.56 we have spent on the building. Before the Prime Minister went to live there—and that residence will be for all future prime ministers—we had to furnish the place. We had to buy

chinaware, glassware and silverware. You would not want him to purchase those things out of his own salary, I suppose? We purchased them. We brought in probably the best firms in Canada to furnish the place, and up to November 5 of this year it had cost us $108,937.17. When you speak of the residence of the Prime Minister and try to make people believe that it cost $600,000 I do not think that is fair, and you are not fair to yourself. Look at the return.

Mr. Fleming: Look at the return you filed in the house last June—$613,000.

Mr. Fournier (Hull): I am trying to give you what this return shows, and it was asked for by a member of the opposition. We handed over to the federal district commission money to landscape the property, and according to the return we have spent $56,978.83 for that. You have the whole expenditure made on this property in this return.

An hon. Member: He never read it.

Mr. Fournier (Hull): He did not read it. He makes speeches without knowing what he is talking about. A contract was let for the fence surrounding the property, and I find that we asked for tenders with respect to it.

Mr. Fleming: At last a tender!

Mr. Fournier (Hull): Do you want to know the figures? One firm, Ottawa Iron Works, made a bid of $11,976; and a second firm, Modern Forge Registered, made a tender of $5,862.90. Just imagine two firms experienced in this work, and one of them making a tender of $11,976 and the other a tender of $5,862.90.

An hon. Member: Who got it?

Mr. Fournier (Hull): Double the amount. Yet we have people trying to discuss costs of construction when even those who undertake such works can vary in their prices by 100 per cent.

Mr. Fleming: Why didn't you call for tenders on the other jobs?

Mr. Fournier (Hull): You would not have even made a bid on it unless you know more than these very good architects from Toronto. I do not decide these things and I would not take your advice on construction. I would rather go to my technical advisers. When you speak of that residence it leaves me quite indifferent, and I will tell you why. I have been here twenty-two years, and I was as happy as a lark when I met all the members of the opposition at a reception in that new home and each and every one of them congratulated me on the nice job that had been done. They would say that to me on that occasion at 24 Sussex street, but when they stand up here they have so few things that can be found fault with so far as the government is concerned that they pick on this matter. You can keep talking about the Prime Minister's residence, but you are perhaps the only one who is not proud that our Prime Minister has a residence.

Mrs. Fairclough: Oh, nonsense.

Mr. Fournier (Hull): No, I don't use the same language as the hon. member to whom I have been referring. I know you would not and I do not myself.

Mrs. Fairclough: I recognize nonsense when I hear it.

An hon. Member: Another expert.

Mr. Fournier (Hull): Really you have me there, madam, only that is a matter of opinion and I do not agree with yours. To come back to the residence, it will remain the Prime Minister's residence for years to come, and it will be maintained in a good state of repair.

Mr. Fleming: Will the minister tell us something now about the veterans' houses that were to have been built but were not built?

Mr. Fournier (Hull): I will tell you something about the repairs to the White House that have cost the United States government $6 million to date, and nobody criticizes it.

Mr. Fleming: Would the minister discuss veterans' houses?

Some hon. Members: Sit down.

Mr. Fournier (Hull): Mr. Speaker, I will tell the hon. member that I will not try to do as he does; I will not try to discuss things that I do not know much about.

Mr. Fleming: That does not do the minister justice.

Mr. Dickey: It does the hon. member more than justice.

Mr. Speaker: Order.

Mr. H. H. W. Beyerstein (Camrose): Mr. Speaker, I should like to say a few words in support of the subamendment moved by the hon. member for Acadia (Mr. Quelch), and I should also like to make a few suggestions in connection with the great crop losses sustained by the western farmers as a result of the extremely adverse harvesting conditions this fall. First I will deal with the subamendment, which reads as follows:

That the amendment be amended by adding thereto the following words:

"Furthermore we regret that Your Excellency's advisers have failed to compensate the recipients of war veterans allowance for the increase in the cost of living by an appropriate increase in the amount of the allowance."

The words of that subamendment speak for themselves. Considering the announcement made by the Minister of Veterans Affairs (Mr. Lapointe) the other day in connection with increases in pensions, I feel that the government is obligated to grant to recipients of war veterans allowance an increase to compensate for their loss in purchasing power which has resulted from the ever increasing high cost of living.

Last May the Canadian Legion presented a brief to the special committee on veterans affairs. At page 86 of the minutes and proceedings of that committee the following recommendations were made:

We recommend:

(1) that the basic rate of war veterans allowance be increased to $50 monthly for a single recipient and $100 for a married recipient and that income from other sources be permitted up to $250 for a single person for a year and $500 for a married one.

(2) That where a recipient is permanently and completely unemployable and has no other income, the W.V.A. rate be $60 for a single person and $120 for a married veteran.

(3) That consideration be given to the plight of children whose parents are on W.V.A.

(4) That W.V.A. benefits be extended to Canadian veterans living outside Canada.

Those recommendations were endorsed by the national council of veterans associations in Canada and therefore can be considered as the general opinion of all veterans in Canada. When the hon. member for Acadia was speaking in this debate he mentioned the fact that the $70 which the veteran receives is worth only $56.70 in terms of the 1948 dollar. The veteran would receive much less than that if calculations were made on the basis of the 1939 dollar; and I wish to remind you, Mr. Speaker, that it is the 1939 dollar which is most commonly used when we calculate the increase in the cost of living. Owing to the enormous increase in prices the veteran gets $13.30 less today than he did three years ago. The figures used to illustrate the loss of veterans' purchasing power could be used equally well to illustrate the dwindling purchasing power of every other citizen in Canada.

The other day in a magazine entitled *U.S. News & World Report,* the issue of November 16, 1951, I came across an interesting article on inflation. I find that this magazine is reliable in its editorials and articles, and I feel that some comments from this article would serve to illustrate the predicament that our citizens are in today with regard to the cost of living. The article is too lengthy to read, but I should like to make a few comments on it.

The article deals with a man receiving a salary of $4,000 a year back in 1939. This man was comfortably fixed. He lived in a modest home that may have cost about $7,000. Shelter and food were fairly reasonable in price at that time. There was a chance for this man on that salary to save approximately $1,000 a year by careful management. This young man with a salary of $4,000 in 1939, if he was 30 years old, could look forward to about thirty-five years of employment. He could expect, out of savings and the interest on savings, to have at least $60,000 when his earning period ended. That sum, invested to return 3 per cent would yield him $1,800 income per year. That seemed fairly reasonable. However, this $4,000 a year man of 1939 today finds that all his ideas and plans are upset. His cost of living has nearly doubled since that time. To be as well off as he was in 1939, this man now needs about $9,000 a year. Instead of $3,000 for living expenses, he needs about $5,600. Taxes on his $9,000 income, if he gets it, would be about $1,300. If he failed to buy a house before the war, he would have to pay $16,000 for the house that would have cost him $7,000 in 1939. When he replaces his car, it would cost twice as much or more. A college education for his children will be two or three times as expensive as it was in 1939. Saving, as a result, is much more difficult today than it was back in 1939. In fact it is practically impossible for a man with a family of two children to save anything at all on a salary of $4,000 a year. His only future would be to obtain a position with some reliable firm which could offer him a pension when he was ready to retire. The only other alternative would be to wait until he qualifies for the government old age pension.

In this article are given some interesting figures which I should like to quote. At page 14 of this magazine there is a chart which gives various incomes in 1939 as compared with incomes in 1952. These figures are based on a married couple with two children, showing the income needed to live as of 1939 and as of today. If a man received $1,200 in 1939, he would need $2,252 in 1952; if a man received $1,800 in 1939, he would need $3,658 today in order to have the same standard of living. A man receiving a salary of $2,500 in 1939 today needs an income of $5,347. The equivalent of a $4,000 salary in 1939 in terms of today's purchasing power would be $9,017. This article cites figures up to $1 million a year. I shall not read all the

figures, but it might be interesting to note that if a man received $1 million in 1939, to maintain the same standard of living today he would require $5,029,800. This gives a fair idea of the inflation that has taken place in the past few years. I realize that we cannot expect this government to do very much about remedying this inflation, but I do believe that it is up to the government to grant the recipients of war veterans allowance an increase.

The other item with which I should like to deal is the predicament in which our western farmers find themselves. This fall the farmers of western Canada had the misfortune of being caught by adverse weather conditions. They had the prospect of harvesting one of the heaviest crops in years, but because of the abundance of moisture the ripening process was prolonged, resulting in a very late harvest. During the growing season we had an abundance of moisture, and when the crops should have been ripening we had still more moisture. As a result the harvest was delayed almost a month, and before the farmers had an opportunity to harvest the grain the snow covered it. Less than 50 per cent of the farmers completed their threshing and combining operations. It is estimated that about $200 million worth of grain is still to be harvested in western Canada, and $75 million worth is still standing in Alberta. This figure of 50 per cent does not mean that each farmer has threshed 50 per cent of his crop, but relates to the over-all situation. On the basis of individual farmers, you will find that many farmers have not threshed a bushel and are not sure they ever will be able to thresh a bushel of their grain, in spite of the heavy crop.

Crops that have to lie under the snow all winter are bound to spoil to some extent, and field mice will cause further damage, resulting in a lower yield. As a result of this early snow the feed shortage is becoming acute. In fact many farmers have had to dump their livestock on the market simply because they did not have sufficient feed to carry them through the winter. A loss of $200 million on a crop is what we would call a catastrophe, and the government should find some means of assisting these farmers who have been unable to complete their harvesting operations. Following the Manitoba flood and the Rimouski fire the government set a precedent by coming to the rescue of those two catastrophies. I wish to make it clear that I do not begrudge one penny paid to those victims. I only wish that they could have had further consideration, and we supported the government in that decision.

The point I wish to make is this. So far as the western farmers are concerned the loss of $200 million on a crop is a catastrophe. Possibly it was not as sudden or as spectacular as the other two catastrophies, but the hardship resulting from this loss is just as real. I feel that the government is obligated to compensate the western farmers in some way. In many cases they will have to sell the grain they have been holding for next year's seeding operations in order to carry them through the winter. I suggest that the government should make provision to enable them to buy seed grain next spring. On the other hand those farmers who have not seed grain on hand should be enabled to obtain credit so they may obtain seed for next year's operations.

Going a step farther, I would suggest that the government should investigate the possibility of instigating some form of crop insurance to take care of a catastrophe such as we had in the western provinces this year. Farming is an occupation which is constantly facing unforeseen dangers and should, therefore, have some form of protection. The present Prairie Farm Assistance Act goes a long way in this direction, but I feel it should be extended to include some crop insurance plan. I should like to compliment the Minister of Agriculture (Mr. Gardiner) upon the changes he has made in the Prairie Farm Assistance Act during the past two or three years. The act now provides for a much wider range of benefits than it did, but I am sure the farmers would favour a plan, even with higher contributions if necessary, which would give them complete crop insurance. It may be argued that such a plan would encourage poor farming. If one stops to consider that point one can readily realize that this would not be the case. A poor farmer would always be surrounded by a number of good farmers and it would be a simple matter for an inspector to determine whether the crop was lost as a result of poor farming methods or as the result of some act of nature. If the crop loss were the result of drought, flood, frost, insect infestation, plant disease and so on, it would cover a wide area, and it would be a simple matter for the inspector to determine whether or not the crop was lost as a result of poor farming methods.

Quite often crop failures impair the credit standing of an individual, and sometimes even destroy it. Farmers find themselves without money and without credit to finance next year's operations. A crop insurance scheme would guarantee farmers the opportunity to continue their farming operations next year. A crop insurance plan would

also provide new sources of credit for the farmer who, because of forces beyond his control, could become a poor financial risk.

The grain farmer is not the only one who has been having difficulty in the last year or so. The dairy farmer has also had a considerable amount of worry. I hold in my hand a bulletin from the National Dairy Council of Canada from which I should like to quote a couple of paragraphs as follows:

"The number of milk cows on Canadian farms as at June 1, 1951, reached the lowest point in 20 years —this in face of a human population increase of 2½ million in the past eight years alone.

The production of milk has declined well over a billion pounds since the end of the war and it is expected that, despite the most favourable farming conditions this year, 1951 production will be the lowest since 1940.

The production of milk per capita has declined from 1,500 pounds in 1942 to less than 1,200 pounds estimated for this year.

The annual production of butter has declined more than 40 million pounds during the past three years alone. This is the lowest production on record in twenty years; the production of cheese, at one time our biggest export commodity, has dropped from 189 million pounds in 1945 to less than 100 million this year; the production of fluid milk has not been sufficient to meet the year-round requirements of a large number of city markets, necessitating the reconstitution of milk from manufactured products. This shortage of fluid milk will become progressively worse unless the over-all decline is halted."

That bulletin does not paint a very rosy future for the dairy farmer; and according to the correspondence I have received from the dairy farmers, I am convinced that they have reason for worry. I believe that the government should do something about these problems. I suggest that the government should first of all provide assistance for those who require it as a result of crop losses this fall. In addition, they should put an item in the estimates providing for a study of some form of crop insurance to take care of such events in the future. Then a study should be made of the problems of the dairy industry. I would strongly urge the government to consider these points very carefully.

(Translation):

Mr. Arthur Masse (Kamouraska): Mr. Speaker, two years ago the voters of Kamouraska constituency delegated me to represent them in the House of Commons. Since every duty implies an obligation, I must today voice their opinions, their feelings and their gratitude towards the government of the nation.

Tradition plays an important part in Kamouraska and I am happy to thank the Prime Minister of Canada (Mr. St. Laurent) who was kind enough to visit the parish of St. Pacôme when its centenary was being celebrated. He thereby proved that he understood perfectly the minds and feelings of the people back home. The people of St. Pacôme parish and of all Kamouraska county are most grateful to him for this visit.

Like those who spoke before me, I take pleasure in congratulating the mover (Mr. Cauchon) and the seconder (Mr. Simmons) of the address in reply to the speech from the throne. They have brought honour upon their respective constituencies.

First of all I must thank the government for having introduced the old age pensions act. I shall then say a few words about the St. Lawrence seaway and the high cost of living.

On March 2, 1950 I said that the old age pension came as a ray of sunshine in many homes. Now that this act is on our statute books, may I be permitted to request the Minister of National Health and Welfare (Mr. Martin) to give some consideration, as soon as circumstances will permit, to the invalids and to the unfortunate, so that they too may enjoy a little sunshine and happiness.

As far as the St. Lawrence seaway is concerned, my constituents will evidently not benefit by it. Since, however, the problem reaches beyond the limits of a parish or a county, and because the project is designed to ensure the prosperity of this country I strongly support it. However, I reserve the right of expressing my views when that matter is submitted to the house for approval.

Now, Mr. Speaker, as far as inflation is concerned—since it must be called by its name—I wish to state that my remarks apply particularly to the county I have the honour to represent here.

Opinions may vary in different localities and I am always ready to listen to my colleagues' remarks with the best grace in the world. My constituents and I do not think it is urgent to set up price control. I represent an agricultural constituency and I am convinced that the high cost of living is not caused by the increase in the price of farm products.

First of all, what is inflation? Some economists say that inflation results from too large an amount of money chasing too little goods. Is it not rather the result of war? If we consider what has happened since 1800, we see that the very same thing occurred after each war.

The farmer holds that he does not get proper returns for his products. On the

other hand, the consumer is convinced that he has to pay far too much for what he buys.

First of all, where are the chief agricultural centres of the country? The west goes in for general grain production and feed grain in particular, for livestock, hog raising, dairy products and farming in general. The east, where problems are quite different and where farms are much smaller, goes in mostly for mixed farming, dairying, hog and poultry raising and, to a limited extent, grain growing.

What is the current distribution, on our Canadian farms, of cattle, the very basis of our stock farming industry? A comparison of groups included in that category shows that since 1945 this branch of agriculture has declined, the reduction ranging between 10 and 15 per cent. This year's estimates are about the same.

If we take into account the annual growth of the population, we can well see that a proportionate increase is required to meet the growing needs of the population. The same is true for the hog raising industry which runs from 5 to 10 per cent.

Let us now consider the relation between production, cost of production and consumption. As I pointed out earlier, the production of food on the farm is declining; it does not provide excess profit in regard not only to gross production cost but also to various factors such as weather conditions, good or bad, cost of equipment, maintenance of farm buildings, depreciation, interest on capital outlays and excessive cost of labour.

Therefore the causes for the spread between production costs and consumer prices must be found elsewhere. As I say, the multiplicity of middlemen, the opportunities for easy speculation and storage costs are direct causes of that difference.

Farmers of my constituency did not expect to sell their pork at 40 cents a pound. On the other hand, they did not expect to sell it at 29 cents a pound. If we took as a basis the average between those two prices, we could obtain an average price satisfactory to all concerned.

A look at the report of Canada Packers shows that their production has fallen off by about six million pounds in 1951 whereas profits last year reached four million. It is readily noticed that the profits made by this company are greater than those made by the producer.

I believe the best way to protect production and consumption would be to guarantee a floor price to producers and to control storage facilities. There is no better example of that than the method put into practice by the Canadian government in 1950 when they, in fact, controlled the price paid to the butter producers and also the distribution of this food item. Nowadays we often hear it said—even in this house—that the only way to bring down the price of certain products is to restrict our exports to the United States. I am not of that opinion. We cannot afford to lose so profitable a market.

The Minister of Agriculture (Mr. Gardiner) should foster, by every possible means, increased production by our farmers. In my own constituency the farms do not lend themselves to further developments because every bit of usable space is already being cultivated to the limit.

Like everyone in my constituency I am opposed to large scale immigration. In my district there are 800 to 850 births a year, as against approximately 250 deaths. That means that we have 600 people who have to look for jobs in industry, that is to say farther west. That is why I am opposed, not to any form of immigration, but to large scale immigration.

In the province of Quebec, there is an evil which, at its worst, does not affect all the people but which affects a great many. On looking back to what happened a few years ago we see that on May 19, 1909, a Liberal government led by Sir Wilfrid Laurier created a natural resources board. Forty years later, another Liberal prime minister created the royal commission for the national advancement of the arts, letters and sciences, which I might call a spiritual commission. Among its members was a representative of the province of Quebec for whom we Quebecers, especially at Laval university, feel the greatest respect and admiration. We know that his reputation extends beyond the city of Quebec and the borders of the province. When I see that, for political reasons, the words of that worthy representative are quoted and an attempt is made to contradict them and to make people believe that he no longer holds his former beliefs, I am dumbfounded.

Referring to page 156 of the report of the royal commission on national development in the arts, letters and sciences—report signed by the commissioners and by the man I just mentioned—we read the following:

The federal government should not, either at present or as long as the present constitutional arrangement persists, give direct aid for scholarships except for research or post-graduate study. As for scholarships at other levels, the government should do nothing whatsoever without a formal agreement with the provinces.

I wonder if it is in that paragraph that they sin against the autonomy of the province. Further on, at page 355 of the same report, it is stated:

We therefore recommend:

(a) That in addition to the help already being given for research and other purposes the federal government make annual contributions to support the work of the universities on the basis of the population of each of the provinces of Canada.

(b) That these contributions be made after consultation with the government and the universities of each province, to be distributed to each university proportionately to the student enrolment.

(c) That these contributions be sufficient to ensure that the work of the universities of Canada may be carried on in accordance with the needs of the nation.

(d) That all members of the national conference of Canadian universities be eligible for the federal grants mentioned above.

When Rev. Father Levesque supports such a recommendation, how can he be accused of sinning against the autonomy of our province. The Massey commission is accused of being a centralizing commission and a deadly germ for the province of Quebec. The deadly germ for the province of Quebec is not the Massey commission, but rather the speak-easies.

There is another remark I would direct to my colleague from Chicoutimi (Mr. Gagnon). When he involves my race and states that our soldiers are being discriminated against in the armed forces, I have great doubts as to the truth of his charges. I have been a professor at the university for 30 years and I can assure you that any time a student failed in his exams, it was always the professor's fault. Two years ago, a good friend of mine was unable, for some reason or other, to obtain the degrees he sought to obtain. He felt himself cheated. He asked me to carry out an investigation. I was told that, in his case, he might obtain the promotion he sought in another sphere. This young man therefore entered another branch of the army and today he is a real asset to his unit.

The remarks I have just made have not been put forward as a criticism, but with a view of expressing the opinion of the voters who elected me to represent them here. In these difficult times, it is imperative that everyone do his duty, so as to ensure the welfare of all our people.

(Text):

Mr. W. Chester S. McLure (Queens): Mr. Speaker, I want to take advantage of this debate to say a few words in connection with an urgent matter affecting the district which I have the honour to represent. Last night I listened to a broadcast from the motherland and was glad to hear that our gracious majesty, the king, is gradually recovering. May it be God's blessing and will that he be fully restored to his usual good health.

Though they may be somewhat delayed, I should like to say a few words about the visit of The Princess Elizabeth and the Duke of Edinburgh to our capital city. Along with all hon. members of the house I rejoiced at having the opportunity to meet Their Royal Highnesses at the reception. I want at this time to thank the Prime Minister (Mr. St. Laurent) for giving me the introduction he did. I was almost lost in the long line and although the aide introduced me the Prime Minister in quite an audible voice said, "The member of parliament from Prince Edward Island". Everybody knows the treasure island province, except the Postmaster General (Mr. Rinfret), and Her Royal Highness extended her hand and said most graciously, "You came a long way to see me". I am not going to place on the record my reply to her nice remark, be it romantic or diplomatic, because it does not matter, but it did bring forth a most gracious smile and handshake from Her Royal Highness. Again I want to thank the Prime Minister for having given me this opportunity.

The visit of these members of the royal family has had a good effect throughout Canada. It has knit together our two countries, and made stronger the ties and bonds that bind us to the mother country. May it be the will of Divine Providence that these two countries grow closer together than ever. May their ties and bonds be stronger than ever, so they can show to the whole world that they stand for the best form of civilization. An opportunity was given Canada to show her warmth to Her Royal Highness and her husband and also to bind ourselves more closely to the mother country.

In passing, I should like to say a word about the reception given by the city of Ottawa to Their Royal Highnesses. A great many things one way or another have been said about this, but I want to say that I was proud of

the reception given by the capital city of Canada to The Princess Elizabeth and the Duke of Edinburgh. The city was gay, and all functions were carried out in a wonderful manner. That is one reason I say that we should try to make this city greater and more beautiful than ever.

I have never objected at any time to any amount in the estimates for the improvement of Ottawa, although I might have had reason to criticize who spent the money and how it was spent. Everyone should look upon Ottawa as a beautiful city. It is our capital city. It is my capital city. I say "my capital city" because as the capital of Canada it is as much my capital city as it is the capital city of someone from Ontario or any other province. I should also like to say that even if there was some criticism about the entertainment, on the whole we should be proud of the way our capital city honoured Their Royal Highnesses on the occasion of their first visit. I am not going to take up a great deal of time with reference to any other preliminaries except to say that, as is customary, I should like to congratulate the mover (Mr. Cauchon) and seconder (Mr. Simmons) of the address in reply to the speech from the throne. As many others have said, their speeches were of a very high order. I should also like to congratulate my leader at this time on having scored a grand slam in the recent by-elections. It seemed to give him a great deal of pleasure. I should also like to congratulate Mr. Speaker on the wonderful way in which he presides over the house. Furthermore I want to congratulate the Prime Minister (Mr. St. Laurent) on being a connoisseur of the humble spud, which is produced in great quantities in my province. I listened to the speech he made, but I had no idea that he was going to set himself up as a connoisseur of the humble potato. At page 37 of *Hansard* for October 15, 1951, we find that he said:

> I am sure a good many would feel that Ontario potatoes are just as good as Maine or Long Island potatoes. I know I got some from northern Ontario, from a friend of mine who was kind enough to send a bag to 24 Sussex street, and they are as nice potatoes as I have ever seen anywhere in the world.

I was delighted that he had not compared those potatoes with those of the maritimes, particularly New Brunswick and Prince Edward Island, where potatoes are really de luxe. However, his remarks as to these Ontario potatoes are all right and I agree with them as long as they are not compared with the product of my own province.

On motion of Mr. McLure the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will take up third reading of Bill No. 21, an act respecting the Canadian forces; third reading of Bill No. 22, an act to implement the agreement between the parties to the North Atlantic treaty regarding the status of their forces; Bill No. 19, an act to amend the Bills of Exchange Act; Bill No. 17, an act to amend the Canadian Broadcasting Act, 1936. This last bill is to be referred to the special committee on radio broadcasting. Then we will take up Bill No. 23, an act to amend the Government Annuities Act. This bill is to be referred to the committee on industrial relations. Then we will take up the resolution of the Minister of Finance concerning financial matters, the bill to be referred to the public accounts committee when it is given second reading.

At ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on November 2, 1951.

HOUSE OF COMMONS

Tuesday, November 20, 1951

The house met at 2.30 p.m.

RAILWAY LEGISLATION

CHANGE IN PERSONNEL OF SPECIAL COMMITTEE

Mr. W. G. Weir (Portage-Neepawa) moved:

That the name of Mr. McLure be substituted for that of Mr. Browne (St. John's West) on the special committee on railway legislation.

Motion agreed to.

REPORTS AND PAPERS

Second annual report on activities under the Maritime Marshland Rehabilitation Act for the fiscal year ended March 31, 1951.—Mr. McCubbin.

CANADIAN FORCES

AUXILIARY SERVICES IN KOREA—TABLING OF CORRESPONDENCE

Mr. R. O. Campney (Parliamentary Assistant to the Minister of National Defence): Mr. Speaker, when Bill 21, respecting the Canadian forces, was in committee on Friday last the hon. member for Vancouver-Quadra (Mr. Green) and the hon. member for Lake Centre (Mr. Diefenbaker) requested the production of certain correspondence with reference to offers on the part of certain organizations to provide auxiliary services for the troops in Korea and replies thereto. In accordance with that request I now wish to table the correspondence referred to.

ST. LAWRENCE WATERWAY

ST. LAWRENCE SEAWAY AUTHORITY—DEEP WATERWAY BETWEEN MONTREAL AND LAKE ERIE

Hon. Lionel Chevrier (Minister of Transport) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient, for the purpose of providing a deep waterway between Montreal and lake Erie, to create a corporation to be called "The St. Lawrence Seaway Authority" with power, *inter alia*, to expropriate; to construct, maintain and operate all necessary works; to borrow amounts not exceeding three hundred million dollars; to establish tariffs of tolls and to employ such officers and employees as may be required for the purposes of the authority.

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

Motion agreed to.

WAR DAMAGE

REQUEST FOR INTERIM PAYMENT TO CANADIANS WHO SUFFERED FROM JAPANESE ACTION

On the orders of the day:

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I wish to direct a question to the Prime Minister, of which I believe he has received notice. This question has been directed to him in the absence of the Secretary of State for External Affairs (Mr. Pearson).

When may some interim payment be expected to relieve the truly desperate plight of some of those Canadians who suffered as a result of Japanese action during the last war? In that respect I would point out that there are large assets available which give assurance of a return to the government, in respect of any such payment which may be made. There are many people who have waited for six years, without any payment having been made. Some of them to my knowledge, and I am sure to the knowledge of the government, are really in a desperate position today.

Right Hon. L. S. St. Laurent (Prime Minister): It is quite true that some of those who have submitted claims are in a position that would make us very glad if interim payments can be made. Some weeks ago the matter was referred to Mr. Justice Ilsley, the commissioner inquiring into the matter of war claims that have been submitted, and a most interesting and lengthy report was received from him the other day. Copies of this report have been submitted to members of council for their individual consideration, but we have not yet had an opportunity of co-ordinating our views in respect to it.

Mr. Justice Ilsley points out that there are some rather serious risks involved in making interim payments, in that prejudice might be caused to other possible claimants. Some of the cases which are the most sympathetic would appear to be borderline in character. The question arises as to whether the claims of all those having Canadian nationality shall be recognized or whether there shall be

a more restricted determination of those whose claims will be recognized. There are at least two of those which would appear to be worthy of the most sympathy which would involve a wide definition of Canadians entitled to claims.

I hope that the number of claims that will have to be considered for interim payment will not be great and that the risk to the treasury, even though ultimately they were not included in the classes recognized, will not involve a substantial sum. It is a risk that might be taken because of the distress of those who are urging such claims. The matter is receiving constant attention and I intend to ask my colleagues at the earliest possible opportunity for their views after they have had the opportunity to consider the pros and cons set out in the report received from Mr. Justice Ilsley.

There will be more information as to the exact factual situation available when question No. 8 on the order paper is answered. I hope that that may be answered, if not tomorrow at least not later than Monday next. We are making a compilation of the information requested by the question which will pretty well cover the general factual situation. I trust that we may be able to recommend that whatever risks are involved in dealing sympathetically with these claims for interim payment may be taken.

Mr. Drew: I appreciate the difficulties which the Prime Minister has pointed out in regard to differentiation between the different types of claims. Without extending the discussion too much I would nevertheless urge that if possible immediate consideration be given to claims such as those by widows of husbands who died from starvation or ill treatment and who themselves have little or no earning power today and are thus in a position of great hardship. I need hardly point out that we are only a month away from Christmas and into the winter season and great encouragement would be given to a number of people who are in most difficult positions if they had some assurance that their cases, as distinguished from claims by large companies in respect to the sinking of ships and things of that kind, would be dealt with in the way of some interim allowance that would at least take care of their immediate requirements.

Mr. St. Laurent: The hon. member said that the war has been over for some six years, but all hon. members appreciate that we could not deal with these problems until the peace treaty was signed. In anticipation of the signing of the peace treaty this advisory commission on war claims was set up. It is not intended to adjudicate at the moment on the individual claims but only as to the priority that should be given to claims for personal injury or for the death of heads of families and so forth over property claims, but the whole matter will be dealt with just as expeditiously as possible. We do appreciate that there has been considerable delay in getting the treaty signed and that there should now be as little delay as possible in implementing what has become possible under the treaty.

COMBINES INVESTIGATION ACT

PACKING INDUSTRY—REQUEST FOR INVESTIGATION OF POSSIBLE COLLUSION, ETC.

On the orders of the day:

Mr. P. E. Wright (Melfort): I should like to direct a question to the Minister of Justice, of which I have given him notice. Will the minister have an immediate investigation made under the Combines Investigation Act as to, first, whether there was collusion, understanding or agreement among firms engaged in the packing industry in bringing about the drastic reduction of 25 per cent in hog prices between July and October of this year? And, second, was there collusion, understanding or agreement among these firms preventing or delaying those declines being reflected in lower prices to the consumer?

Hon. Stuart S. Garson (Minister of Justice): I wish to thank the hon. member for having given me notice of his question. When I received that notice I discussed the matter referred to in his question with the commissioner under the Combines Investigation Act. The commissioner informed me that he had already had this matter under consideration and although he had so far obtained no evidence of collusion or illegal activities, he was seeking further information. If the hon member, or if any hon. member for that matter, knows of any facts that might be of assistance to the commissioner, I hope he will place them before the commissioner.

If the preliminary inquiries now being made indicate that a formal investigation is warranted, the commissioner has ample powers under the act to undertake that inquiry and would do so in the ordinary course of events without necessarily having any direction from myself as minister.

Mr. Wright: I have a letter here setting out certain facts—

An hon. Member: Give it to the commissioner.

Mr. Wright: —and asking for an investigation on five points. I will send it to the minister. The five points I wish to have investigated are, first—

Some hon. Members: Order.

Mr. Speaker: I would ask the hon. member to send the letter to the commissioner or to the Minister of Justice.

TEXTILES

ALLEGED DUMPING OF TEXTILE AND NYLON GOODS

On the orders of the day:

Mr. Jean Lesage (Montmagny-L'Islet): Mr. Speaker, I should like to direct a question to the Minister of National Revenue, of which I have sent him notice. It has been alleged that the considerable reduction in the production of textiles and nylon goods—

Some hon. Members: Order.

Mr. Speaker: Perhaps the parliamentary assistant to the Secretary of State for External Affairs would set a good example to the house by asking his questions without introductory comments.

Mr. Lesage: I thank you for your advice, Mr. Speaker, and I shall follow it. I should like to ask the Minister of National Revenue whether the allegations to the effect that there has been some dumping of textiles and nylon goods in Canada are true. If so, has anything been done to prevent such dumping in the future?

An hon. Member: Put it on the order paper.

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, the hon. member for Sherbrooke (Mr. Gingues), the hon. member for Shefford (Mr. Boivin), and the hon. member for Drummond-Arthabaska (Mr. Cloutier) and others have also spoken to me respecting this matter. From an examination of invoices in the department no evidence has been disclosed up to the present time that imported goods are being offered at prices lower than the fair market value thereof in the United States at the time of shipment. Special instructions have been issued to collectors at some of the larger ports to have the imported goods carefully appraised and the entries taken subject to amendment pending investigation.

Mr. Cruickshank: Is the same attention being paid to the importation at unfair prices of oils to manufacture margarine?

Mr. McCann: The answer to that question is that the same attention is given to all goods which come into this country.

GRAIN

INQUIRY AS TO DUTY-FREE ADMISSION OF COMMERCIAL DRIERS

On the orders of the day:

Mr. W. Ross Thatcher (Moose Jaw): I should like to direct a question to the Minister of National Revenue or, if he is the wrong one, to the appropriate minister. In view of the unusual quantities of high moisture grain which exist in western Canada this year—

Some hon. Members: Question.

Mr. Thatcher: —has the government considered permitting the temporary entry of commercial grain driers into this country duty free and allowing the purchasers of such equipment some kind of accelerated depreciation?

Hon. J. J. McCann (Minister of National Revenue): I thank the hon. member for having given notice of his question. This is a matter which has been brought to my attention within the last few days by other western members. I can only say at the present time that it is being given consideration, and within the next twenty-four or forty-eight hours I will make a more definite statement.

EGGS

INQUIRY AS TO RAISING OF FLOOR PRICE TO PARITY

On the orders of the day:

Mr. William Bryce (Selkirk): I should like to direct a question to the Minister of Agriculture or his parliamentary assistant. Owing to the decreased production of eggs, has any consideration been given to raising the floor price of eggs to parity under the minister's suggested base period, 1943 to 1945?

Mr. Robert McCubbin (Parliamentary Assistant to the Minister of Agriculture): All these questions are given consideration and any announcement will be made at the proper time.

Mr. Bryce: I asked the parliamentary assistant a straight question and I want a straight answer.

Mr. McCubbin: The hon. member for Selkirk can rest assured that this government at all times takes the request of the farmer and the producer into consideration.

Mr. Ferguson: He asked a question.

PRAIRIE FARM ASSISTANCE

REQUEST FOR HELP FOR ALBERTA AND SASKATCHEWAN FARMERS

On the orders of the day:

Mr. Robert McCubbin (Parliamentary Assistant to the Minister of Agriculture): On Friday last the hon. member for Lethbridge asked that consideration be given to the advisability of making provision through the Prairie Farm Assistance Act to grant assistance to farmers in Alberta and Saskatchewan

at present in distress because of the abnormally wet season of 1951. In reply may I say that under the provisions of the Prairie Farm Assistance Act assistance may be granted only if the conditions found upon inspection are such as to bring the area within the terms of the act.

Mr. J. H. Blackmore (Lethbridge): Is the parliamentary assistant aware of the fact that farmers all through Saskatchewan and Alberta have been paying one per cent of their income from sales every year from 1939 up to the present time and that the great percentage of those now in distress have never had five cents in return as consideration for that contribution? Second, at what time does the department determine whether or not the production of grain involved is below 8 bushels: in the year when the grain is grown or some time far in the future?

Some hon. Members: Order.

Mr. Blackmore: It is a question.

Mr. McCubbin: The government at all times takes these things into consideration, and the hon. member can rest assured that the farmers of western Canada will always be looked after.

Mr. Blackmore: That is not an answer at all. I asked the parliamentary assistant two specific questions and they have not been answered.

Mr. Ferguson: Is that the reason this government has given so much consideration to farmer Thomson?

Mr. Cruickshank: We will show you on election day.

CANADIAN FORCES ACT

TO PROVIDE FOR COMPENSATION, PENSIONS, ETC. TO MEMBERS OF ARMED FORCES AND ALLIED SERVICES

Hon. Alphonse Fournier (for the Minister of National Defence) moved the third reading of Bill No. 21, respecting the Canadian forces.

Mr. Green: Is the parliamentary assistant making any further statement with regard to welfare services, as promised the other day?

Mr. R. O. Campney (Parliamentary Assistant to the Minister of National Defence): I did not promise to make any further statement with respect to departmental policy in regard to welfare services. I did say that I would endeavour to produce and table certain correspondence, which I have done. In reviewing the matter, I find that on four different occasions the minister has dealt with this subject fully in this house. In all fairness I must say that I think he has stated very clearly the government's policy up to the present time and the reasons therefor. I do not think there is anything I can usefully add to the statements that he has already made in that connection.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, when the bill was under consideration in committee on November 16 I asked the parliamentary assistant whether there had been any change in the policy with regard to welfare services from that which was followed during the second world war. That policy was of course that certain national organizations were invited to help provide such services. I refer to the Canadian Legion, the Y.M.C.A., the Knights of Columbus and the Salvation Army. If the parliamentary assistant will turn to page 1095 of *Hansard* he will find that I asked him to check up with the Department of National Defence to see whether there had been a change of policy as a result of which these organizations would not be permitted to participate in Korea or for the benefit of the troops who have gone to Europe. As reported on the following page the parliamentary assistant said that he would endeavour to find out whether there had been a change in government policy. Today he has made no statement whatever with respect to that particular phase of the matter. I suggest to him and to the house that this question is of great importance.

During the course of earlier debates we referred to information that had been received from men in Korea and also the statement made by the Primate of the Anglican Church. Today we find in this morning's *Globe and Mail* a report of an interview with one of the men, who has just returned from Korea. After dealing with the very severe weather conditions they met there, this returned veteran said:

> Even worse than the weather conditions . . . is the lack of entertainment facilities available for Canadian troops. "Why wasn't the Sally Ann there," he asked.

He adds:

> "We could always find them in the last show, but now there is nobody."
>
> Informed that the auxiliary services, such as the Y.M.C.A., the Salvation Army and the Legion, were not allowed to take their workers to Korea . . .

I will not quote the man's name, but it is in the dispatch. I continue:

> . . . could only say: "Somebody must be out of his mind."

This returning veteran explained that during the rest periods allowed the troops little entertainment could be found. The article goes on:

> The men were confined to camp, he said, because the authorities feared they might be poisoned with water or liquor. They could only sit and read in the camps.
>
> "We had only two sports days all the time I was out there," he added, "and there was practically no sports equipment."
>
> He also had a strong complaint about the lack of Canadian cigarettes. He said the troops could obtain British, Australian or U.S. brands, but Canadian makes were not available.

That is evidence from a man who has just come back from Korea and was interviewed in Toronto yesterday, and it bears out everything that has been said in this house. I do repeat the recommendation made the other day, which was that the government appoint an investigating committee made up of men who are not in the Department of National Defence. There are other men in other departments of the government who are thoroughly experienced in welfare work because of what they did during the last war. There are also men available from these great national agencies to which I referred earlier in my remarks. I do suggest that without any further delay a committee be set up and flown over to Korea where they can find out the situation and can make recommendations to the government upon returning so that action can be taken before the winter is over.

This promises to be a very grim winter in Korea for the Canadians who are there. It looks as though there will be very severe fighting, and these men are certainly undergoing hardships just as great as any young Canadians have ever undergone in the past. I am confident that every hon. member would like to see this situation cleared up without any further delay. I hope that the parliamentary assistant will be able to get action along these lines from the Department of National Defence right away.

There is one other matter which we find in the press today concerning the troops in Korea, and this has to do with the Minister of National Revenue. We find a report headed: "Gifts from Korea Troops Subject to Customs Duty". The article goes on to state that any presents that men send back from Korea to relatives in Canada are subject to duty unless under the value of $5. That seems to be a provision which could very well be waived for these particular men and their loved ones. Apparently during the last war such a provision was waived. There was an order in council passed, or some other action taken, which enabled the Canadians serving with the forces abroad to send back gifts to their people free of duty, and I do not see why a similar provision should not be made at this time covering the men in the forces in Korea and also those on duty in Europe. The Minister of National Revenue will know. There may be some reason why that cannot be done, but on the face of it one would think that this favoured treatment should be extended to the men who are overseas.

Mr. P. E. Wright (Melfort): When this bill was in committee the other day the hon. member for Saskatoon (Mr. Knight) asked the parliamentary assistant certain questions about people who have been brought into the civil service from the permanent forces under an amendment to this act. Men who served in the first and second wars who returned to Canada but did not enter the civil service immediately but later took work in the civil service were required to pay 12 per cent of their initial salary in the civil service into a superannuation fund. Under the amendments to this act, if I understand them correctly, certain personnel who are coming into the civil service today from the permanent forces are required to pay only 6 per cent of their initial salary in the civil service.

In his explanation the other day to the hon. member for Saskatoon, the parliamentary assistant stated that this 6 per cent clause applied only to personnel who had been contributing into the permanent service pension act funds, and did not apply to others coming into the civil service who may have in some past period paid but who had discontinued their payments to the permanent service pension fund. I understand that that is not the case; that actually under this amendment personnel are being brought into the civil service from the Department of National Defence or from civil life through the Department of National Defence who are allowed to pay 6 per cent of their initial salary into a superannuation fund and yet they may not have paid the 6 per cent for a former period which they may have served in the permanent forces. I should like to know whether that is so or not, or whether all people coming into the service have been treated on the same basis. I understand that that is not so; that certain selected personnel—a small number—are getting preferred treatment under the new provisions set out in this bill.

Mr. J. G. Diefenbaker (Lake Centre): In connection with the matter dealt with by the hon. member for Vancouver-Quadra (Mr. Green), it may be of interest to place on the record a summary of the correspondence that has passed between the various groups concerned with providing auxiliary services and the Department of National Defence, beginning back in August, 1950. Today the parliamentary assistant very properly and expeditiously tabled the record. It reveals a situation

that I think more than ever calls for an explanation on the part of the government as to the reason why the Department of National Defence has seen fit to deny the auxiliary groups giving the benefit of their services in Korea. The record shows that on August 2, 1950, the general secretary of the Canadian Legion wrote to the Minister of National Defence, on instructions of the dominion president—using the words in the letter of that date—to

> . . . offer the services of the Canadian Legion to be used in any way that you feel the organization might be helpful in the Korean cause.
>
> As you know, we have kept alive the charters of both the Canadian Legion War Services and the Canadian Legion Educational Services and the boards of directors of both organizations have held fairly regular meetings even since the activities of both organizations were curtailed as a result of the cessation of hostilities of 1945.
>
> If the Canadian Legion proper or either or both of the subsidiary organizations can be of any assistance to your department, either now or in the immediate future, we would be glad if you would advise us.

That letter was signed by T. D. Anderson, general secretary. The reply of the secretary to the minister reads in part:

> Mr. Claxton has asked me to express his deep appreciation of your offer and to assure you that if your organization can be of service in any way, you will be notified immediately.

There is nothing further on the record until October 30, 1951. Following what appeared in in the press there is a further letter from the general secretary to the Minister of National Defence (Mr. Claxton). It is dated October 30, 1951, and reads as follows:

> We have noted, with some concern, reports which have appeared from time to time in the press reference the welfare of our troops now serving in Korea.
>
> You will recall that some time ago the Legion offered its services in whatever capacity they might be used in support of the part Canada is playing in the Korean war. Also you are aware that we have for some time been supplying reading material and stationery to the troops in Korea and are now prepared to extend this service to members of the 27th brigade, who we understand will shortly be going to Europe.
>
> Letters we are receiving from members of the forces in Korea and items appearing in the various newspapers indicate that earnest consideration should now be given to the possibility of providing more adequate welfare facilities to the troops.
>
> Our dominion executive council will meet here on November 8-9-10 next and the dominion president will arrive in Ottawa on the morning of the 5th of November. The dominion president together with representatives of both Canadian Legion educational services and Canadian Legion war services would like, if possible, to see you at that time . . .

The rest of the letter is immaterial. The Minister of National Defence replied on November 1 as follows:

> Dear Mr. Anderson: —

I am leaving out the introductory words.

> Thank you for your letter of October 30 about welfare and recreational services in Korea.
>
> In this connection I enclose a copy of a statement made in the house last Monday.
>
> I would emphasize that—

He emphasizes five points, and they are as follows:

> 1. None of the countries operating in the theatre employ agencies outside the services.
>
> 2. Conditions are utterly different from those that obtained in western Europe in the first or second world wars.
>
> 3. We have had no complaints or suggestions for additional services from the brigade commander, whose record shows that he would be the first to see that everything possible was done for the troops under his command.
>
> 4. The theatre has been repeatedly visited by numbers of officers, including Brigadier Fleury, Brigadier Bernatchez, Brigadier Brennan and many others. They report that everything possible is being done.
>
> 5. Because of the conditions in Korea, we are providing for service on a rotational basis in so far as the military situation permits. If you believe that additional steps can and should be taken, I would be only too glad to receive suggestions. I believe what we want more than anything else is for the people in Canada by their letters to keep in touch with the men who are serving us abroad.

He goes on to say that they will provide for discussion with the council of the Legion. That, sir, indicates why, for a period of approximately fourteen months, the Canadian Legion's offer of service has not received the consideration one would have expected it would receive from the minister. For a period of fourteen months apparently there was no correspondence other than the offer and the reply of the minister.

Turning to the Knights of Columbus, they made their offer of service on August 2, 1950, in a letter signed by the president, Canadian Army Huts, Knights of Columbus, and by the secretary of the same organization. The letter is from Montreal, and reads as follows:

> As you are aware, the Knights of Columbus Canadian Army Huts was one of the four national organizations who were recognized by the government of Canada to provide auxiliary services for the Canadian armed forces . . .

Then it goes on to say:

> . . . we wish to place ourselves on record that if the occasion arises, we feel that we should be recognized as we were in world war II.
>
> Let me assure you that if such occasion arises, the Knights of Columbus Canadian Army Huts, representing the Catholic population of Canada, as loyal Canadian citizens, will be only too anxious to serve the armed forces of Canada to the best of our ability.

They, too, received a reply from the minister the pertinent part of which reads:

> I do appreciate your courtesy in sending me this information and it is a source of gratification to know that we may call upon you if the need arises.

Then, the Y.M.C.A. made its offer on November 10, 1950, through the national council

of the Young Men's Christian Associations of Canada. Paragraph 2 of the letters reads:

> At a meeting of our national governing body, held recently, it was decided to advise the government that the Y.M.C.A. is ready to use the resources of its organization to provide service to those who enlist in these armed forces. Our action is based on experience in serving Canadian personnel in the armed forces in the Boer war and two world wars.
>
> In the event that this offer warrants your consideration, we would be glad to have a deputation wait upon you or the Minister of National Defence to discuss its implementation.

That letter is signed by the president of the organization, and directed to the Prime Minister (Mr. St. Laurent) of Canada. He replied on November 30, 1950, and stated in part:

> The armed forces greatly appreciate this offer, but the situation with regard to Canadian troops in Korea is continually changing and it is difficult at the present stage to establish the requirements for auxiliary services. We would appreciate it, therefore, if the matter could be deferred for the moment until the situation is clarified.

The Salvation Army made its offer on July 16, 1951. The letter sets out in detail that its trained personnel is available and states:

> Secondly, we have always specialized in welfare service. Whether this be in homeland or base camps, in the forward areas, or in the cities and towns where men of the forces spend their periods of leave, we are able and willing to provide facilities where such are desired.
>
> As a particular case in point, it has recently been brought to our notice that there are at times many men on leave in Edmonton, and the suggestion has been made that we might provide a canteen and recreation centre . . .

That letter is signed by William R. Dalziel, commissioner. He received a reply dated July 30, 1951, which reads in part:

> On my return to the office I have your letter of July 16 and I most sincerely appreciate the offer of service of the Salvation Army for the spiritual and physical well-being of the men and women of our forces.
>
> In regard to the matter of establishing canteens and recreation centres, this question is constantly under review as a necessary service in the important work of maintaining good morale in the forces. Up to the present time we have been able to provide these facilities within our own resources, but I can assure you that if the situation changes to the extent that outside assistance is required, your offer on behalf of the Salvation Army will be given every consideration.

This correspondence reveals the offers of assistance that were made by these several organizations. As yet no one representing the government has made any clear-cut answer about the voluntary offers of service made by these four great organizations. They have been refused, or at least have not been given favourable attention. I feel, and I am more reinforced than ever in my opinion by the recent correspondence I have received since this debate first started, that men and women in every part of our country are asking the government to allow these organizations, willing as they are, to accept the responsibility for welfare services. They are qualified to discharge those responsibilities and most of the armed forces are desirous of the facilities of these organizations. These responsibilities cannot be discharged in the same manner by any organization of the armed forces themselves. These groups should be given the opportunity of providing the material and spiritual benefits that otherwise may not be as readily procurable for the men in the armed forces.

I join with the hon. member for Vancouver-Quadra in once more repeating an appeal that when great organizations such as these, whose record of service over the years has been one of credit and distinction, are prepared, regardless of any difficulties that may exist in Korea, to provide their services at their expense, they should not be denied the opportunity. Any arguments that were advanced with respect to conditions in Korea certainly have no application to the 27th brigade now en route to Europe. I suggest once more, with all the force at my command, that those serving in Europe should have immediately available to them the services which each and every one of these organizations is qualified and willing to give.

Mr. W. G. Dinsdale (Brandon): Mr. Speaker, I want to take the opportunity to add some further words in regard to the questions I originally asked concerning this important matter. When I was first prompted to bring before the house the matter of welfare services for our troops, particularly those serving in Korea, it was because of certain reports I had read in various journals published in Canada and also because of certain intimations that had reached me from men who had experience in that particular theatre of war. The discussion has been continuing around this problem and I feel that the case has been adequately presented to the members of the house. I had not previously had the opportunity to learn of the correspondence that has just been placed on the record by the hon. member for Lake Centre (Mr. Diefenbaker); but that correspondence indicates more and more that there is a real problem arising out of the matter of providing adequate welfare and entertainment services for our troops.

I do not think I need labour the point that the Canadian forces are largely a civilian army made up of civilian soldiers, and that remark applies to the other branches of the services as well. It seems to me rather remarkable that the overwhelming support pledged by the four organizations experienced in this field of welfare for the troops has in each instance been denied by the government. Because of their experience and because of

their established reputation in world war I and world war II, I feel that they have a major role to play not only in meeting the immediate requirements of the men in the field but also in maintaining for these civilian soldiers liaison between the war front and the home front.

All of us who have had any experience in service life know that the atmosphere created while on military duty is quite contrary to many of the best values that have become a part of our basic outlook on life as a result of our experience in civilian society. I feel that the presence of personnel with no direct military connections and who are, as a matter of fact, somewhat detached from the necessary discipline and regimentation that is involved in all branches of the service can play a great role in maintaining the contact of the civilian soldier, the civilian airman or even the civilian naval man if you will, with the life back home from which he is temporarily separated.

This matter of welfare services is not merely a matter of providing games, cigarettes, moving pictures, tiddlywinks or any of the other recreative pursuits that we might mention. In answer to my first question that was placed on the order paper, those were largely the facilities that were given by the hon. Minister of National Defence (Mr. Claxton). When I asked what welfare and entertainment had been provided for the Canadian troops serving in Korea, emphasis was laid by the minister on sports, motion pictures, tape recordings, reading material, free cigarettes, et cetera. Those are necessary and important, but I do not feel that the real need is being met by merely providing those impersonal or, I might say, materialistic things. I feel that the method in which those games and other activities are carried out is exceedingly important. I feel that the personnel behind the program is significant. I believe the hon. member for Winnipeg South Centre (Mr. Churchill) has repeatedly brought that point before the house by endeavouring to indicate that men who are trained for the specific task of warfare are not necessarily qualified to carry on a much different activity, namely the bringing of welfare assistance and entertainment, and even spiritual assistance, to the men serving in the front lines.

This brings me to another closely related problem that has been discussed in the house from time to time, that of assistance to families of service personnel actively engaged in the field. I had placed on the order paper questions in this regard and I received replies which were adequate enough in themselves but which were not quite satisfactory. Perhaps I should put this in the form of a question now to the responsible minister. As to the administration of the army benevolent fund, in a reply to a question submitted I am informed that all members of the armed forces and the families of members of the armed forces actively engaged in the defence of Canada at the present time come under the benefits of the benevolent fund—whether it be the navy benevolent fund, the air force benevolent fund or the army benevolent fund—with the exception of new enlistees; that is, men who had no previous service in world war II. In view of certain information I have received from the families of men serving overseas, those who are left at home to face additional responsibilities and emergencies, such as sickness, I would make the suggestion that an arrangement be made whereby funds in the army benevolent fund might be made available to the dependents of new enlistees who have not had previous military experience in world war II. This is closely related to the suggestions put forward from this side of the house with respect to the acceptance of the generous offers of the four organizations who have offered their services to do auxiliary work with Canadian forces. Those organizations, because of the high qualifications of their personnel in connection with welfare, entertainment and spiritual guidance, could serve as an excellent liaison between the families on the home front and the men serving in the front lines.

I want to renew the questions I have already placed on the book, and ask again whether any additional welfare services are to be set up and, if so, what are the particulars thereof? The need has been demonstrated. It has been further demonstrated that welfare organizations qualified to meet the need have offered their services early in the present conflict. All that now awaits is some declaration of policy concerning these offers so generously made.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I wish to join in what has been said about the need for special facilities arranged by Canadians themselves for the non-military activities of Canadians in Korea, Europe, or anywhere else they may be outside of Canada. I do this particularly because I raised the subject on May 31, in the first session this year. I should like to refer back to what was said at that time, because it has some bearing on the extent to which members of the House of Commons should ask for some definite and unmistakable assurance at this time that something is going to be done.

In response to the questions I asked on May 31, as to the arrangements that were made for Canadian troops in Korea, the Minister of National Defence (Mr. Claxton) in his reply discussed various aspects of the problem and, as reported at page 3568 of *Hansard*, had this to say:

> I am glad of the opportunity extended by the leader of the opposition to say something about this matter. In the first place, it may be pointed out that the Canadian brigade group now forms a part of the first United Nations—commonwealth—division. The supplies for this group are furnished, like those for the other commonwealth forces, from United States sources. It would not be economical for us to have a separate supply line.

Then, later in the same remarks, the minister said this:

> We are endeavouring to make arrangements whereby cigarettes, in addition to the supplies of other peculiarly Canadian products desired by the troops, will be immediately available out of stores arranged with the United Kingdom or United States authorities. If necessary, we shall set up our special Canadian agencies.

That was a positive assurance on May 31 that unless facilities could be provided through United Kingdom or United States authorities to give Canadians the things they desired which were particularly Canadian, the government if necessary—and I quote the words of the minister—would "set up our special Canadian agencies". This is now November, and those agencies have not been set up, nor have the facilities been arranged as promised at that time.

Already reference has been made to statements reported in the press by those returning from Korea. I have before me yesterday's issue of the Toronto *Telegram* in which interviews with veterans returning from Korea are reported. One of those veterans referred to the fact that they could not get Canadian cigarettes. He was speaking about other things as well, of course, and said that last spring a group of them had written to me about this subject, enclosing some of the cigarettes they were receiving. He indicated that I had written back to them about this, and that as yet nothing had happened to change the situation.

I want to point out that it was in response to the communications I received at that time that I raised this point on May 31 in the house. There are a number of veterans in the house who saw service in the first world war. Those who did will recall the quality, or the lack of quality, of the cigarettes we received for some time during that war. They were known as gaspers—and that was a very complimentary name, I may say.

I have here two packages I received from Korea of the cigarettes being issued over there. I would not have mentioned the name of the make, had it not been for the fact that it has been reported by the veteran himself who made reference to them. For that reason therefore I do not think it is necessary to continue the anonymity of the cigarettes—although I did at the time I raised the question. These are Capstans, made in Australia, and in every respect they bear a strange family resemblance to those packages of cigarettes that some of us got in the first world war. If there was any tobacco in them, then it certainly was so carefully disguised that none of us could have told the difference if indeed it had been something entirely different.

I do wish that any member who has memories of those other cigarettes could have a smell of these I now hold in my hand. Personally, I would not suggest that anyone should smoke them. But they are the cigarettes that are still being supplied to our troops in Korea.

One of the veterans interviewed by the Toronto *Telegram* spoke about the difficulty of getting any entertainment while they were on leave. This raises a question that goes far beyond the mere supplying of adequate cigarettes, or otherwise. We have been told that the morale of our troops in Korea is excellent. I am sure, from all reports, that that is so; we would not expect it to be otherwise. However, Canadians should not be placed in a position where they are called upon to look to the official organizations of other countries to receive the assurance that the men in the line are being remembered.

I have no doubt that that is what the Most Rev. W. F. Barfoot, the Primate of the Church of England, had in mind on his return from Korea, as reported in the Edmonton *Journal* of November 14, when he said that Canadians must guard against the tendency to regard the troops in Korea as a forgotten army. Certainly it is not a forgotten army. What the Most Rev. W. F. Barfoot undoubtedly was suggesting was that Canadian troops in Korea may think that they are a forgotten army so far as Canadians are concerned.

On May 31 the Minister of National Defence said that it would not be economical for us to have a separate supply line. Surely there must be some way in which these Canadian organizations can go to Korea. If in the opinion of the Minister of National Defence the Canadian troops are too small in number to justify a complete organization of that nature, then I feel sure that these organizations which have indicated their willingness to perform these services will be ready to perform them for the troops of other nations which have no such services available today. I feel sure that the people of Canada would

be glad to know that the Canadian Legion, the Y.M.C.A., the Knights of Columbus, the Salvation Army and other organizations of that kind were giving assistance, with the support of the people of Canada, not only to Canadian troops but to the troops of other nations as well.

I suggest that there is a particular reason why every step should be taken to supply Canadians with these things from Canada, the things that veterans of the last war came to expect as a matter of course. If Canadians serving outside of Canada come to look to the United States, the United Kingdom or to any other source as a place from which they can receive those things which provide comfort and entertainment, they will have, perhaps unconsciously, some feeling of dependence upon a nation other than the nation which should be the first to emphasize that we share the full burden of their maintenance overseas.

I do not think it is a good thing from the Canadian point of view to have Canadians overseas see men from the United States, the United Kingdom or any other country able to get the things they want from their own countries while Canadians are not able to have those things that they wish from Canada itself.

There is one other thing that should be emphasized at this time. I emphasize it in the light of the unqualified undertaking that was given on May 31 that if arrangements could not be made to provide these things through the United Kingdom or the United States authorities the Canadian government would set up its own special agencies if that were necessary. Christmas is now just over a month away and if there is one particular season of the year—every veteran knows this—when young men away from home have a great longing for things from home, it is at that particular time.

In addition to having positive assurance today that these things will be carried out on this occasion, we should be informed in most definite and clear terms as to just what the Canadian government is planning to do in order to make it clear to Canadians in Korea, Europe or anywhere else outside of Canada that the people of Canada through the government of Canada are remembering them at this Christmas season, which means so much to every one of us.

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, I should like to add my voice to that of the hon. members who have already spoken on this question. This is certainly not important from a financial point of view, but it is most important from the point of view of the morale and morals, if you like, of our troops in Korea. I did not hear all the remarks of the leader of the opposition (Mr. Drew) but I certainly agree with his concluding remarks, not necessarily what he said about Christmas but what he said about the desirability of Canadian troops not seeing other troops enjoying certain small amenities that they themselves cannot get. The government should take this matter under advisement, not merely to consider it but to do something about it at once and accept the assistance offered by the various organizations that are so anxious to help.

I have had no actual military experience, but I have read about what happened in the various wars we have participated in. I do not believe there has been any war where the conditions for the troops have been as bad as they are in Korea in the present conflict. We cannot complain if certain things happen about which we may feel ashamed if we do not do our part to provide entertainment for the troops when they are not engaged in actual warfare. I cannot think of anything that would be more injurious to a person, both mentally and physically, if after an arduous task has been completed than to have nothing to occupy his time or entertain and satisfy his mind.

I think the members of the various groups who have spoken have been most restrained in their remarks. I suggest to the parliamentary assistant that he impress upon his superior the feeling of the house with respect to this question. I am sure that those on his side of the house have the same feeling in the matter.

Mr. A. J. Brooks (Royal): Mr. Speaker, I do not feel I can add very much to what has been said already regarding this very important matter affecting our soldiers in Korea. It seems to me that when we have these different organizations, which proved themselves so useful in the first and second world wars, we should certainly make some use of them. If we were building up something new and taking organizations without experience, that might be a different matter, and there might be some reason for hesitation; but here we have four fine organizations which in two wars have catered to our soldiers and have brought great comfort not only to them but I am sure to their people at home.

I had some experience myself in the first and second world wars, and I know the great value of the services of the Y.M.C.A., the Salvation Army, the Knights of Columbus and the Legion to the men. I understood the parliamentary assistant to say there was some idea of using officers in the units in place of these services, that officers were to be trained to do this work. I think the

experience of most officers in the last war and in the first war was that if you took an officer out of your unit and gave him a special job to do you usually selected an officer who was not the best in your unit. As a matter of fact you usually took some officer who was the poorest qualified in the unit and was not much good for anything else. I think everyone will bear me out in that statement. It would be very unfair to the men to place their entertainment in the hands of an inferior officer of the unit. I also think the choosing of such an officer would cause considerable difficulty in the unit. I feel that the department is making a great mistake in not utilizing the services of these four splendid organizations.

From reading press reports and so on we realize that the providing of entertainment in Korea would be more difficult than it was in France in the first war and in the other theatres of war during the second war, but in my opinion the greater the difficulty the greater the challenge to the department and to these organizations. We have read about these men spending most of their time in the bleak hill region of Korea. When they come out for a few days' rest it is to some destroyed Korean village where there are no buildings for entertainment purposes and no entertainment of any kind. I say that is a challenge to the defence department, and it would be a challenge to these organizations, if they were sent there, to see that these men receive entertainment under these most trying conditions.

I should like to ask the parliamentary assistant if there have not been requests for the services of these organizations from the senior officers serving in the Canadian forces in Korea. I would be very much surprised if there had not.

Mr. J. A. Ross (Souris): I should like to say a word about the lack of auxiliary services in Korea. For many months we have been reading stories in the press to the effect that the Legion, the Knights of Columbus, the Salvation Army, the Y.M.C.A. and other auxiliary services have made voluntary offers to the Department of National Defence. As has been pointed out, we know what splendid service they rendered in the first two world wars. It may be that conditions are somewhat different in Korea. The parliamentary assistant has repeatedly referred to the terrain and the different situation there. The hon. member for Lake Centre (Mr. Diefenbaker) read into the record this afternoon copies of the correspondence containing these voluntary offers from the various organizations and the replies of the minister. The minister's reasons certainly did not impress me very much.

As was pointed out by my leader this afternoon, the Minister of National Defence (Mr. Claxton), in answer to a question put by the leader of the opposition (Mr. Drew) on May 31, said that if the services provided by the United States, Great Britain and others were not satisfactory Canada would be willing to provide them. However, nothing has been done. Canadian personnel have been returning from Korea within the last few days and they have borne out to quite an extent the press reports and the present dissatisfaction of many members of the forces there because of lack of provision for their material and spiritual welfare.

Our Korean force is made up of young civilians who are going through very difficult and trying times, and we are now to have an army of occupation in Europe. I think it is most essential that these voluntary offers should be accepted not only with respect to Korea but for the benefit of the 27th brigade in Europe. I cannot say just how much it means to the moral uplift of these chaps, who find it very lonely. As my leader pointed out, Christmas is approaching and these young people are away from their loved ones. They are undergoing trying and difficult conditions. The provision of these auxiliary services by those who have been trained to do this kind of work can do a great deal to assist in making it easier for our troops who are in strange lands and doing a great job on our behalf.

I have found it difficult to follow the reasoning of the Minister of National Defence whenever we have discussed these offers in the house. I am sure it is the wish of the civilian population that these voluntary offers of service be taken advantage of, and if the parliamentary assistant cannot impress that upon the minister and the department, then I think there is a lot of merit in the suggestion made by the hon. member for Vancouver-Quadra (Mr. Green) this afternoon that an independent committee should be appointed to survey the situation and make a report. It should be a committee wholly apart from the Department of National Defence, one which would make a truly independent report to the government on this situation and whether it would be feasible to accept the voluntary offers so generously made by organizations that have proven their worth so well in two great world wars. I think it is most important that something of this sort should be done to preserve and develop the morale of these men who are doing so

much for us now under very adverse conditions. I wish to add my voice to this appeal.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, Bill No. 21, an act respecting the Canadian forces, is a very important measure and will have a great influence on the future of the services. It has not very much to do with the question we are discussing at the present time because the bill makes no provision whatsoever for recreational facilities. This subject is not new to the Department of National Defence because I brought the matter to their attention last June and was assured that I had been wrongly informed. I know I was not wrongly informed because I know the source of my information is 100 per cent reliable. From last June to the present time approximately five and one-half months have elapsed, but in the meantime the Department of National Defence should have done something about it.

There is no reason in the world why the Department of National Defence could not have had accurate reports from that section of the world. They have numerous reliable personnel there to get reports from. To try to influence the country by sending clergymen of different denominations to the Korean front not to bring back a report to the House of Commons and the Department of National Defence, but to make public statements in the press as to what they saw and did not see there, was not a good way to handle the matter. It has not settled anything, and that is very well demonstrated by the discussion in the house this afternoon. The problem is still there.

I am disappointed with the bill in that it does not recognize that as a very important part of our national defence services in so far as the troops in combat service are concerned. You are going to have to face up to that question again with the 27th brigade in Europe. If we are going to take young men, seventeen, eighteen and nineteen years of age, from their homes, put them in uniform and have them live under the conditions that they are living under in Korea while in combat, and then when they come out of the lines provide their own means of recreation, you are going to get the kind of repercussions we have had in the press in the last month or two to the effect that Canadian service personnel are behaving badly. It is human nature; it is only what you can expect. It is not half as bad as I would expect, having lived a little of that kind of life myself but never having been caught.

If I were the parliamentary assistant to the Minister of National Defence and this were brought to my department I would say: "Who knows the most about the problem? The people who handled it in the last war, the Legion war services." That organization could be assembled on very short notice. It was not very costly to the country. They could put the organization in the field very quickly to provide the kind of recreational facilities that are needed. That service is designed to give advice. You will find that young men, either in Europe in the 27th brigade or in the Korean forces, want someone to whom they can go for advice. It is all right to say that you have the padre. He is only one man. If there is an institution with a Canadian emblem on it, with personnel who have training in that field and who are there to guide and advise the young soldier, it prevents an awful lot of difficulty. This bill should carry some provision along these lines. If you do not need it you do not have to use it. If it is necessary to use it, the provision is there to be used. It is not hard to pick an organization in this country today because Korea and Europe are a continuation of the thing we went into in 1939. It was never finished, and we had no right to start dismantling the necessary machinery.

This afternoon an hon. member made a proposal that I did not agree with. Perhaps he did not mean it the way I understood it. I want to be charitable. He said: there are benevolent funds, army benevolent funds, navy benevolent funds and air force benevolent funds. He suggested that those funds might be made available, on agreement with the services concerned, to provide recreational facilities in other parts of the world.

Mr. Green: I do not think he said that.

Mr. Gillis: The hon. member for Vancouver-Quadra shakes his head. When I started to make my remark I said it was possible I misunderstood him.

Mr. Green: I think he meant that they would be helpful in relief matters.

Mr. Gillis: That is the unfortunate part of the spoken word. It is not what is in your mind that counts; it is what you say, and the interpretation that can be placed upon it.

Mr. Green: You must have been talking to somebody else.

Mr. Gillis: I was sitting right here and I was listening very carefully. I said I hoped that that was not what he meant. It may be construed as meaning that by somebody reading *Hansard*. If that is what he meant I am opposed to it, and I think the hon. member for Vancouver-Quadra is opposed to it also, because he and I sat on the same committee, the canteen committee, when the matter of a benevolent fund in the services was discussed.

I did not agree with the benevolent fund at all. I said it presupposed unemployment and charity. There is no reason why servicemen should be overcharged in canteens, because the profits that accumulate in a canteen and are later placed in a fund are overcharges.

Mr. Harkness: Don't forget the swill account.

Mr. Gillis: Yes; you got a little of that. Not much of that—

Mr. Ferrie: It sounds as if somebody has had something to do with it.

Mr. Gillis: Not very much of that is placed in the fund. The officers generally gather that all up for their mess. I never approved of the benevolent fund to start with. The navy did not approve of it; at least their representatives before the committee did not. Nevertheless it was set up. In my opinion the overcharge that accumulated and is now in the fund should be used for the purpose for which it was intended, namely, for service personnel and their dependents who are in difficulties. It is earmarked for that purpose. The recreational facilities that the troops in Korea are entitled to are the responsibility of this country, and the cost should be borne by the people of this country.

There is not much we can do with the bill now, but I would suggest to the parliamentary assistant who is in the house listening attentively, as he always does, that he pay attention to the discussion this afternoon, and if this bill does not cover what we are asking for this afternoon that he bring in another bill to provide the necessary services for the troops in Korea. I am sure that later on the 27th brigade will be demanding the same thing. Provide some place where they can go that has a Canadian sign hanging outside, Canadian goods and Canadian cigarettes available to the boys, with Canadian personnel trained in the field of recreation so that these men can get advice and guidance when needed. These men are entitled to that kind of a little bit of home in so far as it is possible in the countries where they are making great sacrifices.

I listened with interest to the leader of the opposition (Mr. Drew) describe the cigarette that is being served to the troops in Korea. I thought we had got over that. I hope that the soldier in Korea, or any soldier in any part of the world in the future, representing this country, will not be compelled to smoke the kind of cigarettes we smoked in the first war. Apparently the leader of the opposition who smoked them in the first war has had a package sent to him. He would know what they are. It is an atrocity. It was not so bad with us. We did not know the difference. The standards of smoking were very low at that time. We smoked Macdonald's twist in an old pipe, and that kind of thing. I think the tobacco was manufactured in Prince Edward Island. They have got away from that and have gone into potatoes instead of tobacco. In this day and age when there is so much good tobacco available and it so easy to get cigarettes, there is no reason why we should inflict that punishment on our troops in any part of the world. I believe that particular item calls for an immediate order in council. If upon an examination of the evidence the Department of National Defence finds that our troops in Korea are being compelled to smoke the type of cigarette described by the leader of the opposition, I believe the department would be justified in assuming it is a secret weapon put out by the enemy for the purpose of breaking the morale of our troops. An immediate order in council should be passed prohibiting any of our troops in any section of the world from smoking that kind of cigarette, and the penalty should be immediate court-martial.

I have made these few remarks merely for the purpose of provoking further thought on the part of the parliamentary assistant to the minister. I was rather disappointed to read in the press that the minister is in Europe now. I would like to have seen him take the position that this controversy about Korea is not doing us any good. At the behest of some sections of the forces, some people have been sent there to see what is happening along recreational lines. The situation is still not clear. I would have thought the minister would go there and see the situation himself. Perhaps he does not have to go there because the Minister of Fisheries (Mr. Mayhew) is there, and has been under fire. Perhaps when he comes back some immediate action will be taken by the department to take this discussion out of the realm of the press. It is not reflecting any credit on us, and it is not doing any good for the morale of our troops.

Mr. Ray Thomas (Wetaskiwin): I do not believe I can add a great deal to what has been said this afternoon, except to say that I agree one hundred per cent with all those who have spoken so far. From my experience during the last war, I know that during the periods when we had very little to do we found the service canteens a wonderful place to go. If we desired we could have a little coffee and sandwiches, or sit around and read. Educational and recreational facilities were there. While in the canteen we could do pretty much as we pleased. During the last war, and I believe during the first war, these

canteens certainly served a purpose. There is no reason why they should not be able to serve the same purpose during this Korean conflict.

If there are no recreational facilities, Mr. Speaker, for troops on leave, they are going to make their own. Some of the recreation that troops on their own make is not good. If they cause any damage or disturb the people among whom they are billeted, it is rather inclined to give the troops a bad name. Boredom is one of the greatest morale breakers the army has to face. If there are no facilities to relieve them of that boredom, the morale of the troops is going to hit an extremely low point. When we had no place to go during the last war, most of us ended up in some kind of trouble, probably not very bad but not very good either. I would urge the government, therefore, to set up some board or committee to investigate the matter of welfare for the troops while they are not in the front lines. The government could ascertain whether or not it would be a good idea to allow the major service clubs to again render the same services as they did during the last war. I think it would be a great help to public relations within the country if our men did have a place to go so that they could keep out of mischief.

I am a firm believer in all of these service clubs and the job that they do, not only for the physical welfare of the troops but the moral welfare as well. We know that while they are having some sort of supervised recreation they are not getting themselves into trouble; they are not bothering anyone, and are probably doing themselves a lot of good. The recreation that they find within these canteens set up by the various service organizations is good, wholesome fun. As I said before, the men can have lunches, buy cigarettes or soft drinks, and many of the things that they miss from around home. As the hon. member for Cape Breton South (Mr. Gillis) has said, even if the service clubs give the boys Canadian cigarettes they would be doing a good job. I strongly urge the government and the minister to seriously consider accepting the offers of the service clubs so the boys will have something to do with their spare time.

Mr. D. S. Harkness (Calgary East): Last week, Mr. Speaker, the largest single group of returned veterans from Korea arrived in Calgary. They were two hundred members of the second battalion of the P.P.C.L.I. In Calgary they were released on thirty days' leave. A good many of them were men who had been stationed at Currie barracks or were from the vicinity of Calgary. Since some of these men have now been in Calgary for some days, there is a considerable amount of direct information available as to conditions in Korea. I have just returned from spending three days in Calgary, and a considerable number of the people with whom I was talking brought up this very question. They had been talking to these returned men and the people were hot under the collar over the lack of amenities and auxiliary services. Most of these people were urging me to bring the matter again to the attention of the house. The information indicated that the services leave a great deal to be desired, and that they could be easily improved.

Now that the Canadian people are becoming aware of the lack of amenities in Korea, they are going to demand that whatever improvements can be made shall be made immediately. I believe the Department of National Defence should not lose any time in taking action. In spite of what has been said concerning the difficulty in having the Salvation Army, the Legion, or any of the other people who carried on the auxiliary services during the last war, act in Korea, I believe they could do a good job in Korea. If the department is determined not to put them into Korea, at least some of the other suggestions that have been made could be carried out. The boys can be supplied with Canadian cigarettes. Canteen facilities and things of that sort can be set up by the army itself. It seems to me that this is not a matter about which we should have to do any more really than to bring it to the attention of the Department of National Defence in order to have it corrected. I am greatly surprised that the matter has had to be brought before the house here time after time and that every time there has been expressed on the part of the government an apparent lack of desire to do anything about it. I hope there will no longer be that lack of desire to take any action.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, I am just going to make one suggestion. It has already been alluded to by the hon. member for Cape Breton South (Mr. Gillis). I am not sure that we did not hatch the idea together and simultaneously, probably owing to our proximity in the house, as a result of the seating arrangement. It is that the minister might well take into consideration whether he should not go out and have a look at Korea himself. I make that suggestion not in any critical sense, because the minister referred to the fact that he had hoped and had intended to get out there but just had not found it possible to do so.

I accept without reservation his statement in that regard. But he is now in Europe where he is to meet the troops of the 27th

brigade which are arriving there. The men in Korea cannot, I think, help but observe the fact that the troops in Europe are only just arriving on the spot, and the Minister of National Defence (Mr. Claxton) is over there now to make certain that the arrangements for their reception and so forth are all that the people of Canada would have them; whereas the Canadian troops have been in Korea for a year and a half, and while it cannot be denied that senior officials and officers have been over there—the Minister of Fisheries (Mr. Mayhew) himself has just recently visited Korea—it is not quite the same thing as having there the minister in charge of the Department of National Defence.

Now that this controversy has arisen—and it can properly be described as a controversy—and in view of what the hon. member for Calgary East (Mr. Harkness) has just told us as to the attitude of the soldiers returning from Korea, I think it would be most advisable for the minister to make the special effort necessary to get to Korea, even if only for a short visit, in order to see for himself what the position is and what the feeling of the troops is. With the minister's well known desire to get things done when he gets to the bottom of a situation and finds out what the problem actually is, I am sure that, if he goes there and finds out what the problem is, we will have every confidence, as will the troops, that a fair and proper solution will immediately be implemented. Unless something like that is done, there is bound to be left with the troops the feeling that the matter has not received sufficiently thorough consideration.

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

Mr. Knowles: Is the parliamentary assistant not going to reply?

Mr. Deputy Speaker: The parliamentary assistant has already spoken. If he wishes to speak again he will have to obtain the consent of the house.

Some hon. Members: Agreed.

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

Some hon. Members: Carried.

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

NORTH ATLANTIC TREATY

AGREEMENT AS TO ARMED FORCES STATIONED IN OR PASSING THROUGH NATO COUNTRIES

Hon. Alphonse Fournier (for the Minister of National Defence) moved the third reading of Bill No. 22, to implement the agreement between the parties to the North Atlantic treaty regarding the status of their forces, signed on the 19th of June, 1951.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, before this bill is given third reading I should like to say some things that have been on my mind since we have been considering it. The time in which we live is a time in which the utmost clarity of thinking is essential if our way of life is even to survive. In this bill are clauses that could cause Canada much embarrassment. It is not the kind of bill I like to see go into our statute books. The only justification this parliament could give for passing this bill is the hope that in the Atlantic pact arrangement, called NATO for short, we might find means of increasing our security from war, means of augmenting our striking force both in defence and in offence.

Let us be careful not to delude ourselves. We are in grave danger of deluding ourselves in Canada today and all over the North American continent. The mere signing of the Atlantic pact can avail us but little. Already the indications of possible ineffectiveness of NATO constitute reasons for genuine alarm. Hon. members will recall that not so long ago General Eisenhower was to have an army of sixty divisions. By November 8 the hoped-for army had shrunk to forty-three divisions, and by November 12 it had shrunk to twenty divisions. Russia alone is reported to have 14 million men ready to march. To meet that massive array even sixty divisions were pathetically inadequate. What must we concede in respect of only the twenty divisions that we are assembling now?

The question that ought to come, and must be coming, into everybody's mind is this: Why in the world is it that all these nations in Europe that, with us, have formed NATO, are unable to put into the field large forces of men whereas in world war I and world war II they were able to contribute tremendously? What has gone wrong? The reason, Mr. Speaker, is economic. They simply cannot produce the necessary goods. If they cannot produce the food, clothing and shelter to keep troops fit, and if they cannot produce the necessary guns and munitions of war, then certainly they cannot put the men into the field. What are we going to do about it?

I will say this in a general way. Unless the British nations, including the United States, can find means of bolstering the economies of such nations as France, Belgium and other continental countries—the NATO nations—then the passing of this bill is about as important to security through NATO as would be the addition of the five-hundredth bit of tinsel to a highly decorated Christmas tree. If Canada is to have any substantial

chance of gaining security through NATO, we must adopt adequate economic measures to support the NATO nations of Europe, including Britain.

To support the validity of what I have just said, may I use Britain as an illustration. The other day I advocated that we should advance a credit to Britain. There were those who thought that my reason was that I was imperialistic and pro-British and all that sort of nonsense. Those people are simply deluding themselves. In the case of Britain there is a real need which we must face or we shall suffer, just as surely as we are sitting here in the House of Commons.

The facts of our time once more force Britain to call: "Send us the tools and we will finish the job." The job is there to finish. It is there, big, ugly, risky, lengthy—more so than it was before. For America, for Canada and for each Canadian—and I mean each—the question is easy to see and easy to understand. Shall we send Britain's boys the tools to finish the job, or shall we refuse Britain's boys the tools, through refusing economic aid to Britain, and then finally buy the tools anyway and send Canadian boys to deliver them?

Britain does not flinch; she does not quail; she does not shirk. Her head is bare, still bloody, but unbowed. Britain will do all she can; but she cannot fight her best without food, without clothes and without shelter to keep her people fit; not only her forces, but her people. She cannot fight MIG jets with hand staves, or Stalin tanks with ox-carts.

The war that now threatens—and this is a good thing for certain Canadians in Canada to keep in mind—is not of Britain's making. It is not of the making of the British commonwealth, either in whole or in part, directly or indirectly. Neither was world war II a war of Britain's making, nor was world war I a war of Britain's making in any sense or degree. In each and every one of these calamities we have been the victims of the scheming of others. Certain mighty international forces have rolled their muddy currents through the deeps of the world. Each of these forces aims to obtain full dominion over mankind. It aims to set up a dictatorship of the world.

That is the bare and ugly fact facing us all. Britain has aimed and still aims at freeing the world. She and her "company of nations," her dominions and colonies, have stood as an invincible Gibraltar, squarely in the path of each would-be tyrant; and she has stood there for generation upon generation. Britain therefore stands right in the course of each of these mighty movements. The captain of each of these movements feels that, with Britain wrecked, his way to world conquest would be clear. Anyone who doubts the truth of that solemn statement had better make sure of his facts and details, because he is just mistaken.

What will Canadians do about this matter? On November 12 I proposed in the house that Canada give Britain a line of credit for each of the years 1952, 1953, 1954, 1955 and 1956. Rumours have reached me that some Canadians have begun to talk about opposing such material aid to Britain. I wonder if those Canadians have thought into this problem deeply enough; and I mean any Canadian in Canada, I do not care who he is, or what his language or his belief may be. Let every man in Canada realize that he is jointly responsible with everybody else in Canada for the defence of this nation and the welfare of this nation; and it does not matter what his prejudices are, or who his grandfathers or great-grandfathers were.

At mid-1945 in world war II Britain had in uniform, in the field, in the air and on the sea 5,090,000 men and women. That was with lend-lease and mutual aid in full operation, and of course drawing complete aid from America. As of July 1, 1951, she had 957,000. For that figure I refer hon. members to a pamphlet called "Britain's Defence Effort," issued in July of 1951 by the central office of information at London. The information in question is at page 17.

May I talk to our anti-aid to Britain Canadians for a while. I would talk straight to them, every one of them. Would our anti-aid to Britain Canadians like to see Britain put and keep in the battlelines for freedom over five million fighters, as in world war II; or would they prefer to see Britain keep home four million of those men and women? Or would they still more prefer that Britain be forced to bring home 400,000 of her present 900,000 fighters? That is just exactly what they are asking for when they oppose aid to Britain. The thing would work just as simply as that.

Britain in world war II supplied and threw into freedom's cause prodigious quantities of goods and services. Over and above a general contribution well-nigh incalculable and incomprehensible, Britain contrived to give outright to Russia, and likewise to deliver, vast amounts of supplies. Do our anti-aid to Britain Canadians desire a British performance comparable with that in world war II for world war III, or do they desire that Britain shall be able to produce and put into the conflict far, far less than that?

If Britain is unable to obtain the means with which to produce goods and services, it is a sure thing she will not be able to produce them. The question has got to be asked and answered by every Canadian and every American. Where is Britain going to get the goods if we do not provide them for her, bearing in mind that Britain, as I said in my speech on November 12, has lost nearly all foreign investments upon which she relied for the provision of those goods in world war II? It is the plainest kind of common sense. There is no passion mixed up in it at all; it is just common sense, but of fearful urgency.

Britain for at least one hundred years has been gradually broadening the basis of freedom in the British empire and commonwealth.The British North America Act was one of the first examples. Have our anti-aid to Britain enthusiasts forgotten that it was the British parliament that passed the British North America Act? No more perfect constitution exists on earth than the constitutions of Canada and Australia. They are both British constitutions, both guaranteed by Britain and the British empire.

Have our anti-aid to Britain enthusiasts forgotten that constitutions like those of Canada and Australia need adequate protection—and just think of Australia during world war II, with Japan threatening her—by a power strong enough to protect yet wise and noble enough to guarantee perpetuation of those liberties?

Canadians from Quebec and other provinces cherish with jealous vigilance their provincial sovereignty, and rightly so. They prize their liberty to speak their own language, and rightly so. They would give their all at any moment to keep their privilege to worship almighty God according to the dictates of their conscience, and rightly so. They dread conscription with a violent passion, which is of course their right and which is strictly a British point of view, down through the hundreds of years. Have they forgotten that for over a century Britain has guaranteed them language and religious freedom?

Mr. Gauthier (Portneuf): We fought for it.

Mr. Blackmore: So did Britain.

Mr. Gauthier (Portneuf): We fought for our language.

Mr. Blackmore: Yes, of course you did, and Britain fought for it many times; do not forget that.

Mr. Gauthier (Portneuf): We do not forget anything.

Mr. Blackmore: And by the British North America Act, the Balfour declaration and the statute of Westminster, Britain has guaranteed their provincial sovereignty both by declaration and solemn enactment.

Have they failed to take note how lightly NATO delegates talk about setting up an over-all agency with authority to modify the sovereignty not only of provinces such as Quebec but of nations such as Canada? In other words, do they realize that what men are talking about at NATO conferences is taking away sovereignty from all the nations that join that organization? Have the implications of all of this been utterly lost upon these Canadians? Is it not clear that the only alternative to NATO would be a British commonwealth, powerful as that commonwealth might be? A British commonwealth, no matter how powerful it might become, would guarantee the absolute sovereignty of every member and every part of that commonwealth.

I wonder if these anti-aid to Britain Canadians have given thought to what might happen to the freedom of some Canadians to worship as they please if Russia laid her unholy hands upon Rome, a thing which I understand Russia longs passionately to do. What is their surest safeguard against such a contingency if it is not a powerful Britain and a powerful British commonwealth?

Have certain Canadians considered what might happen to their language liberties if a certain nation enclosed them in its almost covetous embrace? A revitalized British commonwealth offers the most potent security against such a development.

Have the anti-conscription Canadians contemplated what possible chance they would have of keeping their sons from conscription if a NATO such as is being dreamed of was brought into being?

In my speech of November 12 I indicated how much it would mean economically to Canada if she provided Britain with enough Canadian dollars to buy surplus Canadian production. Have the anti-aid to Britain debaters overlooked those remarks of mine which may be found on page 921 of *Hansard*? I defy anyone to question the validity of that statement, either in this house or out. May I suggest that they take a second look at the results to Canadian producers of commodities such as eggs, cheese, pork, fruits, syrup, dried milk that would flow from a liberal Canadian policy of credit toward Great Britain. All they have to do is look back to world war II. As I pointed out on November 12, we had the thing exemplified then.

There will be those who will say, "Oh, well, Uncle Sam will advance dollars to Britain

and Canadians will be allotted a share of those dollars". Do such arguers not realize that, in saying that, they are actually planning subservience to the United States? Men who have devoted much of their time and thought to fighting any hint of subservience to Britain are quite ready to pave the way for subservience to the United States, which would be far more unbreakable and intolerable than anything Britain ever inflicted upon them. Do they realize that? I must leave it with them.

Some will ask, "Can we afford it? Taxes already are ruinous, and debts are alarming". I agree completely that taxes are far heavier than they should be, that debts are far bigger and far heavier than they would have been if a sound financial policy had been in force in this country, even since world war I. Let me assure all Canadians that to grant the credit I propose to Britain would not cost Canada one cent of money, either in taxes or in added debt. I should like to read from the report of the royal commission on banking and currency in Canada, known as the Macmillan report, and I quote from page 22, paragraph 47 as follows:

> 47. In the war session of August, 1914, parliament raised the partially covered issue to $50 million. Subsequently an issue of $16 million was made against a deposit of railway securities guaranteed by the dominion government, as well as an uncovered issue of $10 million for governmental purposes. In 1917 an emergency issue of $50 million of dominion notes was made to finance war purchases in Canada, by the British government. The notes were secured by imperial treasury bills. In due course, this indebtedness was liquidated by payments from the British treasury and all of this issue had been redeemed by 1927. No changes have since been made in the Dominion Notes Act except that by a statute passed on 30th March, 1933, the governor in council was empowered to suspend the redemption in gold of dominion notes, and an order in council to this effect was made on 10th April, 1933.

That report was made in 1933, one year or so before the Bank of Canada Act was passed. Had the Bank of Canada Act been enacted at that time the commission would not have been quite so sanguine about the Canadian Department of Finance, because the Bank of Canada Act took away from the Department of Finance the power or at least the function of creating money, and lodged it in the Bank of Canada. After that, in order to get any money from the Bank of Canada the government had to borrow or pretended it had to borrow it from the Bank of Canada. May I urge once more that we advance Great Britain the credits which I advocated on November 12. In order that anyone who has not seen that *Hansard* shall know what I then advocated, I am going to read from page 921.

[Mr. Blackmore.]

Mr. Fournier (Hull): On a point of order, I do not think we are in order with this discussion. What is before the house is the third reading of a bill to implement the agreement between the parties to the North Atlantic treaty regarding the status of their forces. The hon. member is dealing with another matter entirely, and I suggest to him that another occasion will arise when he could more properly make these remarks. He made them once on November 12 and it seems rather far-fetched to discuss the matters he is discussing at this time.

Mr. Blackmore: I do not know whether the Minister of Public Works was in the chamber when I made my introductory remarks. If this bill is worth passing, if it is worth the attention of this house at the present time, it must give some guarantee that NATO is going to do us some good. If Britain is weakened economically so that she is unable to perform her part in NATO I suggest that the whole NATO organization, so far as Europe is concerned, will collapse. I think I can safely defend that suggestion against anybody. We are discussing NATO, and in that case nothing could be more appropriate than to indicate the extreme importance of our adopting measures to support the NATO nations economically.

Mr. Deputy Speaker: I would ask the hon. member to confine his remarks to the principle of the bill before the house. He should not discuss the policies of other member nations of NATO. I would ask him to be more relevant and confine his remarks to the principle of the bill.

Mr. Blackmore: I am not discussing the economic policy of any nation but Canada, and Canada is vitally concerned.

Mr. Fournier (Hull): Under this bill we would not be in order to discuss even the economic policy of our country. We have signed an agreement with the other nations of NATO regarding the status of our forces. I think the hon. member's remarks should be confined to that.

Mr. Blackmore: Mr. Speaker, once more may I point out to the minister that there just is no use passing this bill if the whole NATO organization is going to collapse. May I suggest to the minister that his complaint about my repeating myself is false. He said that last spring. He attacked me for repeating myself and I did not.

Mr. Fournier (Hull): I resent that. I am taking the hon. member's own words. He said: "I stated this on the 12th and I am going to repeat it now."

Mr. Blackmore: If a person has not the right to read a quotation from his own speech I think his rights are pretty well gone.

Mr. Fournier (Hull): He cannot discuss the same question twice.

Mr. Deputy Speaker: The principle of the bill is contained in the schedule at the end of the bill. It is an act to implement the agreement between the parties to the North Atlantic treaty regarding the status of their forces, signed on the 19th day of June, 1951. There is the principle of the bill, and I would ask the hon. member to confine his remarks to the agreement.

Mr. Blackmore: Mr. Speaker, I gather from what has been said that the objection largely arises from the fact that I was going to read a quotation from my speech on November 12, but I will endeavour to do exactly as you suggest. I have no desire to be out of order, but I believe this message is one that should be delivered at this time in the House of Commons of Canada. I suggest, as I said a minute ago, that what I said in the paragraph I was about to read on page 921 of *Hansard* concerning the kind of credits we should advance to Great Britain should stand. I support exactly what I said then, every word of it. In making this proposal for credits to Great Britain, may I remind Canadians that if and when Britain approaches America for aid, Britain will not be coming as a poor relation, one who has shown lack of diligence in earning or of thrift in spending wealth. Britain has amply provided the United States and Canada with far, far more than we can ever pay back.

May I revert to the matter of the quantities of goods and services Great Britain produced and threw without stint and almost without limit into world war II? I suggest that hon. members read a publication entitled, "What Britain Has Done, 1939-1945", issued by the British ministry of information on May 9, 1945. If I could have the consent of the house to put them on *Hansard,* I would not burden hon. members by reading the passages I have in mind. I wish to read three relatively short excerpts from this pamphlet, and if I have the permission of the house to put them on the record I will not read them now.

Mr. Fournier (Hull): Again may we know whether these excerpts will relate to the bill?

Mr. Blackmore: They will relate to the part that Great Britain played in world war II and will clearly indicate that unless Great Britain is enabled to participate in world war III now coming up as effectively as she did in world war II, there is not much use expecting NATO to be of any help.

Mr. Deputy Speaker: Is there unanimous consent?

Mr. Fournier (Hull): The hon. member having explained it in the way that he has, I do not think we can agree to these excerpts being put on *Hansard* if they have no relation to the bill under discussion. I know my hon. friend wants to be in order at all times, and perhaps the suggestion at this time will be well received. I have no objection to all these nice speeches. I enjoy them very much when they are related to the question under debate.

Mr. Blackmore: I will bow to the minister. I will merely say that the passages I desired to quote are found on page 38 of the publication to which I have referred, dealing with what Great Britain did for Russia, on page 39 dealing with what Great Britain did for China, and on page 36 dealing with what Great Britain did for the United States. I am sure there will be people in the country who will desire to read those quotations and judge as to the justification for Great Britain approaching Canada and the United States for additional material aid if and when she approaches us for such aid.

Canadian and United States citizens must soon make a decision as to whether or not they desire to win the struggle for freedom or whether they are more concerned about wrecking Great Britain, the foremost bulwark of freedom. With that suggestion to them, may I urge once more that there just is no use at all of our considering bills like the one before us today until we have the means provided whereby we can make NATO a working success. If we do not provide the means for Great Britain and NATO to succeed all of these measures are simply foolish childishness. With that, Mr. Speaker, I bow to your ruling. If I get the opportunity some time I will put more of this information on the record. I am sure it is beneficial for all North Americans to have this information now, when there still is time.

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

BILLS OF EXCHANGE ACT

AMENDMENT WITH RESPECT TO CLOSING OF BANKS ON SATURDAYS

Hon. Alphonse Fournier (for the Minister of Finance) moved the second reading of Bill No. 19, to amend the Bills of Exchange Act.

Mr. Green: May we have a statement, please?

Bills of Exchange Act

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): Mr. Speaker, the principal purpose of the bill is to enable the chartered banks of Canada to operate on a five-day week if they should desire to do so, that five-day week to be from Monday until Friday. There are two reasons for this action at this time. The first is that the managements of the Canadian banks have found it increasingly difficult to secure adequate and competent staffs for their offices across Canada, especially in the larger cities, because of the competition given to them by other establishments employing clerical help which are on the five-day week. More and more bank managers find that the first question asked by prospective employees, even before wages are discussed, is: Are you on the five-day week? Because of that situation the bank managements are very anxious to have the legal obstacles removed.

The second point is one which concerns the employees, and has already been raised by the hon. member for Spadina (Mr. Croll) and the hon. member for St. Paul's (Mr. Rooney) during the present session. It has also been raised by other members in correspondence. I refer to the fact that because of these legal obstacles employees of the chartered banks of Canada have not the privilege of negotiating with their employers on hours of work as have most other classes of employees in the country. The banks, as I say, up to now have regarded certain provisions not in the Bank Act but in the Bills of Exchange Act as prohibiting them from closing on Saturday morning, and the amendments in the bill, which are few in number, are designed to remove these obstacles. Perhaps I can summarize the amendments by saying that they have the effect of making Saturday a non-juridical day as far as bills of exchange, cheques and promissory notes are concerned, without actually placing Saturday on the list of legal holidays.

One other point I should mention is that although these amendments are being made at the request of the banks their effect is not confined to banking operations. Their effect of course will be felt on all bills of exchange, promissory notes and cheques. The only other thing is that since the banks asked for this legislation they of course were consulted in the drafting of it, and they have expressed themselves as being satisfied that the legislation does give them the opportunity of closing on Saturday if they should so wish.

Mr. E. D. Fulton (Kamloops): I think it can be said at once that as far as the official opposition is concerned this bill in principle is accepted. It is now a principle of our labour legislation that matters of hours of work, wages and so on should be settled by free collective bargaining between employer and employees. As the parliamentary assistant has just said, it is not possible in the banking business, for the reasons he has given, for the employers and employees to bargain and settle this matter on the basis of free negotiation, because of the legal restrictions against working only five days, owing to the provision with respect to Saturday. Apparently this bill therefore would remove that obstacle and leave the question of whether or not the banks have a five-day week to be settled as a result of negotiation, collective bargaining, between the banks and their employees.

Since this bill is not in any sense a direction to the banks, or to the banks' employees, as to their decision in the matter, but merely permits them to arrive at a decision, I do not think we can have any objection to it. I think we must support it because it furthers that principle of collective bargaining.

I have only this to say with respect to the five-day week. It is an extremely difficult problem. There are a tremendous number of conflicting interests. In the cities and in the towns it is felt to be of overriding importance that since practically all other employees are on a five-day week it is so unfair that bank employees should not have the same privilege. That may be the overriding factor in the case of the banks in the large cities; but there are other conflicting interests, particularly in smaller cities and country towns, where Saturday has traditionally been the day on which the farmers come to town to do their shopping. In many places it is still the marketing day. In most country towns it is still the day on which the farmer and his family come to town to do their shopping for the week, and to transact their business in town which they have been waiting until Saturday to get into town to do. If the banks are to be closed on Saturday, then it is obvious there will be conflicts and difficulties. I think this is a matter where one should not express a hard and fast opinion, simply because there are so many different factors governing the decision to be made in the various centres, and by the banks also, as to whether they will close all their branches, or only some of their branches, or how they will work the thing out.

Having made these few general remarks, I want to put in a plea particularly for the country districts, and I hope that no hard and fast approach will be made. I hope there will be a willingness to bargain and concede; that in these places where it will be a matter of great inconvenience to the public if the banks are to be closed on Saturday there will be some willingness to

concede, and some room for negotiation. On the other hand, I think there should be the same willingness to concede in these places where there will be no such hardship, particularly in the larger cities, so that the same willingness to negotiate may be displayed there; and where it will not do any harm the five-day week may be implemented. Beyond expressing that general hope I do not think that we in this parliament should go any further in expressing an opinion as to what should be the decision one way or another.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, a large number of the working people in the constituency that I have the honour to represent are already on the five-day week. Those who do not yet enjoy the five-day week hope that the day when such will be their privilege is not far off. Accordingly, I am sure the people of my constituency, like the people of similar constituencies across Canada, will agree that if the principle of the five-day week is good for one group of workers it is good for other groups of workers; therefore I am happy to support this bill.

I was pleased to hear the words "negotiation" and "collective bargaining" used in connection with this matter. In other words, I am glad to note that bank clerks and bank employees realize that they are workers like the rest of us, and that like other workers they feel they have similar rights.

I note the way in which this matter is being handled. It is being put on a permissive basis. The federal government is not by legislation dictating to the banks that they have to close on Saturdays, but rather provision is being made so that, once this amendment to the Bills of Exchange Act has been passed, they can go on the five-day week if they wish.

The parliamentary assistant, in speaking on the bill, said that it would deal with other types of business as well as banking. I am glad to note, of course, that there is in the bill a provision which indicates that cheques and other instruments may still be issued on Saturday and cashed or negotiated by any who are in a position to do so. The reason I mention that is that I think attention should be drawn to it so there will not be any confusion in the minds of the people, any notion that once this goes through they can no longer write or cash cheques on Saturday.

While I am on my feet, Mr. Speaker, speaking in support of the principle of the five-day week for bank employees, I should like to say a few other words in connection with the same principle. The parliamentary assistant has pointed out that this bill merely makes it possible for the banks to go on the five-day week. But at least the government is going that far. I feel they should likewise give a lead with respect to their own employees. Quite a number of groups of workers employed by the federal government are already on the five-day week. I would suggest that serious consideration be given to extending the five-day week to all government employees. I could mention groups such as one we were discussing the other night, namely the printing bureau, and others. The government knows the various groups, some of which are already on the five-day week and some of which are not. I suggest that if the fact that many employees have a five-day week is the reason bank employees should have it, it is also a reason civil servants and government employees generally should have a five-day week.

The other thought I should like to leave with the government on this occasion—and I shall do so very briefly—is to express the hope that the government will give even more consideration—I am glad to note that the Minister of Labour (Mr. Gregg) is in his place, for this comes under his jurisdiction—to the possibility of extending legislation with regard to the five-day week for workers generally, even though this may have to be done by co-operation between the dominion and the provinces.

On November 5 of this year, in reply to certain questions that I had placed on the order paper, the parliamentary assistant to the Minister of Labour gave an answer, as recorded on pages 690 and 691 of *Hansard*, indicating that representations concerning the forty-hour week, or the five-day week, have been made to the federal government. These representations have come mainly from trade unions. We now know that similar representations have come from the banks on their own behalf and on behalf of their employees. The answer given on the pages of *Hansard* to which I have referred suggested that the Prime Minister had made a certain reply to Mr. A. R. Mosher concerning this matter, and that the Minister of Labour had written a letter on July 24, 1951, concerning this question to Mr. George Burt. The letter from the Minister of Labour was a little longer than the letter from the Prime Minister. I was glad to note that the Minister of Labour said that officials in his department were actually discussing and studying the whole question of the effect of a shorter work week on the productivity of labour, which is one of the reasons for seeking shorter hours.

Both the Minister of Labour (Mr. Gregg) and the Prime Minister (Mr. St. Laurent) pointed out in these letters that under the

property and civil rights clause of the British North America Act this was a matter which they felt had to be left to the provinces. For my part I still am not convinced that the fathers of confederation had that in mind when they wrote property and civil rights into section 92, namely that that should include labour matters for all time. In fact I have read some authorities on the subject who feel the very opposite to be the case. Nevertheless I do recognize the fact that down through the years court decisions have established that labour matters do, for the most part, come under provincial jurisdiction. There are, of course, certain classes of workers, such as railway workers, for example, who do come under federal labour jurisdiction. It so happens we already have the five-day week for railway workers, as a result of the Kellock award following the strike of a year ago.

Despite the fact it is argued that hours of work are a provincial matter, I am glad to say there is such a thing as co-operation and liaison between the provincial and federal governments, and in particular there is co-operation and liaison between the provincial and federal departments of labour. I hope now that the federal government has given this lead by facilitating the five-day week for bankers, the Minister of Labour will see to it that further consideration is given to ways and means of bringing into being legislation to provide a five-day week for workers generally. We have had amendments to the constitution—

Mr. McLure: What about a five-day week for farmers?

Mr. Knowles: I would agree. As I was saying, we have had amendments to the constitution for other matters that have been thought to be solely provincial, and I am sure the constitutional barrier is one that could be hurdled if there were a will to do it.

During the last week or two references have been made in the house to growing pockets of unemployment, particularly in some parts of Ontario. A while ago I drew the attention of the government to unemployment in my city of Winnipeg amongst the carpenters and other building trades people. I asked the government to look into the possibility of going ahead with defence contracts which are already planned for the Winipeg area. These are ancillary reasons for giving consideration to the forty-hour week at this time. The more important consideration, of course, is that a shorter work week is one way of passing on to the workers of this country some of the value that comes from increased productivity.

I feel that this is an important matter. It is one in which workers generally are deeply interested. Indeed, when the workers across the country hear that the bank employees have joined their ranks and have secured from parliament the five-day week, they will say, "That is good; let us now have legislation which will make it possible to extend the five-day week to all workers in Canada". I believe that is what should be done.

Mr. W. G. Weir (Portage-Neepawa): I did not intend entering this discussion, Mr. Speaker, and I shall do so for only a moment or two. I guess I was brought up in the old school. When I started out the seven-day week was general. I am wondering if the hon. member for Winnipeg North Centre (Mr. Knowles) has taken sufficient consideration of the farming industry, particularly the dairying and poultry sections of it, and those who use the horse as the source of power in their farming operations. I am bound to say that is one angle of this situation which has not been faced. While it may be very well to say that you can double your shifts or something of that nature, it certainly carries with it the implication that costs will go up considerably.

Having in mind what the hon. member for Kamloops (Mr. Fulton) said, that the cities will be affected in one way and rural places in another, I hope this thing will not be worked out too rigidly. I go along with the government in endorsing this legislation, but the point I have in mind at the moment is that many of our smaller towns have in more recent years adopted the practice of taking a half holiday each week. As the hon. member for Kamloops pointed out, Saturday is usually market day, so it means that the business centres must use some other day of the week for their half holiday or we shall run into a serious situation. It might be that the rest of the town would be closed on Thursday afternoons and the banks would be closed on Saturdays. I would hope that that particular situation might be kept in mind when the banks are arranging to carry out this new proposal.

Mr. Clarence Gillis (Cape Breton South): This bill, Mr. Speaker, does not make it mandatory for the banks to establish a five-day week. All the bill does is pave the way for the banks to inaugurate a five-day week if they so desire. There is nothing to compel them to do it. In my opinion there is no section of business in Canada that requires reorganization with respect to hours and other

considerations more than do the banks. I am not going into the details, because a lot of research has been done in connection with working hours and conditions of bank employees. I do not know of any employees in the country who, over the years, have worked under tougher conditions than the bank employees. Since the end of the war there has been some relaxation, but I do not think it is a fair analysis of the bill for anyone to suggest that this means the five-day week for bank employees. If there is anything the Department of Finance can do to hurry along the five-day week for bank employees, I believe it should be done. I cannot see how there is going to be any disruption of business in any part of the country because of this bill. As I see it, there is going to be plenty of time to get the five-day week system established in the banks.

On that point of the five-day week, I believe the Department of Labour has to do some serious thinking. With the technological development we have on this continent today, if we ever get the defence program off our hands we are going to have a serious employment problem.

Mr. Weir: That is what they said in 1945, too.

Mr. Gillis: Thank you; I agree with you. We are going to have to do considerable thinking about the revision of the hours of labour if the average person is going to receive any advantage from the technological advances. I compliment the Department of Finance for thinking about relieving the stresses and strains of one section of employees by giving the banks the right to do this if they so desire. It is not mandatory. There is going to be time for reasonable changes in the community where changes are necessary.

Every time someone suggests that there should be changes in the hours of labour, someone hollers that the farmer should have a five-day week. I say he should have it. He should organize for it. I should like to see some farmer get up and put on record the hours that the average farmer works, section by section, across Canada. I do not say that I know. But a forty-hour week for fifty weeks a year, would make 2,000 hours a year. I should like to see some farmer who knows—and I said that I did not—get up and put on the record chapter and verse showing the house and the country that a farmer is actually working at his trade for 2,000 hours a year. I would point out that there are many different kinds of farmers in this country. Just as there is no comparison between a bank employee and a person who works in a heavy industry, so there is no comparison between mixed farming, machine farming, dairy farming and the various types of farming. But they are all covered under the one heading of farming. As to the suggestion that we reduce the hours of the farmer, the hours of the farmer are made by himself—

Mr. Cardiff: Not necessarily.

Mr. Gillis: Certainly they are.

Mr. Cardiff: They are made by the conditions under which he works.

Mr. Gillis: Do not forget that any worker in this country who today enjoys the eight-hour day, theoretically, in most provinces had to fight for it. They had to fight in order to get those hours. They had to scrap year after year. I do not know what hours the farmer is working. But when you ask for something that is a necessity in this day and age because of technological advance, such as a rearrangement of hours of labour to provide some leisure for those who toil hard in order to get some of the benefits of the machine, I do not think it is good enough that someone who is largely regulating his own hours of work should say: "What about the farmer. If he cuts his hours down, you will starve." I do not believe that. I do not believe I would starve if they all quit. I still have two hands and two feet, and I believe I could rustle up a bite to eat for myself. That is a fairly broad statement to make—

Mr. Cardiff: You would have a great time.

Mr. Gillis: —that the country would starve if someone who is growing grain out in western Canada were to stop.

Mr. Fair: You have to have food before you can get close enough to wrestle with it.

Mr. Gillis: For the benefit of the hon. member for Battle River (Mr. Fair) may I say that the question of whether or not we eat does not depend on the farmer so much as it does on ourselves.

Mr. Deputy Speaker: Order. I am sorry to interrupt the hon. member, but I must ask him to confine his remarks to a discussion of the principle of the bill.

Mr. Gillis: I just get a little bit tired of listening to these people getting up and saying that someone would starve, making that sort of argument, when you are trying to arrange the hours of labour and when the stiff old Department of Finance—which should be considered the most reactionary department of the government, the department that is sitting tight on the dollar and is supposed to be so immovable as far as the

status quo is concerned—brings in a bill that says they are satisfied to give the banks the right to establish a five-day week if and when it is possible to do so. It irritates me to hear a group in the house immediately raise the argument: What about the farmer? Should he not get a five-day week? Certainly he should. But he has to start looking for it.

Mr. MacInnis: There is no bill against it.

Mr. Gillis: No; there is no bill against it.

Mr. Weir: Sometimes the weather is against it.

Mr. Gillis: I am glad to see this legislation brought in. As far as I am concerned I do not think anyone in this country is going to starve. Anyone who has a cheque to cash has five days in the week in which to cash it. The question raised by the hon. member for Portage-Neepawa (Mr. Weir) is a good one. There are sections of the country where this change may cause some dislocation, but I think it is a matter that could be ironed out. I think the bill as affecting the bank employees deserves the commendation of every member of this house, and it should find general acceptance.

Mr. Victor Quelch (Acadia): Mr. Speaker, as the hon. member for Cape Breton South (Mr. Gillis) has pointed out, this bill does not institute a five-day week but makes it possible for the banks to institute a five-day week if they so desire. Personally I do not think this is a particularly good time to push for a five-day week, the very time when we are being warned about the dangers of inflation and that the only way to avoid inflation is to increase production. You are certainly not going to increase production by a five-day week, in my opinion. On the other hand I agree that if the workers have better living conditions and better health, they are able to work much better when they are working. But I think the time to fight for shorter hours is at a time when surpluses are appearing and when unemployment is increasing; but that is hardly the situation today.

The hon. member for Winnipeg North Centre (Mr. Knowles) said he would like to see the five-day week introduced into all industries so that all workers could benefit. Then the hon. member for Cape Breton South said he would like to see farmers in the same position and he could not see why farmers could not institute a five-day week if they so desired. Of course the majority of farmers are working for themselves. We are not talking about farm labour at the present moment. I am sure those farmers would all like to have a five-day week if they could. But the main difficulty farmers face today is to get a six-day week. Most of them have to work seven days. I do not say they have to work a full seven days, but they have to work a full six days; and then there is a certain amount of work they have to do on Sunday because cows have to be milked, livestock have to be fed, barns have to be cleaned out, and all that kind of work has to be done. Therefore it is not a question of a five-day week; it is a question of a seven-day week for all those farmers who have livestock. I am not talking about the straight grain farmer.

I thought the hon. member for Kamloops (Mr. Fulton) raised a good point. Saturday is the main business day in the rural areas. Farmers come to town on Saturdays. Since last spring they have had to suffer one great inconvenience. When they want to bring their cream in to ship it, they find that the railway depot is closed. If they want to make sure that their cream goes on the train, they have to get there just as the train comes in and put it on; and they have to be there to accept the empty cream cans. Otherwise the cream is likely to be left there until Monday. They have to be there just when the train comes in. At some points the train comes in late at night or early in the morning. It is extremely inconvenient for a farmer to have to get up at two or three o'clock in the morning in order to be at the depot when the train arrives. The depot is open only five days a week. The farmers have to make arrangements to be there when the train comes in order to get their produce shipped and in order to receive their empty cream cans. Now of course they will have the additional trouble that when they go to town on Saturday they will not be able to do any banking. They will therefore have to rearrange their whole plans and come to town on Wednesday or Thursday. I am not saying that could not be done.

Personally, I do not see how you can introduce a five-day week with regard to farmers, because there is so much work that has to be done. At the present time there is a shortage of labour. It is a difficult job to get enough labour to do the work when you are working six days a week or even seven; but as I said when I started, we are not opposing this bill. We should like to see a five-day week instituted as rapidly as posible. But I suggest that this is not a particularly good time to be pushing it, when everybody is stressing the need for increased production in order to help bring about a reduction in prices.

Mr. L. E. Cardiff (Huron North): Mr. Speaker, I should like to add just a few words to the discussion in connection with this bill. The hon. member for Cape Breton South

apparently was not thinking about anybody except those who had no cares at home in respect of livestock and that sort of thing. Before coming into this house in 1940 I ran a dairy; and I should like the hon. member or anybody else to tell me how I could run that dairy on a five-day week. I worked from five o'clock in the morning until at least eight o'clock every evening, Sunday included; there was no way to get out of it, unless someone else did the work for me.

I do not object to anyone working a five-day week if he can get away with it. But I still claim that it is utterly impossible for the dairy farmer to have anything less than a seven-day week. He has his cattle and other stock to care for. It may be that he does not have to work as many hours on Sunday as he does on other days, but he still has a certain amount of work to do. While today some can get along on a five-day week, yet I feel there are certain classes in the country upon whom others are dependent, and those people should not be permitted to have a five-day week. As a matter of fact I cannot see for the life of me how labour is any better off on a five-day than on a six-day week, because the workers have just that much more time to spend the money they earn. They would be better off if they were employed, rather than running around on the loose.

I do not think work ever hurt anyone. As a matter of fact I think the thought of work has killed more people than the actual work. So long as we agree that we must work to live, then it seems to me the five-day week cannot help the situation.

I speak for the farmers of this country. It is an utter impossibility for them to have a five-day week; and they are still the most important body of people in the country. Until such time as their production is not needed or wanted, we will have to give them due consideration. I am sure the five-day week would not be satisfactory. As a matter of fact for those who must look after cattle it is utterly impossible to shorten the week, because those cows have to be milked every day.

I remember well once hiring a man who came from England. He was a fine chap, too, and I kept him for three years. However, I will never forget the first three weeks he worked for me. We were operating a dairy, and there was about as much work to do on Sunday as there was on any other day. This man did not say anything the first Sunday, but on the second Sunday he told me that he resented working on Sundays. I said, "So do I; but we have to do a certain amount of work on Sundays. However, if you can figure out some way to get out of it, I shall be glad to co-operate with you. On the other hand, if you wish to go away any time all you have to do is to say so and we will let you go and have someone else do the work." I said, "I have never yet been able to find a way of getting out of caring for cows and milking them on Sunday, just the same as on any other day." That man stayed with me for more than three years and, as I said, was a good man. He was conscientious and worked well, but he did resent having to work on Sundays when he first hired with me. However when he learned that someone had to do the work he was content to do it.

I think the five-day week is detrimental to the country at large. It is not good even for those who can get away with it, because they have just that much more time to spend the money they earn in their working hours.

Mr. J. S. Sinnott (Springfield): Mr. Speaker, I should like to join with the hon. member for Acadia (Mr. Quelch) and the hon. member who has just taken his seat. At the present time we are faced with the serious problem of inflation. Every time I hear the hon. member for Winnipeg North Centre (Mr. Knowles) rise in his place and advocate shorter hours with more pay and less work, I feel that he is helping this serious inflationary trend more than anyone else I know.

In common with the hon. member who has just taken his seat, I had a dairy herd before coming to the House of Commons. I had to get up at six o'clock in the morning so the cattle could be fed and milked, and the milk ready in the cans and in place to be picked up by the truck at seven o'clock in the morning. We were never through our work before eight o'clock at night. I suggest the hon. member for Cape Breton South (Mr. Gillis) does not figure very well. I figure 4,380 hours for the 365 days in the year, at twelve hours a day. If dairy farmers were paid at the rate of people working in factories, milk would not be 20 cents a quart, but would be nearer 50 cents or 60 cents.

If the banks are insisting upon the five-day week for their employees, in those towns where Wednesday afternoon is a holiday, if the banks would be content to have Wednesday instead of Saturday it would be satisfactory so far as I am concerned. Most farmers come to town on Saturday afternoon and it would be most inconvenient if, upon arriving in town, they found the banks closed. I must say therefore that I am not in favour of the closing of banks on Saturday mornings. However, if they insist upon the five-day week I would not object to their taking Wednesday afternoon.

Bills of Exchange Act

Mr. Robert McCubbin (Middlesex West): Mr. Speaker, I do not intend to get into this controversy with respect to farmers and labour, but I do wish to say something in respect of the five-day week as applied to the banks. I have every sympathy with the workers in banks; they work hard and long. Nevertheless I do not think anything could be more unpopular than the closing of banks on Saturday morning, because not only the farmers but the workers as well will suffer. In the constituency I represent those who work in factories are paid on Friday. They go to the banks on Saturday morning to cash their cheques, and on Saturday afternoon they pay their bills, which have been running for two weeks.

Two classes will suffer; those who work in the factories, and the farmers. Then in my constituency the farmers ship cattle on Saturday mornings. They receive their cheques and go to the banks to deposit them. They do not want to run to town every day of the week, when one day should be sufficient. That day is Saturday morning.

While I support this measure, nevertheless I think it is a most unpopular move in respect of both farmers and workers.

Mr. Drew: For the information of the house, may we be told whether, in the absence of the Minister of Agriculture (Mr. Gardiner), what has been said by his parliamentary assistant can be taken as the official position of the Department of Agriculture. It would be helpful to the house to know whether that statement can be taken as the view of the department?

Mr. McCubbin: I speak for myself, and nobody else.

Mr. G. S. White (Hastings-Peterborough): Mr. Speaker, I am not a farmer, but I do agree with comments made by hon. members who are farmers and who represent farm communities. I realize that this measure is simply to amend the Bills of Exchange Act so that the banks, as soon as it is passed, will be in a position where they can close all day Saturday. From what I have learned from my banker friends, that is their intention.

The parliamentary assistant mentioned, as one reason given by the banks for this change, the fact that they are unable to get help in competition with other occupations having a a five-day week. If the banks paid somewhat higher wages I think they would have little difficulty in getting the type of help they require. It is not long ago that the banks from coast to coast instituted a program whereby banking hours on Saturday morning were changed to 9 to 11. That change was made without consulting anyone. It mattered little to them whether it suited the tens of thousands of bank customers. The change was made as a convenience to the banks. So far as I know—and I have had some experience in dealing with banks and bank customers—that move was very unpopular.

I know, further, that if banks are going to close all day Saturday it will be most unpopular. After all, banks in Canada enjoy an exclusive monopoly. They render certain services to the public in the smaller places which cannot be rendered by any other organization because in those communities there are no trust companies or anything of that nature.

If this bill passes and the banks are clear as far as the Bills of Exchange Act is concerned, they will have a five-day week. That is not going to be popular in the rural communities of Ontario, as it will hinder many operations. Much has been said in the house about the five-day week. I think that is one of the curses of this country today. Nobody wants to work. When you and I were young, Mr. Speaker, who ever thought of a five-day week? If we had worked only a five-day week you would not be sitting up there and I would not be sitting down here. The sooner we get away from this idea of a five-day week with everyone from coast to coast being supported by the government, the sooner we get some more backbone in us, the sooner we will have a better country.

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, I think there have been some good points made by non-farmer and farmer members, and also some statements that are not so good. The five-day week, as we have it, is a matter of bargaining between employer and worker. The worker tries to drive the hardest bargain he can in the sale of his labour. The shorter the hours of work and the higher his wages, from his point of view the better bargain he has made. That is the way we look at these things in this commercial world. The five-day week has not come about as a matter of government policy; it is a matter of bargaining or, if you like, pressure as between one group and another. Whether it was socially desirable or not was never a matter for consideration. If the industrial work of this country was carried on in the same way as a great part of our farming is carried on, we would still be working ten or twelve hours a day and would not have the production we have today. Several hon. members have spoken about the hours they had to work when younger. I was brought up on a farm and like any other farmer

I worked from sunrise to sunset, and sometimes before and after that. The first job I got when I went out to Vancouver was delivering milk. That was a seven day a week job, and I had to get up in the morning about two-thirty. Milkmen in Vancouver do not do that any more, which is a social improvement.

I think the hon. member for Hastings-Peterborough (Mr. White) put his finger on a very important point, when he drew to our attention that the chartered banks of this country have a very valuable concession from the government in their bank charters. They provide banking service in the same way that railroads provide transportation service. The railroad workers have a five-day week, but that does not mean that all the railroads in Canada stop on Friday night. They carry on through Saturdays and Sundays just the same as the other days of the week.

I see no reason why the bank employees should not have a five-day week without the banks closing on Saturday mornings. They are open now only from nine until eleven, two hours. Surely they could continue to give that service and at the same time give their employees a five-day week. I want to tell the hon. member for Kamloops (Mr. Fulton) that if the five-day week is adopted by the banks it will not be as a result of collective bargaining between the bank employees and the bankers. It will come about when the management decides to put it into effect and the employees will not have anything to say about it. Today the bankers take good care to see that there is no bank employees' organization to carry on collective bargaining.

A great deal could be said on this question of the five-day week, but that is not the real issue involved. When there is less employment it will be far more difficult for industrial workers to maintain the five-day week than it is now. They have obtained the five-day week fairly easily because of the tight employment situation in the past ten years. It was not given to them as something socially desirable. I submit that the five-day week is a good thing.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Dion in the chair.

On section 1—*Saturdays.*

Mr. Sinclair: Perhaps I could clarify one or two points that have been raised by hon. members. The hon. member for Kamloops was the first to refer to the problem that would arise in country areas where farmers come in on Saturdays and are accustomed to do their banking business at that time. The banks are well aware of that and are just as anxious as any other business to provide proper service for their customers.

In the discussions between the bankers' association and the Department of Finance they indicated that as far as possible they would keep country banks open for purposes other than the Bills of Exchange Act, for the purpose of cashing cheques, making deposits and so on. A farmer could come in and talk to the bank manager about a loan, cash a cheque or make a deposit in his savings account. As has been pointed out by other speakers, the banks have already cut back their hours on Saturday morning.

The hon. member for Vancouver East has suggested that the banks follow the practice of other businesses and put their employees on a five-day week but keep open six days in the week. Certain difficulties arise in connection with that. It has been suggested that it should be possible to rotate employees in order to provide this type of service.

The hon. member for Middlesex West and others have mentioned workers who might draw their pay on Fridays might not be able to cash their cheques on Saturday. We had correspondence on this matter from teachers whom you would think would be the last to complain of anyone having a five-day week, as they have had a five-day week for many years. They were not complaining about that, but they were pointing out that those who teach in residential areas would have access to banks only on Saturdays. It has been suggested that the banks should investigate what is done in Detroit where they keep open from seven to nine o'clock in the evening but where they work a five-day week. They keep open in the evening for the purpose of cashing cheques and accepting deposits.

Mr. Knowles: Is that every night or just one night a week?

Mr. Sinclair: Just one night a week. The bankers are well aware of the problems which are going to arise with their customers. Despite what the hon. member for Hastings-Peterborough has said, I would point out that the ten chartered banks are no monopoly in this country. That will be borne out by anyone who has watched two rival bank managers in a small town competing for business.

Mr. White (Hastings-Peterborough): In many small towns there is only the one branch.

Mr. Sinclair: As has been pointed out, this is not a bill dealing with the five-day week. It is to amend the Bills of Exchange Act. It has been very interesting to have this

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exchange of opinions on the five-day week. It shows there is no unanimity of opinion in the house and, I would suggest even, in the C.C.F. party; because most of us will remember that only last week the hon. member for Moose Jaw was suggesting that a longer week than five days was desirable at this time in the building trades.

Then I should like to refer to the remarks of the hon. member for Portage-Neepawa. First I can say that we were delighted to hear him speak. We members on the government side have a very high respect for him, and his great ability. Because of his position, he speaks very seldom and we believe, as does the hon. member for Kamloops, that he should speak more often. He suggested it would be good common sense for the banks to make provision for their farmer customers to be able to transact their business at a convenient hour. I agree. One point which perhaps has not been made clear about the bill is that it gives protection not only to the banks but also to customers of the banks against being expected to negotiate bills on Saturdays if the banks are closed.

The hon. member for Acadia raised the point that he did not think this was a desirable time to press for the five-day week. I think many people who are concerned about production and the causes of inflation can agree with that statement, but I should like to point out that this situation has been forced on bank managers. Whether the five-day week is or is not desirable at the present time, the fact remains that in the larger cities the banks are having extreme difficulty in securing adequate and competent help. As a consequence they have raised salaries. Anyone who compares bank salaries today with those of the pre-war period will be surprised to see the increase. However, there is the other point I mentioned earlier, namely that there is one category of employees who are not as much interested in the perhaps small difference in bank salaries compared with other clerical salaries as they are in having Saturdays off. I think most of us have noticed the increased dependence banks are placing on women to do their clerical work. I believe they have found, and I think we as customers have found, that they do the job very well, but most of these women do not enter into bank work as a career. Like other women they are looking forward to marriage, and I think some of them feel they are in a better position so far as marriage is concerned if they are off all day Saturday and Sunday as are most men in industry.

These are facts which have been drawn to my attention by the bank managers who are dealing with the problem. I give them in answer to the statement of the hon. member for Acadia that this is not the time to encourage the five-day week. This country, and especially the Department of Finance, is interested and feels it is important that our banks have adequate and competent staffs, and the bank managers say that under present conditions they are having very great difficulty in obtaining them in the larger cities unless they have the right to institute the five-day week. I think I have covered the points raised by hon. members.

[Mr. Sinclair.]

Mr. Fulton: It is an interesting proposition that has just been put forward by the parliamentary assistant that in order to secure a husband a girl who works in a bank needs Saturday morning as well as Saturday afternoon and every evening. However, perhaps something has been said which convinces him of that necessity. I wanted to ask him one question with respect to the section which is now being enacted, and having to do with subsection 3. It is provided at the end of that clause that the non-acceptance or non-payment on Saturday of a cheque so presented does not entitle the person presenting it to treat the cheque as dishonoured by non-acceptance or non-payment. In other words, after first providing that the bill or note payable on demand cannot be presented on Saturday, the section then goes on to say that notwithstanding that fact if the bank is open it can be presented on Saturday.

Mr. Sinclair: Only a cheque.

Mr. Fulton: Then it continues with the words to which I have just referred. Does the parliamentary assistant not think that some difficulty is going to arise there unless it is made clear that the only non-acceptance or non-payment on Saturday of a cheque presented for payment, which will not result in the cheque being treated as dishonoured, will be non-acceptance on account of it being Saturday? It seems to me that if a cheque presented on Saturday is not accepted because there are not sufficient funds in the account, that should be as much reason for treating it as dishonoured on Saturday as on any other day. Therefore I am wondering whether in order to make it clear some such words should not be included as "non-acceptance or non-payment on a Saturday of a cheque so presented, by reason only of anything in this section contained, does not entitle the person presenting it to treat the cheque as dishonoured". In other words I think it should be made clear that the normal reasons for rejecting a cheque, such as not sufficient funds and so on, which would justify its being treated immediately as dishonoured, will continue to apply on Saturday. Otherwise it seems to me you have ruled out those reasons for dishonouring on Saturday.

Mr. Sinclair: The reason this exception was put forward at the request of the bankers was primarily so they could stay open and cash cheques. That is why they have singled out cheques as distinct from other instruments. Their objection to bills of exchange or promissory notes being accepted on Saturday is that they felt that in many cases they would have to inquire from the drawer or drawee as to whether they were valid, and the same is true with respect to some cheques. They feel that in some cases they would want to make inquiries from other banks or from the person who drew the cheque as to whether or not it was valid. With a small staff on Saturday morning this might be difficult. They would like to reserve to themselves the right to accept or not accept a cheque on Saturday morning without in any way prejudicing the position of the cheque when it is presented on the next business day, Monday. I think you can link this with paragraph (c) of subsection 2, which provides that failure to do any act or thing on a Saturday does not give rise to any rights.

The banks feel it is a very important section to them. In the few hours they are open on Saturday they want to do as much business as possible but they want to put it on the basis that they do not have to cash a cheque on Saturday if they are in doubt, and that the cheque is not dishonoured or not accepted because it may be presented on Monday. If there are not sufficient funds on Saturday it is very unlikely there will be sufficient on Monday.

Mr. Fulton: That is true. I think the section is desirable and the subsection necessary. All I want to point out is that it seems to me it is going to have this effect. If my hon. friend goes into his bank on Saturday with a cheque drawn by somebody on that branch, present it for payment, and there are not sufficient funds in the drawer's account to pay the cheque the bank will say: "No, we will not accept the cheque", and the reason they give is that there are not sufficient funds in the account. My hon. friend will still not be able to treat that cheque as dishonoured simply because it is a Saturday. He will have to go back on Monday, present it again and be told that there are not sufficient funds. Then he can treat it as dishonoured. All I am asking is whether it would not be possible to provide that, if a cheque is dishonoured on Saturday for reasons which would otherwise on any other day result in its being dishonoured, those reasons shall entitle the person presenting it to treat it as dishonoured on Saturday without having to wait until Monday. That is my only suggestion, not that the banks be required to accept it without being able to make these other inquiries. If they can say immediately that the cheque is dishonoured because of insufficient funds, then I think the payee should be entitled to go right away to his lawyer or the drawer and say: "This cheque is no good; I am going to sue you unless you make it good". Under the section as it stands he will have to wait until Monday.

Mr. Sinclair: If there are not sufficient funds on Saturday when the cheque is presented it is unlikely there will be on Monday, but the other point that suggests itself immediately is that if the banks begin picking and choosing types of non-payment on Saturday morning in those branches which are open, then other people with cheques drawn on branches that are not open have not the same opportunity to find out whether a cheque will be honoured or dishonoured. That is why these two sections have been linked together, first of all so that the cashing of cheques by banks on Saturday morning is what you might call a permissive matter. The bank does not have to accept them. The bank's refusal to accept them is neither dishonouring nor non-paying. They are capable of being presented on Monday morning, and so far as paragraph (c) is concerned, failure to do that act does not give rise to any rights on the part of the people connected with that cheque.

Mr. Knowles: Can the parliamentary assistant say whether the banks have indicated to the government when they intend to put into effect the proposed five-day week? My question of course relates to the larger centres.

Mr. Sinclair: I am not in a position to say that, but I do know that the banks have been very anxious to see this bill moved up to the top of the list. From that I would say they are quite anxious to see this bill become an act as quickly as possible.

Mr. Knowles: One other question, and I am pursuing the suggestion which I think was made first by the hon. member for Portage-Neepawa. Was consideration given to drafting a bill which would permit the banks to close any day of the week rather than just Saturday as the bill is now drawn?

Mr. Sinclair: The difficulty there is that we would have to set out in the Bills of Exchange Act that whatever other days the banks were closed were also non-juridical days, on which financial dealings on notes and bills could not be transacted. This goes far beyond the banks. If my hon. friend had a promissory note of mine it would be affected, as would also any private transaction.

It would raise doubt and confusion on every day in the week as to whether or not legal business could be transacted, as far as bills of exchange, cheques and promissory notes were concerned. The present bill is regarded by the Department of Finance and the banks as the only possible practical one to permit the five-day week.

Mr. Knowles: If this bill is put through, do I take it that it means that while it permits the banks to close on Saturdays, it does not permit them to close some other day in lieu of Saturday?

Mr. Sinclair: That is quite right.

Section agreed to.

Title agreed to.

Bill reported.

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

Mr. Fournier (Hull): Now, by leave.

Mr. Fulton: Next sitting.

Mr. Fournier (Hull): Next sitting.

Mr. Speaker: Next sitting of the house.

CANADIAN BROADCASTING ACT

AMENDMENT TO INCREASE NUMBER OF GOVERNORS, PROVIDE PENSIONS AND FURTHER GRANTS

Hon. J. J. McCann (Minister of National Revenue) moved the second reading of Bill No. 17, to amend the Canadian Broadcasting Act, 1936.

He said: As I explained at the resolution stage, the main purpose of this bill is to give effect to recommendations of the Massey commission regarding broadcasting, that is recommendations involving legislation in the form of amendments to the Canadian Broadcasting Act.

The chief feature of the bill is the provision for new revenue arrangements for the Canadian Broadcasting Corporation in line with the recommendation of the commission. It provides for the payment to the corporation of a fixed sum of $6,250,000 each year for a period of five years. It is estimated that these payments, together with receipts from receiving set license fees and from commercial operations, will bring the annual revenues of the corporation to about the equivalent of one dollar per head of the population of Canada. This was the amount which in the opinion of the commission would be needed by the national broadcasting system to maintain its services and to carry out some necessary improvements in the five-year period.

It has been suggested by one hon. member that the payments should not be set now by statute for a five-year period, but should be voted annually by parliament. The chief argument for such an annual vote seemed to be that it would provide parliament each year with an opportunity to review the affairs of the C.B.C. I should like to say that I for one am quite in favour of frequent reviews by parliament of broadcasting matters and the affairs of the corporation. I think it is a good thing that every year, or every year that it sees fit, this house appoints a committee for this purpose. With the appointment of such committees there is ample opportunity for discussion by the whole house of C.B.C. activities and aims. But I believe there are two strong arguments against an annual vote of money for the C.B.C. The first, I think, was well put by the royal commission in its report when it said:

> There are, however, serious objections to an annual grant to be voted by parliament. Although other essential government services depend on an annual vote, it is so important to keep the national radio free from the possibility of political influence that its income should not depend annually on direct action by the government of the day.

An important matter of principle is involved here, one with which I thought hon. members on the opposite side of the house would agree. They have stated they are in agreement with us on insistence that the activities of the C.B.C. should not come under the direct influence of the government of the day. Under the provisions of the bill before the house there would be no question of the government having an influence on the broadcasting of the C.B.C. through power of proposing votes of money for operating purposes each year. As I say, however, I believe that, although the payments to the corporation from public funds will not be voted annually, parliament will still have plenty of opportunity to examine the affairs of the corporation which is directly responsible to it, and should do so.

The second reason for setting the fixed sum for a period of five years is that it will enable the corporation to make proper plans on a reasonable long term basis. When the corporation was set up by parliament it was with the idea that it should manage its affairs on a businesslike basis, following as closely as possible the methods of private operation, as is necessary in the field of broadcasting. To operate in a businesslike way the corporation needs to be able to make a good estimate of its income ahead of time, and then plan its activities and manage its affairs accordingly. I do not think broadcasting is the kind of activity for which estimates of funds can be worked out each year in the same way as

they are for government departments. In broadcasting, particularly in Canada, there are and probably always will be many demands from different sections of the public for more of something, particularly in the program field where there are many different opinions about what expenditures are necessary. It seems to me the sensible thing for parliament to do is to tell the corporation what are its sources of revenue for five years, setting a reasonable amount in relation to the economy of the country. Then it is the responsibility of the corporation to spend that money to the greatest possible advantage, subject always to a review by parliament.

The bill also lays down legal provisions regarding the right of notice for broadcasters and the right of hearing by the board of governors on matters directly affecting them. In addition there is laid down a right of appeal by private stations to the Exchequer Court of Canada on questions of law against suspension orders by the corporation. There is, however, no change in the general co-ordinating position of the C.B.C.

I have been very interested in some speeches on broadcasting by members of the Progressive Conservative party in recent years, and sometimes a little entertained by them. I have been glad to hear these speakers take pride in the national broadcasting system of Canada, and pride in the part the Conservative government had in setting up the system originally. Sometimes, however, they seem to forget that when the system was first set up under their government it had the same and even greater co-ordinating powers over all broadcasting in the country than it has at present. For years they seemed to agree with us and other parties on the principle of control being vested in one single body responsible to parliament.

Proposals for a separate regulating body have been promoted vigorously in the last few years by some, though not all, of the private stations. In view of the many and often conflicting proposals advanced, this government thought it wise to have the whole matter studied thoroughly by an impartial body to ascertain if possibly changed conditions had made a different system of control desirable. This whole question was very carefully studied by the Massey commission, which was quite impartial in its approach to the question and examined it in relation to the broadcasting needs of this country in a very thorough way. I should like to read some of the observations of the commission on this matter. At page 285 of its report, after referring to the variety of proposals for a new separate control body, the commission says:

> We have considered these proposals and find that they would either divide and destroy, or merely duplicate the present system of national control. Legislation to set up a separate regulatory body would alter the present national system and would result in two independent groups of radio broadcasting stations, one public and one private. The C.B.C. would no longer have the control over all clear channels considered necessary to ensure national coverage. This matter might be arranged but the C.B.C. would still lose the outlets through private stations which are equally necessary for national coverage under existing conditions. Moreover, if the two groups of stations were to be considered as on a parity it would be impossible to refuse network privileges to private broadcasters, with consequences which we shall mention later. A completely separate body treating public and private radio broadcasting with judicial impartiality could not fail to destroy the present system upon which we depend for national coverage with national programs.
>
> But, it may be argued, such a body would have the power to improve but not to destroy. It could concern itself with the programs of public and of private stations and strive for the improvement of both in the public interest. The theory may sound plausible, but we doubt whether it would be effective in practice.

And further down on page 286:

> The public quite properly requires a higher standard for public than for private programs. But as the completely separate regulatory body contemplated must treat all alike, its activities might well have the effect of reconciling the C.B.C. to relatively low commercial standards rather than of raising the programs of both the C.B.C. and of private stations to a higher level.
>
> It is conceivable that some who might favour a separate regulatory body assume that such an authority would have the duty of securing the necessary channels and sufficient outlets for national sustaining programs. Such an arrangement would be completely inconsistent with the notion of a separate regulatory body holding the balance between public and private stations. The regulatory power would then become merely an agent for the C.B.C. in securing coverage for national programs. It would, in fact, parallel in power and responsibility the present board of governors of the C.B.C.
>
> We must return then to the statement that a new regulatory body would either destroy or duplicate the present national system of control. If the national system were not to be destroyed, a separate body could do only what the present board of governors is supposed to do. If it did not mark the end of the national system it could not possibly be "the separate and completely impartial body not connected in any way with the C.B.C." which the C.A.B. has requested.

In its first formal recommendation on broadcasting, the commission goes on to state that the present system of control of broadcasting in Canada should be continued. Mr. Speaker, I think these findings of the commission are sound. I should think they would be convincing to anyone who studied and thought about the realities of broadcasting in Canada. It is completely illogical to try to

compare railroad transportation and broadcasting in this country. The two are entirely different. This government accepts the findings of the royal commission on the control of broadcasting in Canada as sound and sensible, and in the best interests of the Canadian people.

Mr. Drew: May I raise one question which, if the minister does not feel it is proper to answer at this point, he could so indicate. It does seem to me that no distinction has been drawn which would show why the government thinks it is appropriate to control air channels for aircraft, both public and private, and not for radio. Has the government considered that point?

Mr. McCann: For aircraft?

Mr. Drew: Yes. A great deal of the argument has been based on the theory that an allocation of air channels would be involved in connection with radio, which in some ways suggests reasons why there could not be an independent board. I would point out that an independent board has been set up to control air travel in this country, allocating air channels without suggesting there is any vested interest in those air channels.

Mr. McCann: The difference is that air channels for broadcasting are allocated on an international basis by agreement between the several countries of this western hemisphere.

Mr. Drew: So are the air routes, where they are international.

Mr. McCann: Most of the air routes to which the hon. member has been referring are our own air routes.

Mr. Knowles: It is 6.15.

Mr. McCann: I shall only be a moment in putting the rest of this on the record.

There have also been some suggestions from the other side of the house about allowing private stations to form and join networks. This, of course, is tied in with the idea of a separate regulatory body. Once again I should like to quote from the commission report. On page 288, it says:

> There are, however, two other important factors to be considered. One is that the formation of networks would involve the withdrawal of local stations as outlets for national programs and would therefore (as we have just stated in another connection) disrupt the present system of national coverage. The second is that the formation of private-station networks would bring them into commercial competition with the C.B.C. in the national field with the same consequences as private broadcasters have found so objectionable in the local field.
>
> The general effect of private network broadcasting would, we believe, be the same as that of a separate regulatory body. It would destroy the national system.

[Mr. McCann.]

Some of the hon. members opposite appear to be in a great hurry to see some private operators get television broadcasting licences. It seems to me there are things that are much more important than the establishment of monopoly positions on television channels by private interests, from which they might hope to make a good deal of money in the future. Far more important to this country is the building up of a television broadcasting system which will help to link the country together in a new way; which will use a large amount of Canadian talent; and which, while bringing in some material from outside the country, will be essentially a Canadian operation carried on in the national interests. Into this system I expect later it will be possible to fit private operations coordinated under the over-all system serving community interests, and also acting as outlets for national program service. This is the recommendation of the royal commission, and this seems to me the sensible way in which television should develop in Canada in the general public interest.

We are proposing that this bill be referred to the special committee on broadcasting. The committee will be able to study in detail the main provisions of the bill, and also the minor amendments to the Canadian Broadcasting Act which are proposed for purposes of clarification and to meet changed conditions.

At 6.15 p.m. the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Alistair Stewart (Winnipeg North): Mr. Speaker, when the leader of the official opposition (Mr. Drew) adjourned the debate at 6.15, I had hoped that he would enlarge somewhat on the remarks he made at a previous stage.

Mr. Speaker: Order. I did not understand that the leader of the official opposition adjourned the debate. As he stood, I called it 6.15. There was no adjournment of the debate at 6.15.

Mr. Stewart (Winnipeg North): Then I am under a misapprehension, Mr. Speaker, because I thought the leader of the opposition had the floor and was going to claim it when the house resumed. That is neither here nor there, however, for I intend now to discuss Bill No. 17 and certain matters which have arisen in the course of the debate.

Let me say right away that we in this group are in favour of the bill and that we of

course are in favour of its referral to a committee. It is only right that the membership of the board of governors should be increased by two, because that increase should mean a wider geographical representation on the board. I think it might be worth while to consider the advisability of having an amendment to the act to the effect that members of the board of governors should be Canadians. There can, of course, be no question at all that those who are appointed are Canadians; but it might be just as well to have that provision written into legislation. It might be advisable also to have some legislation to the effect that any individual in this country who owns or controls a radio station should be a Canadian citizen. I would deplore it if a vehicle for the dissemination of information or opinion such as radio were to get into the hands of those who are not Canadians. Those are two matters which the committee might perhaps consider.

As to the legislation, I think it is only proper that greater protection should be given to private stations. Despite the fact that on many occasions I have opposed the private owners, nevertheless I feel that they should have recourse to some superior court should they feel that their interests are imperilled. Allowance has been made for that recourse in this legislation.

We of course welcome most heartily the suggestion, which was contained in the Massey report, that the annual income of the C.BC. should be roughly equivalent to $1 per annum per head of the Canadian population. In this way many of the financial worries which beset those who are responsible for the C.B.C. will disappear, at least for the time being, and they will now be able to do the intelligent programming which we in Canada expect from them. I think the minister suggested this afternoon that if programs were to be prepared adequately one had to think in terms not of days or weeks ahead but indeed in terms of months ahead. When the C.B.C. was running a deficit continually, it was then obviously not in a position to calculate what might happen six months ahead. It is, however, possible that the amount of money which is now going to be at the disposal of the C.B.C. might be inadequate. It would be inadequate on this basis. If the parliament of Canada were to decide that there should be a private radio network, the C.B.C. would find this amount quite inadequate, for it is dependent upon private outlets to sustain its chain of communications; and since these would be barred to it, the C.B.C. would be forced into the position of having to build additional outlets all across this country. That is, however, a contingency which I do not think will arise.

Here I should like to comment upon a statement by the leader of the opposition as to what he considered was one of the basic rights of democracy, namely, that the private stations should have a network. I do not concede it to be a basic right of democracy that the private radio stations should have a network of their own. It is true that the leader of the opposition wanted this network so there should be adequate discussion of public affairs. But I think there is that adequate discussion today through the courtesy of both the C.B.C. and the private stations. However, the principal question which is before the house is one that has continually vexed us in the past; and I think I can put it in no better words than those used in the report of the British broadcasting committee which was published this year. In paragraph 544 it states:

> Broadcasting is the most pervasive, and therefore one of the most powerful of agents for influencing men's thoughts and actions, for giving them a picture, true or false, of their fellows and of the world in which they live, for appealing to their intellect, their emotions and their appetites, for filling their minds with beauty or ugliness, ideas or idleness, laughter or terror, love or hate. How can mankind ensure that this great power is exercised at all times for good rather than evil?

As I say, Mr. Speaker, that question has perplexed others wherever there is democratic control over radio, as indeed it has perplexed us in the past. From debates which have taken place, however, it appears that there is in parliament general agreement that parliament has the exclusive responsibility over broadcasting in Canada. I use the word "exclusive" advisedly, because it was used by the hon. member for Eglinton (Mr. Fleming) last week; and I agree with him in this regard. But if parliament is to have exclusive responsibility, then obviously parliament must have effective control, and that control is exercised through the medium of the Canadian Broadcasting Corporation.

It is at this point that we see the differences of opinion which exist. There is a decided quarrel among some of us—in good nature, I hope—as to how the C.B.C. should exercise that control. We heard again last week the arguments which have been raised time after time. None of them is new; all of them are old, and most of them are becoming very monotonous. Every time a radio committee has been set up it has justified the situation which exists in connection with radio in this country. The Massey report justified the position and the actions of the Canadian Broadcasting Commission. One would hope that those who are opposed to the C.B.C. having

this power which, theoretically, they wish to give it, might realize that and try some more constructive approach. But we are told all the time that the C.B.C. is curbing the freedom of the private operators, and that the C.B.C. is guilty of unfair competition. These canards have been exposed in the past, and I intend to deal with them only for a moment or so. Those who are interested in radio realize full well that the members of the Aird commission stated that there should be no private stations in this country, and that they should be owned by whatever creature of government was set up for radio purposes. That of course has not happened.

In those days there was possibly a handful of private radio stations. Today there are under C.B.C. control 134 private radio stations, each and every one of which has been recommended by the C.B.C. I submit that is not a bad record for a corporation which is curbing competition. That is not a bad record for a corporation which is limiting freedom. Indeed, far from being totalitarian, as we are told the C.B.C. is, it has been spawning those very groups some of which have become its most deadly enemies.

We are told that the C.B.C. indulges in or is guilty of unfair competition. But here there is a lack of knowledge, surely, of the purposes of radio in this country; because private radio is not competitive with the C.B.C. Private radio is not a rival of the C.B.C. Private radio is supplementary to the C.B.C., and the owners of private radio must not be allowed to forget that. Private radio stations have a most important part to play in communities in this country; the part they play is in rounding out the federal picture of radio broadcasting in Canada.

Now, in connection with this allegation on the part of some, which I say is invalid, as to competition between the C.B.C. and private radio stations, I should like to refer to the British broadcasting committee's report, paragraph 163. This is what the B.B.C. has to say about competition; and let me add that the committee as a whole did not agree with it. Nevertheless those who made a minority report did. Discussing the purposes, cultural aims, range and general sense of responsibility of the broadcasting service as a whole, the B.B.C. had this to say:

> Under any system of competitive broadcasting all these things would be at the mercy of Gresham's law. For, at the present stage of the nation's general educational progress, it operates as remorselessly in broadcasting as ever it did in currency. The good, in the long run, will inescapably be driven out by the bad.

That is the position of many in the United Kingdom who agree, as I do, that the government agency should have exclusive power over radio. It is not the duty, as I see it, of the C.B.C. to fight and compete for listeners. It is the duty and the responsibility of the C.B.C. to serve the people of Canada to the best of its ability. In other words, radio broadcasting as it was envisaged by those who set it up is a service and not an industry. And, following upon that, the channels over which radio is disseminated in Canada belong to the people of Canada. Those who are supporters of private radio would imply that private stations have some prescriptive right to these channels. Such is not and must not be allowed to be the case. They have no inherent right to these channels whatsoever.

The other day the hon. member for Peace River (Mr. Low) suggested that the overriding policy of the C.B.C. is to give the people what they ought to have, not what they want. He did not state that dogmatically; there were reservations in his statement. Nevertheless that was the inference I took from his remarks. But who can say that he or she knows what the people ought to have? I would say the very last agency to say that would be the Canadian Broadcasting Corporation. Its duty is to try to give everybody something of what they want. There are those who prefer cowboy music to chamber music; there are those who prefer educational programs to, let us say, Wayne and Shuster. Each and every community in Canada is given at least something of what it desires on the nationally owned radio.

I should like to quote from a book by Charles Siepmann, who is professor of education at New York university. He has some rather interesting things to say about this procedure of giving people what they want. Discussing a speech made by Mr. Frank Stanton to the institute of radio engineers, Siepmann says:

> It is, indeed, the glory of a democratic society that it not merely tolerates but encourages difference, that its concern is with the full flowering of diverse individuality, not of conformity and mass-mindedness. "Giving the majority of the people what they want," which Mr. Stanton later dignifies as "cultural democracy," is that form of tyranny which, as it either excludes or scouts the interests of minorities, is (as we claimed in our discussion of free speech) the breeding ground of intolerance and the ultimate death knell of democracy.

And later he says:

> Broadcasters and telecasters, however, are retailers of a great variety of goods.

This is in the United States.

> Mr. Stanton's theory of retailing makes as much sense as if a large department store were to clear its shelves of all commodities except the best-selling lines. This, presumably, would be economic democracy.

Now the question arises: What service should the C.B.C. give? The leader of the

official opposition has expressed his views in this respect at page 894 of *Hansard*. He believes it to be the duty of the C.B.C. to provide mainly cultural, educational and historical features. That is something with which I disagree entirely. If the C.B.C. were to adhere strictly to that concept, then we would find that its programs were hopelessly circumscribed. Instead I maintain that the duty of the C.B.C. is to entertain, to inform, to instruct and, above all, to see that every legitimate point of view is expressed and that every reasonable taste, also, has some expression on the air. Here I should like to quote again from the minority report of the report of the British broadcasting committee where it says:

> The duty of the broadcasting authority is not to please the greatest possible number of listeners but to keep open the channel for communication of ideas of all kinds, popular and unpopular.

That does not receive unanimous support in this house, I am afraid. The other day the hon. member for Peace River spoke about red and pink propaganda on the C.B.C. We have heard this every year, yet when it comes down to the point we cannot get the charge documented at any time. I remember last year in the radio committee when the hon. member for Eglinton (Mr. Fleming) said there were too many leftists in the C.B.C. When he was challenged to name them he could think of only two out of the many commentators who spoke over that network. I am quite certain that if he had a little more time he might have thought of three, but the fact remains that those who were alleged to be tinged with red and pink propaganda numbered only two. It was noticeable that when the hon. member for Peace River (Mr. Low), and I repeat this, made this charge he did not mention any names.

Mr. Blackmore: He could have done so very easily.

Mr. Stewart (Winnipeg North): If there are those who believe there are red and pink propagandists on the C.B.C. they should get up and mention them.

Mr. Blackmore: Will the hon. member point to a single Social Crediter on the C.B.C.?

Mr. Stewart (Winnipeg North): Nobody would accuse the Social Crediters of being red or pink.

Mr. Blackmore: They have the right to express their opinions.

Mr. Stewart (Winnipeg North): The hon. member knows as well as I that under the present set-up the Social Credit party is allowed a certain amount of free time on the C.B.C., as are the other parties.

Mr. Blackmore: I am talking about membership on the board of the C.B.C.

Mr. Stewart (Winnipeg North): I do not think one's political views are any criterion for membership on the board of the C.B.C. I have no idea what the political beliefs of the members of the board are. I am not interested in them. I want to see the most competent people we have in Canada on the board regardless of their political beliefs.

Mr. Blackmore: I want to see every type of idea put forward with the same amount of emphasis.

Mr. Stewart (Winnipeg North): I would be delighted to see every idea in Canada put forward with emphasis. Perhaps the hon. member will permit me to carry on with my speech. In some quarters the C.B.C. is blamed for not permitting television to appear in Canada, of course run by the private stations. We are told by these same people that it is essential that radio be kept distinctly Canadian in its outlook and content, and the same must apply to television. Last December I was in Vancouver and visited a good friend of mine; at least I hope he is. This man is a private radio station operator. He was giving me the usual hymn of hate of the private broadcasters against the C.B.C. for not permitting television. I put this proposition up to him. I asked him whether he could afford to produce the programs which would be necessary if he were given the right to go ahead with television, and he admitted that he could not. I asked him where he would hope to get the programs and he said, "We will pipe them in from the United States". Of course that is what the private interests are prepared to do despite all this talk about Canadian content in programs. In connection with that I might again quote Mr. Siepmann:

> The expressed intentions of advertisers are confusingly varied. They range from the gay and daring to the sober and moralistic. With reference to sex appeal, Mr. Griffin (vice-president and group copy head, J. Walter Thompson Co.) gave as a good general rule to try to get away with as much as you can.

We do not want that sort of radio or that sort of television in this country. I maintain that the C.B.C. was correct in not permitting private stations to go ahead and fill the Canadian air with United States programs. The hon. member for Lethbridge (Mr. Blackmore) suggested earlier that there was still a great difference of opinion among hon. members of this house. As a matter of fact, when you reduce the differences that exist to naked reality you can see that they amount to nothing more or less than the decision as to who is going to control the minds of men. That is the fight which is

going on between the authoritarian concept of life and the democratic concept of life, between those who believe that the individual must be subservient to some elite and those like myself who believe that the inherent dignity of man can find expression only in freedom under law. This difference of opinion seems to be clearly expressed by Mr. George Chandler in a mimeographed statement entitled "The Case for Private Broadcasting". Mr. Chandler states that those who control communications control the thoughts of the people. That is perfectly true. He then goes on to say:

> The Massey commission ignores the sound commercial fact that is understood by people in the commercial world that the soundest method that business can use to expand its market is to develop and encourage widespread unity of thought.

What is wanted by the commercial broadcasters is unity of thought, but unity of thought for what? Unity of thought for whom? It was de Tocqueville who said that the greatest threat to democracy is the pressure for conformity. That pressure is on today in no mean way. The strongest attack is being made against the sort of diversity which should be the pride and glory of any democracy. There is nothing but a desire to conform, a desire for orthodoxy. There is the fear now that opinions which challenge our basic values as individuals present a threat to social stability. There is legitimacy for that fear. Undoubtedly it is so. But the answer to that fear is not what has been expressed by so many, that is, suppression. So often today we find that where men differ radically one from the other, one is called a communist or an atheist or anti-Christian or any of these clichés which we use today to destroy men. The answer for those with whom we disagree is not suppression, for that is the tactic of totalitarianism. The answer is reasoned and reasonable argument.

Mr. Blackmore: Hear, hear.

Mr. Stewart (Winnipeg North): I would say that the suppression of thought and the suppression of ideas and free speech offers a far greater threat to the stability of the social order than the diversity of opinion in which I believe. I should like to quote now a statement which I am sure is well known to many hon. members. It was enunciated by John Milton in Areopagitica. It is still a statement of a vital and basic principle. I do not mean to say that I agree with Milton entirely because there are many things he said with which I disagree and indeed resent. But I agree on this issue when he states:

> Censoring of thought implies "grace of infallibility and incorruptibleness" in the censors.
>
> "It hinders and retards the importation of our richest merchandise, truth."

> If it came to prohibiting, there is not aught more likely to be prohibited than truth itself, whose first appearance to our eyes, bleared and dimmed with prejudice and custom, is more unsightly and implausible than many errors.

That statement is absolutely valid for today. Let me put it in another way. This is what Thomas Jefferson had to say:

> For here we are not afraid to follow truth wherever it may lead nor to tolerate error so long as reason is left to combat it.

Those are the words of a civilized man; those are the words of a man who realized that if a belief has the validity of truth, then it is imperishable. False ideas cannot prevail against it. The answer today of so many people is to suppress those things with which they do not agree rather than put up a reasonable argument.

I can only conclude that those who desire suppression have very little faith in the reasonableness or the capacity to reason of the Canadian people. If we do not rely upon the ultimate good common sense of the people, then I do not think we have any right to call ourselves democrats. Indeed what we should insist upon is the right of the individual to use his own judgment in these matters. But that right cannot be exercised by minds which are atrophied by prohibition of thought or, what is just as bad, by unity of thought. I said earlier that freedom is under attack as it is bound to be under attack where the answer to opposing views which we dislike is suppression. It reminds me of what the poet Campbell said:

> Hope, for a season, bade the world farewell,
> And freedom shrieked as Kosciusko fell!

But freedom is not in a position today where it can shriek. After all, it is very difficult to shriek when one is being slowly strangled. We see the unhappy picture to the south of us where men are being attacked and reputations are being wrecked by a disease which I will call McCarthyism. The menace lies not in the attacks on these men but in there being no protest against that iniquity. Every time I have gone to the United States and seen what has happened there I have been proud to say that sort of thing cannot happen here, that it has no place in Canada; but I am not sure I am right, because I have heard men attacked in this house within the last few days for holding views which have been described as poisonous, atheistic, and blasphemous. Why? If those who used those terms had listened to the broadcasts which they disliked so much they would have realized men use a moral basis for hostility, and in this case the moral basis of course is religion and democracy.

Whenever we are hard put to it we use great moral causes to justify our ends, but what sort of democracy justifies the use of suppression? What sort of religion is it? I am unable to say, but I doubt if it is one that I am prepared to accept. The leader of the opposition (Mr. Drew) told us that there was blasphemy on the Canadian air. He told us it was much worse because it was an insidious type of blasphemy which sometimes is not detected for what it really is. I feel we should congratulate him. He at least could see it even if nobody else could. But his statement would have been much stronger if he had named those who were responsible for the blasphemy. Surely it was an amazing omission to forget to name them, to forget to tell us. Unhappily he amongst others apparently craves for orthodoxy. There must be no adventuresome thinking. Above all, speakers must be safe.

What he is really asking for is the stultification of democracy. I should like to quote from Dr. J. H. Newman's "Essays, Critical and Historical". He said:

A man who can set down half a dozen general propositions, which escape from destroying one another only by being diluted into truisms, who can hold the balance between opposites so skilfully as to do without fulcrum or beam, who never enunciates a truth without guarding himself from being supposed to exclude the contradictory . . . this is your safe man.

I suspect that is the sort of man who would broadcast on the private radio stations, because he would say nothing and everybody would feel completely and absolutely safe. I regret very much that the hon. member for Peace River (Mr. Low) has been called away from the house on business. I was going to devote some little time to him but in his absence I shall have to modify my remarks. At least the hon. member for Peace River named names. He named one, Dr. Brock Chisholm, who he said has a poisonous mind. A Liberal member said the other night in the house that atheism was being preached over the C.B.C. When I asked him afterwards who was responsible he said it was Dr. Brock Chisholm and Dr. Ewen Cameron.

At least we have names and we have the scripts of what these men said over the C.B.C. They said more or less what is being taught in the universities and colleges of Canada today. Why should not the ordinary person have the advantage of that teaching? Now let us consider this poison of which Dr. Brock Chisholm is accused. He said—and this seems to be his philosophy—

When we can live together in understanding and tolerance and compassion and in the hope that we may be able, enough of us, to love our neighbour, whatever his race, religion, colour of skin, ideology or economic or social group—when we can do that, we shall no longer be found in the ranks of man's last enemy—himself. Instead we shall become friends of, and assets to, mankind.

Yet the hon. member for Peace River states at page 888 of *Hansard* by way of condemnation:

How in the world can people safeguard the faith, wholesomeness of mind and thoughts of their boys and girls if they are going to be subjected day after day to voices over the radio that have not the slightest conviction, the slightest evidence of faith, loyalty or patriotism in them . . .

Mr. Blackmore: Will my hon. friend permit a question?

Mr. Stewart (Winnipeg North): I doubt if I have time. Ask me afterwards. Let us consider Dr. Chisholm's statement again. He said:

When we can live together in understanding and tolerance and compassion—

Is that poison?

—and in the hope that we may be able, enough of us, to love our neighbour—

Is that treason?

—whatever his race, religion, colour of skin . . .

Is that disloyalty?

These are the things which Brock Chisholm believes. These are things which I am certain he spoke of with conviction.

Mr. Blackmore: Is that what the member for Peace River (Mr. Low) had in mind?

Mr. Stewart (Winnipeg North): He mentioned Brock Chisholm and said his broadcasts were poisonous. Therefore I can only assume that is what he had in mind. If you prefer, I can take one of the broadcasts of Bertrand Russell. Let me ask you if these are the words of a man who speaks without faith and without conviction when he says:

I cannot believe that what is dark and dreadful and destructive in the souls of men is essential to the production of great works of imagination. I believe, on the contrary, that it lies within the power of man to create edifices of shining splendor from which the glory and greatness of which human thought and feeling are capable shall spread a light unmixed with darkness, filling men's hearts with joy, and their thoughts with clarity. Such a world is possible.

Who is there to disagree with him? Who is there to say this is a man without faith, conviction or loyalty? I remember hearing the hon. member for Peace River in a broadcast a few years ago, and I should like to quote from the context of his remarks made on December 18, 1946, on the program, "The Nation's Business". He said:

Do you know that the same group of international gangsters who are today scheming for world revolution are the same people who promoted the world war? Do you know that these same men promoted and financed the Russian revolution? Are you aware that these arch-criminals were

responsible for the economic chaos and suffering of the hungry thirties, for financing Hitler to power, for promoting world war II with its tragic carnage? Do you know that there is a close tie-up between international communism, international finance and international political Zionism?

These are the views of the member for Peace River. I have no doubt they were spoken with conviction, but he is convinced of things which I believe to be wrong. He has faiths and beliefs which I cannot accept; and he is loyal to ideas which I abhor and scorn. I would say indeed that the ideas enunciated in that broadcast were dangerously subversive, that they approached something close to racial hatred. Yet I will insist that the hon. member for Peace River had the right to say those things because I rely upon the common sense of the people of Canada to sift the dross from that which is good and decent. Therefore I am not prepared to join with those who will make an organized although insidious attack on freedom.

All I want to do is remind the house that parliament is still the guardian of the rights of the people. Parliament is still the final custodian of freedom, and in a country such as Canada in which every group is a minority, parliament has a special responsibility. That being so, I would like to commend to the house a quotation to be found in the report of the British broadcasting committee of 1949, in the brief of Mr. Geoffrey Crowther and Sir Robert Watson-Watt:

The only ultimate safeguard of liberty lies in diversity. The report which your committee will make will be a crucial stage in the resuscitation, or in the destruction, of the free society.

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

Mr. E. G. Hansell (Macleod): Mr. Speaker, I do not intend to take up any further time of the house in this debate, but the speech that has been made by the hon. member for Winnipeg North (Mr. Stewart) should be answered. I do not believe it should be just left in the air; but I feel that it could be better answered after the committee has discussed the bill, and had the opportunity of bringing out certain facts respecting the operation of the C.B.C. Therefore I will reserve what I might have to say on this matter until after the committee has reported and the bill has come back to the house.

In passing, I will say that the hon. member has attempted to take up a good deal of time in suggesting, if not directly, then by inference that there are people in the house who are desirous of suppressing freedom of speech. That is absolutely incorrect. No one in this group, no one in this house, has any desire to suppress freedom of speech. What we do desire is that whatever goes out over the air by way of propaganda—I use the word in its best sense, for after all it is propaganda—should be answered. Nobody speaks over the air unless he has some information to divulge, or unless he is desirous of influencing people. There would be no other purpose. Therefore I use the word propaganda in its best sense. All we say is that when a speech goes out over the air an opportunity should be given for those views to be answered. We do not believe in suppression, and the hon. member cannot get away with that. We believe that all have a right to speak. We do not believe that the taxpayers' money should be used to propagate any idea that cannot be answered in the same way. That is our position; and that cannot be done in the limited time available and with the limited air channels used on the national networks.

We have no objection to men going out to the vacant lot, if they want to, and blowing their heads off with the sound of their own voices. We have no objection to men renting halls. We believe in the freedom of assembly. Let them speak to those who want to hear them. We have no objection to men gathering people around them, if they have something they think is good for people to listen to. But when it comes to putting millions of dollars of taxpayers' money into a radio corporation, whose time and whose channels are limited for people who may want to answer that which goes over the air, that is where we have some argument.

As I said, I am speaking now purely extemporaneously. I will have something more to say on this matter after the committee has done its work and the bill is reported.

Motion agreed to, bill read the second time and referred to the special committee on radio broadcasting.

GOVERNMENT ANNUITIES ACT

INCREASE IN MAXIMUM ANNUITY TO $2,400 AND PROVISION OF GREATER FLEXIBILITY

Hon. Alphonse Fournier (for the Minister of Labour) moved the second reading of Bill No. 23, to amend the Government Annuities Act.

Mr. Knowles: Has the parliamentary assistant answers to any questions that were asked at an earlier stage that he could give the house at this time?

Mr. Paul E. Cote (Parliamentary Assistant to the Minister of Labour): As I had occasion to mention during the debate on the resolution, it is our intention immediately after second reading of the bill to move that it be referred to the standing committee on industrial relations. Since hon. members who

have taken part in the discussion of the resolution are members of the industrial relations committee I would think they would find it more convenient and more interesting to place their questions before the officials who will appear before the industrial relations committee, and have them discuss them in a more thorough way. Of course we would like this reference to the committee to take place as quickly as possible, and to leave all possible latitude to the committee to inquire into the administration of the Government Annuities Act and the nature and purport of the amendments which are being offered to the bill.

I was pleased to hear the hon. member for Winnipeg North Centre, in his opening remarks on November 15, state that each of the changes proposed in the Government Annuities Act is acceptable and desirable. Other hon. members who took part in the debate held the same view. Far from objection, there is entire approval of each of the amendments which are brought to the attention of this house.

My hon. friend who just invited me to make a statement at this stage spent most of his time the other day on two matters which I suggest are not relevant to the discussion on second reading, namely mortality tables and interest rates, since these two matters are under the direct and exclusive authority of the governor in council. I do not think there was any other point raised by my hon. friend in the last debate on this matter.

As to the hon. member for Hamilton West (Mrs. Fairclough), I understand—I had occasion to have this confirmed later—that she is agreeable to letting these questions stand until the bill has reached the committee stage. With this I conclude, Mr. Speaker, inviting hon. members to restrain their remarks so this bill can be referred to the standing committee on industrial relations as quickly as possible in order that the amendments can be voted on and approved at this session.

Mr. Stanley Knowles (Winnipeg North Centre): The parliamentary assistant to the Minister of Labour (Mr. Cote) is quite correct in stating that at an earlier stage in this debate I indicated that each of the changes forecast in this legislation is acceptable and desirable. He knows, too, that I approve the suggestion that this bill be referred to and studied by a committee of this house. Although I do approve that suggestion, frankly I wonder when another committee is going to find time to meet during the course of this session, and how it is going to be possible for the officials of this house to provide the necessary staff for another committee. Hon. members are aware of the fact that so many committees are meeting now they are competing with each other for time and assistance. However, I do hope it may be possible for us to deal with this bill in committee before the session ends.

Mr. Fournier (Hull): This was a request by the opposition, you know.

Mr. Knowles: Does the Minister of Public Works (Mr. Fournier) happen to remember when the opposition requested that?

Mr. Fournier (Hull): I could not give the exact date, but my information is that the opposition desired to have a serious study of this bill in committee, and we agreed.

Mr. Knowles: I just wondered whether the minister remembered that that request was made in June of 1948.

Mr. Fournier (Hull): No, it was requested at this session.

Mr. Knowles: Of course the request was probably renewed this session.

Mr. Fournier (Hull): We never forget a request from the opposition.

Mr. Knowles: It is good that the Minister of Public Works is in such a genial mood. He realizes that what he is doing is inviting us to make more requests, although we may have to wait three or four years—

Mr. Fournier (Hull): You can make them easily, without invitation.

Mr. Knowles: That is right, and we are both persistent and patient. The parliamentary assistant has also indicated that most, if not all, of those of us who took part in the debate during the resolution stage are members of the industrial relations committee to which this bill will be referred, so we shall have an opportunity in that committee to discuss the various questions that were raised when the debate was in progress on Thursday of last week. Nevertheless I do feel that before the house is asked to give second reading, which involves giving approval to the principle of the bill, we should have had a more complete statement answering some of the questions that were put to the government at the resolution stage. I want to make it quite clear that in saying this I am not offering any criticism whatever of the hon. member for Verdun-La Salle (Mr. Cote). After all, a parliamentary assistant is placed in a difficult position. He may have all the information, but he cannot really speak for the government. I do feel that this bill should have been brought on at a time when the minister could have made a statement answering some of the questions that were put to

the government the other day. Even though from this side of the house we have indicated general approval of the changes proposed by this bill, I believe the house is entitled to that information before giving approval to the principle of the bill, which is what happens when it receives second reading.

The parliamentary assistant tried to make one other point. He suggested that some of the things we were discussing the other day during the resolution stage were not relevant to this bill. In particular he referred to my discussion of the interest rate and the mortality rates, and suggested that those are matters which are determined by the governor in council. May I point out to him that the authority to determine those matters by order in council is provided in the legislation. As a matter of fact the bill now before us has a section which confers that authority, and it is one of the sections that has been re-drafted in this amending legislation. I submit, therefore, that when parliament is being asked to give the governor in council authority to fix the interest rate and to determine the mortality tables, surely at such a time we have a right to discuss that phase of the matter. Nevertheless I do not propose to go into it at any length tonight, because I did so on Thursday of last week when we were at the resolution stage. But I hope what the parliamentary assistant has just said is not a suggestion that when we get into the industrial relations committee we shall be denied the right to discuss that phase of the matter. As I said the other day I feel that, acceptable as are all the changes proposed in this bill, the most important change required with respect to government annuities is being overlooked, namely to put them back on the same basis they were on prior to the order in council of April, 1948.

As I said the other day, the raising of the amount of annuity a person can purchase to $200 a month is not a great deal of help to many Canadians. Most Canadians have a real job trying to buy an annuity of any kind. What is important is lowering the cost of these annuities, particularly in the lower brackets. I certainly hope that we shall have the right to discuss that phase of the matter with the officials or with the Minister of Labour, when the bill comes before the industrial relations committee.

Among the questions that were asked the other day was one which I had hoped would be answered by a statement at this time, namely a question as to the extent to which existing contracts could be amended after the passing of this legislation, in keeping with the provisions that will be enacted when this bill becomes law. We know, for example, that as the law now stands the maximum anyone can purchase is $1,200 a year. It will be $2,400 a year after this bill is passed. We know, too, that there are new types of contracts that can be purchased after this bill becomes law. I asked in particular whether people holding contracts at the present time would be able to have them altered along these lines. The parliamentary assistant drew my attention to the fact that the bill would provide authority to the Minister of Labour to amend existing contracts, so I was interested in discovering that there is such a section in the bill. We are on second reading, Mr. Speaker, which means that one is not supposed to refer to the sections of a bill, but since we are not now going into committee of the whole on this bill I might be permitted half a minute to draw attention to the fact that the new section 6 of the bill will provide for variations to be made in existing contracts. But that authority is subject to certain other sections of the bill, namely sections 4, 7 and 8.

I find as I read section 8 it suggests that the total amount of annuities to be paid people who had contracts previously cannot exceed the maximum amount that might have been paid under this act or under those contracts before the commencement of this subsection. From my reading of that subsection it seems to limit the right of the Minister of Labour to amend existing contracts so as to bring them up to the new maximum provided in this amending bill. As I have already said, there are other features of the problem that I regard as being much more important than this; but since this change is being made—and it is being made because of the increased cost of living and the decreased value of the dollar—it seems to me that it should be made available not only to those who purchase annuities from here on but also to those who already have existing contracts. As I say, there were other questions we put to the government on a previous occasion. I had hoped they might be answered now, but in view of the situation we will ask our questions in the committee on industrial relations. In that committee I hope that we shall be able to discuss that other all-important question, namely that of getting the cost of annuities down at least to the level that obtained prior to April, 1948.

Mr. Cote (Verdun-La Salle): Mr. Speaker,—

Mr. Speaker: If the parliamentary assistant speaks now, he will close the debate.

Mr. Cote (Verdun-La Salle): —before the debate terminates on this point, I should like to remind my hon. friend that when the Minister of Labour (Mr. Gregg) introduced the

resolution he spoke more extensively than he might have, had he chosen to do otherwise. In introducing a resolution it is customary to set forth the broad features of the changes which are anticipated in the forecast legislation. But when the minister spoke in introducing the legislation on November 8 he made an extensive review of the administration of the act since its inception, and he took some time in making known the broad features of the amendments which were being announced by this resolution. The speech by the Minister of Labour at that time was one that could have been reserved for the house on the second reading of the bill. That is one of the reasons I chose to be brief at this stage.

Before taking my seat I wish to give a preliminary answer to the question the hon. member for Winnipeg North Centre (Mr. Knowles) has chosen from the several which he asked the other day. It was: Can a contract which is actually in force be amended to take advantage of the added privileges to which a purchaser will be entitled from the moment this legislation is passed? I may say to him that, as I intimated the other day, any contract in force can be improved to the limit of the possibilities set out in the contract itself at the rate prevailing under the said contract. That is the reason, in reply to a question put to me the other day by an hon. member, I said that a contract actually in force for less than the maximum amount could be increased to $1,200 if $1,200 was the maximum annuity payable under that contract, that it could be increased to $5,000 if it was one of the contracts which were issued at the time when the maximum annuity payable was $5,000 and so on. But if a purchaser wishes to increase his maximum annuity under an existing contract to an amount over the maximum payable under his contract, so as to reach the new maximum of $2,400, he will have to be satisfied with the existing rates of interest and mortality tables. That is what I had in mind the other day when I replied to a question asked by one of the hon. members.

Mr. Knowles: In other words he takes out a second or supplementary contract. Is that what the hon. member means?

Mr. Cote (Verdun-La Salle): I would not say what interpretation the minister will place on the powers of discretion which are being given him, to which my hon. friend referred a moment ago. The minister has power to recommend the amendment of an existing contract or the substitution of a new one. The powers are there. I think that all that is required to meet the wish of the prospective purchaser my hon. friend has in mind is in the amendment recommended to the house.

Motion agreed to, bill read the second time and referred to the standing committee on industrial relations.

FINANCIAL ADMINISTRATION

PROVISION FOR CONSOLIDATION AND REVISION OF CERTAIN ACTS, AUDIT OF PUBLIC ACCOUNTS, FINANCIAL CONTROL OF CROWN CORPORATIONS, ETC.

The house resumed, from Friday, November 16, consideration of the motion of Mr. Abbott that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to consolidate and revise the Department of Finance and Treasury Board Act and the Consolidated Revenue and Audit Act, 1931, and certain other acts; to provide for the organization and functions of the treasury board and the Department of Finance, and the appointment and functions of the comptroller of the treasury, to regulate the collection, management and disbursement of public money, public borrowing, the management of the public debt, and the acquisition, recording and issue of public stores; to provide for the keeping of adequate public accounts, the audit thereof, and the appointment, salary and functions of the Auditor General of Canada; to provide for the control of the financial affairs of crown corporations; to regulate the terms and conditions upon which contracts may be made on behalf of His Majesty; to provide a procedure for the write-off of debts owing to His Majesty that have become uncollectible; and to provide for the management of the consolidated revenue fund and for the making of certain payments therefrom.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I believe that when this matter was under discussion on Friday last I moved the adjournment of the debate, for there are a few comments I should like to make.

First I want to say that we welcome the introduction of this measure. As the Minister of Finance (Mr. Abbott) indicated last June and as his parliamentary assistant indicated on Friday, we feel that the business of government, particularly in a financial way, has increased so tremendously in recent years that it has become necessary to review our legislation respecting financial matters and put all of it in one statute if that can be done. As was pointed out the other day, this bill was placed in our hands through the medium of being given first reading on June 25; hence we have had a few months in which to look it over.

I agree with the Minister of Finance and his parliamentary assistant in their statement that the various officials of the Department of Finance, the Auditor General and others who worked on this matter have done a good job.

I understand that this bill is to go to the committee on public accounts. I may say that this is another instance in which one

wonders how still another committee is going to function during the course of this session. So many of them are already meeting—and just a few minutes ago we passed a motion that calls another to life—that I wonder when the committee on public accounts is going to get either the time or the staff to do this heavy, detailed and technical job. Nevertheless it is one that must be done, and I hope the committee can at least get started on it at this session.

When the Minister of Finance first introduced this measure last June 25, I felt that he was assessing the situation accurately when, as reported at page 4622 of *Hansard* of June 25, 1951, he spoke of the increased magnitude of government business and said:

> Inevitably, in an enterprise of any magnitude, this involves some delegation of authority. However, the government's financial business must be carried on with full regard to the traditional relationships which exist under our parliamentary system of government between the legislature and the executive.

And he went on to say:

> With the substantial increase in the amount of public business which comes before it, parliament can no longer deal, as it once did, with the details of administration. However, the government is the executant of the will of parliament, and must look there for its authority, and a broad measure of control and accountability is both necessary and proper.

I agree with those sentiments as expressed by the Minister of Finance (Mr. Abbott). There is no question but that the increasing magnitude of the business of government makes it impossible for members of parliament, in parliament assembled at any rate, to go into all the details in the manner that was characteristic of the parliament of Canada seventy-five or eighty years ago when relatively small amounts of money were being spent. That does mean we have to have machinery for the delegation of authority; but the more that becomes necessary, the more important it is that that machinery, and particularly the statutory provisions, is such as to retain the accountability of the government to parliament and the authority of parliament over the government, particularly with respect to the spending of money.

I should like to read one or two further sentences from what the minister said on that occasion. On the same page he said:

> When authority has been granted to the executive a full measure of accountability has been assured.

This is the minister's characterization of the bill. I trust that will prove to be the case. He continues:

> In short, the aim has been, by the proper delegation of authority, to achieve business efficiency in operations with full regard for the fundamental concepts of parliamentary sovereignty and executive responsibility.

[Mr. Knowles.]

As I have already said, I agree wholeheartedly with those precepts, and I trust that when the committee gets this bill and goes through it, clause by clause and line by line, they will keep those precepts in mind and make sure that this bill setting up anew our financial machinery, while it delegates authority to the executive, retains parliamentary control over that executive.

Even after that has been done, Mr. Speaker, even after the best possible bill has been drafted and reviewed and, perchance, revised and amended by a committee, it is still to be said that the control by parliament over the government, the responsibility of the government to parliament requires even something more than statutory provisions. It requires vigilance on the part of parliament. It means that members of parliament will have to work even harder at their job, after a measure like this goes through. It is our task to scrutinize wherever we possibly can. But it also means that the government will have to be most vigilant in recognizing its accountability to parliament; and it should keep that precept in mind at every stage, particularly with respect to any measures involving the expenditure of money.

I was interested the other day in the remarks of the hon. member for Kamloops (Mr. Fulton), when he took up the whole question of governmental economy. We in this group feel that is something that must be watched, and that there must be every possible check against waste or extravagance in government expenditures. I confess we have not had a great deal to say on that subject, but when we see evidence of extravagance we strongly object. Our main concern has been rather with government policy in the financial field. We feel that the government should take the kind of steps financially which will facilitate the full functioning of our economy so that Canadians, and Canada as a whole, do not have to live in a penurious manner, but rather in keeping with the productive capacity that we possess.

I have just said that nevertheless we do feel that some very close and strict attention must be paid both by parliament as a whole and by the government to matters affecting economy. In this connection the parliamentary assistant will recall that last June I drew to his attention a system in vogue in the United States whereby government employees are encouraged to make suggestions to the various departments in which they are employed. I have in mind suggestions that result in economies or improvements in efficiency. I pointed out to the parliamentary assistant that certain awards are made to

civil servants in the employ of the federal government of the United States for suggestions that save the treasury money. The parliamentary assistant pointed out to me that in the bill based upon this resolution there is a provision permitting the governor in council to set up such a system in this country. I was glad to hear that. I hope the matter will be looked at closely by the public accounts committee when it gets the bill, and that we may have more information as to what is in the government's mind in that respect when the bill comes back to the committee of the whole house. I understand the provision is to be permissive in character. I would hope that it might not be just one of those permissions that are never used. Indeed I would hope the fact that the section is in the bill means that the government takes seriously the proposal that a suggestion system like that might be put to work.

On one other matter which I have raised on previous occasions I had something to say when this question was under discussion on June 25. I drew attention to the fact that the Auditor General has from time to time made quite a number of suggestions as to improvements or changes that might be made in our financial administration. The Minister of Finance said the Auditor General had played a considerable part in the drafting of this new legislation, and had been most helpful to the officials of the Department of Finance. He said, too, that many of the suggestions made from time to time by the Auditor General had been taken into consideration, and that some of them were reflected in this new bill. There is one suggestion the Auditor General has made from time to time which I drew to the attention of the Minister of Finance again on June 25. The minister suggested that it was not the kind of thing that could be included in a bill of this nature. I refer to the Auditor General's comment on the rather large number of items in the estimates from year to year which are really "vote texts that legislate". In a memorandum he presented to the other place a year and a half ago, and later to the committee on public accounts of this house, the Auditor General listed some twenty-one items in the estimates of 1950 which came under that category. And while he admitted that they could not be characterized as illegal, still he expressed some doubt as to the practice.

It was his view that the putting of such items in the estimates should be resorted to only in emergency cases, and when it was intended to have them there for only a year or two.

In other words, he objects to the idea of there being an item in the estimates year after year for the same amount and the same purpose when it could be taken care of by a statute or by amending an existing statute. For example, a number of salaries are fixed by statute, but at some time or another the government has decided that those particular salaries should be increased. Instead of increasing a particular salary by amending the appropriate statute, the statute has been left as it is and a supplementary item has been placed in the estimates and left there year after year. For instance, the members of the civil service commission were included in the group, and there are others in the list submitted by the Auditor General. I am not sure whether there have been amendments to the Civil Service Act in the meantime to take care of that case; that may have been done, for I know that two or three of the items in the list submitted by the Auditor General have been taken care of and are now included in the regular statutes where they belong. But there are still quite a number of these items in the estimates of the current fiscal year which should not be there at all, but should be subject to regular legislation.

As a matter of fact some of these items affect the running of the House of Commons. There is the covering item to provide full indemnity for hon. members who are away part of the year because of illness, and there is the item to provide for the extra indemnity of parliamentary assistants, and things like that. They are still in the estimates. There has never been a statute to regularize on a permanent basis the payment of those particular items. This is a practice which the Auditor General does not like.

I accept the view of the Minister of Finance (Mr. Abbott) that this is not the kind of thing that can be covered in this bill, but the minister admitted that it was related to the whole subject and it would be in order to discuss it in the public accounts committee when the bill goes there. I want to say at once I recognize that there are a number of things like this which have required tidying up and which have received the attention of the government during the last couple of years. I remember in particular on one occasion, I believe in relation to this very matter or one similar to it, the Prime Minister (Mr. St. Laurent) said that it was the intention of the government to tidy up measures of this kind.

I submit that this is the occasion when that sort of tidying up should be proceeded with. In laying this measure before us the Minister of Finance said it is extremely important that the relationship between the executive and parliament be on the proper, traditional,

historical basis; that it was extremely important that the government's accountability to parliament and parliament's authority over the government should be fully recognized. As I have said already, that is a matter not only of statutory provision, it is a matter of good faith and practice on the part of the government. I would feel much happier if along with this bill the government would indicate that they intend to go ahead and straighten out a number of these other matters, such as the ones to which I have drawn attention. In fact I would hope that the public accounts committee would consider not only the bill that will be referred to it but the memorandum which the Auditor General presented first to the Senate and then to our committee at the last session. I should like the committee to take that memorandum suggestion by suggestion and endeavour to get from the government an assurance that those suggestions which have not been implemented as yet will be implemented at the earliest possible date.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, I should like to make several comments on the resolution now before us. This measure gives us the impression that it is the intention of the government more or less to consolidate and streamline all the financial activities of the government. This proposal I notice concerns the "functions" of the Department of Finance and the treasury board, and the bringing into order of the whole set of measures under which we are operating financially. If I correctly interpret it, that is the purpose of the resolution.

Since this altogether laudable attempt on the part of the Department of Finance is now being made I think it is fitting to discuss in a broad way some of the general aspects of financing in the modern state. First of all, a word about the functions of a department of finance. What are the functions of a department of finance? What have we the right to expect from the finance department in any nation? I suggest that there are or should be three main functions of a department of finance. The developments that have taken place in the modern world demand these three functions.

The first function is to raise money and provide for the spending of money. That has been recognized for generations as the prime function of the Department of Finance.

The second function is to provide for financing adequate production in the state. For a long time production was allowed to be taken care of more or less by the haphazard methods which resulted from the inclinations of various entrepreneurs who wanted to go into production in order to make a living. The demands of our modern society are making it abundantly clear to all thinkers in respect to this matter that we can no longer permit production to be taken care of merely by haphazard forces. There will have to be some sort of organization to make sure that we have adequate production.

We have recognized in a general way the responsibility of the Department of Finance for production by passing the Bank Act and the Bank of Canada Act, and have done various other things which indicate we recognize that responsibility of our finance department in an informal way.

The third function of the Department of Finance is that of financing consumption adequately. This in my judgment has not been recognized up to the present time, but it must be recognized as a function more and more in the years to come if disaster is to be avoided.

May I restate these three functions of the Department of Finance. Whether or not we recognize it, without any question the Department of Finance has the responsibility for three main functions; first, the raising and spending of money; second, the financing of production; and third, the financing of consumption. I submit to the minister and the house that these three functions must be recognized and adequate provision must be made to see that each of them is adequately discharged constantly in our country and ultimately in the world. If we fail to do that we are going to have unmeasured and incalculable trouble.

Let me say a word or two about these three functions, first as to the function of finding money and spending it. Up to the present time it has been assumed that we would find enough money by various kinds of taxation, and when we have found ourselves in a difficulty where we could not readily raise the money we needed we have resorted to borrowing, all of which of course is familiar to everybody. I have said several times on the floor of this house that in raising money we have neglected one of the major potential sources of money, namely the creation of money debt-free by the state to represent our surplus production. If the Department of Finance is going to adequately discharge the function of raising money, I submit that it simply must take cognizance of the fact that there is a considerable potential source of money in the creation of money debt-free by the state to represent surplus production in the developing state. If this truth is not recognized then we will head straight into trouble faster and faster as time goes on.

I have quoted an eminent authority several times on the floor of the house. I do not

propose to quote his whole statement tonight, but I wish to submit to the minister that he must not overlook this opinion. I refer to a statement by Right Hon. Reginald McKenna, chairman of the Midland Bank of England, when he was submitting his report to the shareholders of his bank on January 30, 1936. He said:

> Additional currency, however, can now be furnished by the authorities, if they choose to exercise their powers without reference to the Central Bank's holding of gold.

In the interests of brevity I do not propose to read the remainder of the passage, but I urge on the minister once more that regardless of the orthodox teaching he has had, and that the people of his department have had, they must not disregard the pronouncement of this great authority on banking. If they do, they do so at the risk of the well-being of the nation, and by "well-being" I mean a great number of things. For example, we feel now that we should pay our old age pensioners an additional pension. That is entirely right; but to suppose that we have to raise the money to pay those pensions entirely by taxation is utterly wrong. The result is that we have fastened the screws a little tighter on all the people who are struggling to make a go of things, and who after all are producing the goods and services which constitute our wealth. We have screwed down the pressure a little heavier on them in order to redistribute the money to the old age pensioners, and by so doing we have done considerable harm to the motivation to produce in our country. I believe the minister recognizes that completely. That is all I wish to say about finding money for the present.

I wish to turn to the function of financing the producing of goods. Up to the present time we have allowed the production of goods, as I have said, to depend on the more or less hit or miss efforts of the people who wish to go into production as a business. We have allowed the financing of production to be taken care of primarily by the banks. The bankers were not in the business for the purpose of seeing that the country had adequate production. They were in the business, and still are, for the purpose of making money. The result is that regardless of how much Canada may need to have producers of wool or sheep, for example, the banker is not likely to lend money to prospective producers of sheep or wool unless he sees in the process a chance to make some money. Quite obviously the banker's interests and the nation's interests are not identical in such a case.

The nation wants to have sheep and wool produced to the extent that it is economically desirable to have them produced in the country. The banker wants to make money. This fact is the potential cause of serious difficulty. We saw the result of it in the depression when the bankers wanted to lend but did not dare for fear they could not get their money back and could not make money. Regardless of how much production we may or may not have wanted at any given place, it was impossible to get loans from the banks to provide that production. Furthermore, the banks had to have what they call security. There were plenty of farmers, entrepreneurs and businessmen who because of the depression lost everything they had in the way of security. They were still just as capable as businessmen and producers, but they could not get the loans with which to produce. Obviously there was another bad result because of our policy of financing production mainly through private enterprise bankers working to make a profit rather than to produce the goods the nation desires to produce.

Up to the present time the government has made several moves altogether to its credit which have indicated a recognition on the part of the government that there is in our production mechanism a deficiency. For example there is an agency to finance industry in Canada under certain circumstances. It is called the industrial development bank. There are also four or five acts which are designed to enable the bankers, or if not the bankers then independent agencies organized by the state to finance production under certain circumstances. That kind of measure must be carried a good deal further if we are going to be able to finance production adequately in our nation and time.

I think that is about as much as I need to say in a general way on the question of production as a responsibility of the Department of Finance. I have merely pointed out that there are those two major deficiencies in our present producing system and that there is the more or less involuntary recognition on the part of the government that there is a deficiency, and it is the business of the Department of Finance to fill the gap and make up for the deficiency. In the United States the great measure which was adopted to fill this deficiency was that which set up the reconstruction finance corporation. That great corporation was the direct recognition on the part of the government of the United States that the bankers, the ordinary lenders, just simply were incapable of coping with the vicissitudes which resulted from depression and the uncertainties which have developed in our modern machine age times, resulting in depressions and serious dislocations. There has to be a measure or a set of measures that

will stabilize this matter of financing production, and regularize it to the benefit of the whole state.

I now turn to the third function. This function of financing consumption has not been recognized as yet by the orthodox economists, generally speaking. It has been assumed that consumption will be financed out of production. In other words, when the banker lent money to the sheep producer somehow or other it was assumed that he lent enough money to the sheep producer not only to produce the sheep but to consume them as well, the idea being that if you took all the loans that were advanced to all producers all over the nation these loans would be sufficient to finance not only the production but to enable the consumers through wages and salaries and so on to get enough money to be able to consume it. That assumption is a major fallacy. It may come to the minister as a shock, and it may not appeal to him as being sound from the standpoint of orthodox finance. It is not sound from the standpoint of orthodox finance, but this is one respect in which orthodox finance is itself unsound, just as we have already indicated certain deficiencies in our orthodox method of financing production.

Now, why is there need for financing consumption? This is the main reason: Years ago, people had to produce most things by hand, as for example in farming; you had to plow with a hand plow and drag the soil down with a rough harrow, which was a very hard thing to handle and very slow; and cut the sods with a disk and all that kind of thing. There was so much work involved in the production and so many people involved in the producing that somehow or other they got enough money to consume fairly successfully the relatively meagre results of the tremendous effort that people were making in the process of production all over the nation. It took a colossal amount of work to produce an acre of wheat when I was a boy fifty years ago. Today, as the minister knows, the production of an acre of wheat is just the simplest kind of thing, and requires very little manpower. One man with a tractor and power equipment can handle today a half section or three-quarters of a section of land with considerable ease, bringing into being the tremendous production which results from such a farm. But the wages that he will allow himself would not have the slightest chance in the world of consuming the wheat, or putting into circulation, into other people's hands, the money with which to consume the wheat. Therefore I say the rapid growth in our civilization during the last half century in the use of machines and solar energy—for example: producing goods with the energy out of gasoline, the use of solar energy, and the use of technological skills—has enabled us to produce things with few man hours that used to take a tremendous amount of work, and to produce them probably out of paper or wood, as we do for example in plastics. The use of these three means, machines, technological skills and solar energy, have enabled mankind to produce goods that people have not been able to buy because at the same time they produced the goods they did not put the money into circulation to enable the people to buy them. Therefore there has developed a definite shortage of purchasing power under normal conditions. It was that lack of purchasing power which played a considerable part in the depression.

People say: Why, my old dad did not have all these helps, this, that and the other thing. He did not have any old age pension. He went into the woods and he carved out his home, and I do not know what he did not do. Yes, he lived in a different age. When "my old dad" got old he started milking another cow and peddling the butter and cream around. Let them try to do that in the ordinary town today. "My mother" used to take in socks and darn them. Let them try to do that today in an ordinary community. They used to keep hogs, and raise their meat. Let them try to do that in an ordinary community today.

Conditions have completely changed, largely because of these three great developments that I have indicated; machines, technological skills and solar energy. This has brought about demands for social services of all kinds, and many other demands which we think are indications of decay in our people. They are not indications of decay in our people but indications of change in our economic system. The result of it all is that the need for financing consumption has developed very rapidly without governments recognizing it.

What I suggest to the minister earnestly is this: I suggest that he do not reject this suggestion, but that he give it the most careful consideration and cause the Department of Finance to give it careful consideration. Do not disregard these suggestions which come from those who have given this problem special study.

May I go on with that aspect of the question just a little further. The minister's department will ask: How can you finance consumption? Well, today the government is trying to finance consumption as far as it does try by taking the money with which to finance it away from the people who had it. This has resulted in the tremendous burden of taxation which we now suffer from. Had the government recognized the validity of the proposal

to create money debt-free based upon the production of the country, then much of this taxation would not have been necessary. The government would have been able to obtain the funds with which to finance the consumption that was desirable. The secret of scientific, modern financing of consumption is the creation and use of debt-free money based upon the surplus goods which we are able to produce by the machines, technological skills and the use of solar energy which God has enabled us to enter into on such a large scale in our day.

I am sure that in the changes which the minister proposes here now there is not at the basis the fundamental thorough-going across-the-board recognition of these three great functions of the Department of Finance. I suggest that within the next year, if possible, the whole financial structure of the nation be reviewed, studied and planned with these three great principles in mind. I promise the minister that the happiness which will result from the drafting of a new system based on the recognition of these three basic functions will be such as to gladden him beyond what he could conceive he could ever experience. It has to come.

To show the soundness of what I am proposing I should like to read four quotations from the report of the royal commission on banking and currency in Canada, published in 1933, to indicate that when I suggest debt-free money I am not suggesting anything new, revolutionary and unsound, but something which men recognized fifty years ago, but of which because of unhappy contriving we have lost the use and the recognition of the soundness in our day. Now on page 23 of this report of the banking and currency commission I read section 54:

> It is of interest to note that during the crisis of 1907 the then minister of finance made arrangements to lend the banks some $10 million of dominion notes under similar conditions to those laid down in the Finance Act.

Those dominion notes were created debt-free by the dominion treasury in 1907, and $10 million of them were lent to the banks to save the banks from bankruptcy. The underlying principle was exactly the same as Britain applied in world war I when she created the Bradbury to save the banking structure of that country in the early days of the war.

The second passage I should like to read to the minister from this report is found on page 22, paragraph 48, which reads as follows:

> On August 3 an order in council was passed providing, among other things, for advances to be made to the chartered banks and to the savings banks to which the Quebec Savings Banks Act applies in the form of dominion notes against deposits made by the banks with the Minister of Finance of such securities as might be approved by the minister.

It is as obvious as can be when one reads that passage that all the banks had to do was turn into the federal treasury securities, bonds and instruments of that kind which were in their possession, received by them as security for their loans. The dominion treasury would take these securities and use them as backing for the new money the treasury created debt-free, then let the banks have that money. That is exactly the principle which underlay the Bradbury in Britain to which I have referred, and which is so well explained in the book "Currency, Credit and the Exchanges", by Sir William A. Shaw, published in 1926.

The third passage I should like to read from the report is on the same page, and in the same section. It reads:

> At the session of parliament held in the month of August, 1914, the first Finance Act was passed; it confirmed the issue of notes made under the provisions of this order in council and provided for authorization by proclamation of similar advances in case of war, invasion, riot or insurrection, real or apprehended, and in case of any real or apprehended financial crisis.

We are not far from a real or apprehended financial crisis today, even if we have such a large surplus.

May I read as the fourth example of the use of this power, a quotation from the same page of the report, section 51?

> But extensive use continued to be made of the power to issue dominion notes to the banks against approved securities with the result that it was decided in 1923 to make this part of the Finance Act mechanism a feature of the normal Canadian financial system.

May I break in to suggest to the minister that this act he is proposing will not be complete until that provision is included. I continue the quotation:

> In introducing the new legislation, Mr. Fielding, the Minister of Finance, made the following brief explanation of its purpose:
>
> "The act (Finance Act) was adopted as a war measure, and no doubt was exceedingly useful in the financial operations during the war. It may be said the war being over we no longer have any need for the act, but experience has shown that the act is still required; indeed, I am inclined to think that something of the kind will have to become almost a permanent part of our financial system."

May I add to that, without undue presumption, that I suggest "something of the kind" must be a permanent part of our financial system today, notwithstanding the fact that we foolishly passed the Bank of Canada Act removing the power from the finance minister and locking it up in the Bank of Canada where he cannot use it. Notwithstanding that, this parliament must insist that the

authority to create money, under the circumstances necessary, shall be restored to the Minister of Finance, and shall be exercised wherever it is deemed proper, necessary and safe.

So much having been said of the three general principles which I believe should be recognized as functions of the Department of Finance, I feel I should go on to make one or two other points. I have stated that a shortage of purchasing power is developing within the country. Let me point out one more difficulty, Mr. Speaker and hon. members, that lies at the basis of the desperate trouble we are in right now internationally.

Mr. Stick: Usury.

Mr. Blackmore: Not only usury; it is the inability to distribute goods and services among the nations. The report of the FAO director, Norris Dodd, which was issued recently from Rome, contains a grave statement to the effect that the increases in production in the world are taking place mainly in the nations that already have more than they need, and not in the nations that need extra production. This is a matter of colossal importance. Why is that? I should not like to say this is wholly characteristic of our times, but the reason is that when these goods are produced in these countries that already have more than they need, the nations which have not the goods they need cannot buy them no matter how they try because, in the main, those countries that are producing more than they need do not want any of the goods the other people can produce. The result is a developing situation fraught with the gravest fundamental dangers to the whole structure of civilization. It is a matter that simply must be taken care of.

The question will be asked, how can we take care of it? I feel that it would not be well to launch into that matter tonight, but I just point this out, that the problem has to be taken care of by debt-free money, or at least government-created interest-free money. Since before world war I I believe nearly everybody has felt there ought to be an international bank. What they have had in mind is that there should be some international authority that could create money. They have felt that if we had an international finance department that could create money through its finance minister to represent the unconsumed goods that are being produced in the world, then it would be possible to distribute the goods by granting money to the "have not" people so they could buy goods from the "have" people. It is unorthodox and it is new, but it offers a possible suggestion. I submit, Mr. Speaker, there is no possible solution that has yet been offered by man other than through government-created interest-free money.

May I adjourn the debate, and I shall endeavour to say a word or two more about this when we resume.

On motion of Mr. Blackmore the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we shall resume the debate on the address.

At ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on November 2, 1951.

HOUSE OF COMMONS

Wednesday, November 21, 1951

The house met at 2.30 p.m.

NORTH ATLANTIC TREATY

PRIVILEGE, MR. DREW—CANADA'S CONTRIBUTION TO EUROPEAN DEFENCE—REFERENCE TO STATEMENT OF MINISTER OF NATIONAL DEFENCE

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I rise on a question of privilege. Last night it was announced over the radio, and later press dispatches carried the information, that permanent quarters are to be provided in Europe for the 27th brigade at an estimated cost of between $5 million and $10 million. Then this morning's radio carried dispatches that in Rotterdam today the Minister of National Defence (Mr. Claxton) had announced that Canada is to foot the bill, to use the words employed, to build four or five new aerodromes in western Europe to field an 11 squadron jet air division capable of providing tactical support for a full-fledged army. I quote from the Canadian Press dispatch as follows:

> Claxton made the announcement simultaneously with the arrival of a 500-man contingent of Canada's 27th infantry brigade earmarked for General Eisenhower's North Atlantic army. The Canadian defence minister told the press conference, attended by 50 Canadian, American, British, Netherlands, French, and other correspondents, that Canada will be sending enough arms for another two European divisions, making a total of five. The aerodromes, he said, will cost in the vicinity of $100 million.

I raise a question of privilege in regard to this statement because it involves an extremely important announcement of policy that I submit should have been given to the people's representatives in this house when a decision of that kind was made. After all, this whole subject was under discussion in this house a short time ago. If it was the intention of the government to embark on the building of airfields at the cost of the Canadian taxpayer, then most certainly the people's representatives should have been informed so that there might have been a proper discussion of the subject.

I must say that I was under the impression, and I am sure that many other hon. members were also, that the construction of installations required for participation in NATO plans in Europe under General Eisenhower would be under the North Atlantic Treaty Organization itself. I do not imagine that any hon. member was in any doubt that Canada along with other nations would be called upon to pay its share of the various expenses that would be involved.

But when we start building aerodromes and permanent barracks, then we become land owners in a big way in Europe. The question arises as to where this same situation may arise next. A hundred million dollars is not a small sum of money. I submit that this is the sort of thing that indicates the government's tendency to disregard completely the fact that it is the executive of this parliament supported by the representatives in this house and that, no matter what majority the government may command, it is the duty of the government as the executive to report to the people's representatives when such large sums of money are being spent and when new policies are being evolved.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, before I attempt to discuss in the house what the Minister of National Defence (Mr. Claxton) may have said I shall make sure of what he did say. I would be very much surprised if it was what the hon. gentleman has referred to because no such policy has been decided upon by the Canadian government. The Canadian government realizes that no moneys can be spent without appropriations approved by this house. Whenever the government has any recommendation to make it will submit it to the house and attempt to justify the reasons for the expenditure proposed.

RADIO BROADCASTING

CONCURRENCE IN FIRST REPORT OF SPECIAL COMMITTEE

Mr. W. A. Robinson (Simcoe East) presented the first report of the special committee on radio broadcasting, and moved that the report be concurred in.

Motion agreed to.

DEFENCE EXPENDITURES

PERSONNEL OF SPECIAL COMMITTEE

Mr. W. G. Weir (Portage-Neepawa): I move:

> That the following members comprise the special committee on defence expenditures as provided for in the resolution passed by the house on Tuesday, November 13, namely: Messrs. Balcom, Blanchette, Campney, Cavers, Churchill, Croll, Drew, Fulton, Gauthier (Portneuf), George, Harkness, Henderson, Hunter, James, Jones, Macdonnell (Greenwood),

MacDougall, McCusker, McIlraith, Pearkes, Pinard, Power, Stewart (Winnipeg North), Stick, Thomas, Weaver.

Motion agreed to.

QUESTIONS

WHEAT—QUESTION AS TO QUANTITY HELD BY WHEAT BOARD

Mr. Harkness:

How many bushels of No. 5, No. 6, and feed grains of wheat were held by the wheat board at October 15, 1951, or the most recent date for which figures are available?

Mr. Howe: The information required by question No. 1 was given in a return to the house that I made last Monday and is published in the *Hansard* which appeared on Tuesday. The information was given as of October 20, and that is the only difference between the information given and the question asked by the hon. member. I would ask that the question be dropped.

Mr. Speaker: Dropped.

[*Later:*]

Mr. Harkness: Was the Minister of Trade and Commerce referring to the return given in this house on Monday last, November 19? The minister has said that this question was answered by a return or a report he gave to the house.

Mr. Howe: On Monday.

Mr. Harkness: Was it Monday?

Mr. Howe: Yes.

Mr. Harkness: Then, if that is so, the return does not answer the question. It merely states there were 70 million bushels of non-millable wheat. My question asks for the number of bushels each of Nos. 5 and 6 and feed at whatever was the most convenient date. That of course would include wheat in those grades which have been taken in this year, and not merely wheat transferred from last year's account. I should like to have it restored to the order paper.

Mr. Howe: It has been a practice for many years to refuse information as to the current marketing position of wheat, for reasons my hon. friend will understand. We do not wish to give our customers our stock position. If we did, it might easily have a bearish effect on the market. Therefore the information cannot be given in the form asked.

Mr. Harkness: Mr. Speaker, we have had numerous returns giving the amount of wheat held at various periods by the wheat board throughout the year. I can see no reason why this particular question could not be answered in view of the numerous other questions in this regard which have been answered.

[Mr. Weir.]

FISHERIES PATROL SERVICE, P. E. I.—ILLICIT LOBSTER FISHING

Mr. McLure:

1. How many cases of illicit lobster fishing did the fisheries patrol service report in Prince Edward Island during the present year to date?
2. How many in each of the counties of Queens, Prince and Kings?
3. How many prosecutions were imposed?
4. How much gear was seized?
5. How many cases of lobsters (illicit pack) were seized?
6. How many men are employed in the fisheries patrol service in each of the above-mentioned counties?
7. Does the R.C.M.P. assist in the patrol service, and in what manner?

Mr. Mayhew:

1. 269.

2. Queens, 63; Prince, 162; Kings, 44.

3. Queens, 7; Prince, 18; Kings, 27: 52.

4. 5,097 traps, 41,333 fathoms of rope.

5. Illicit canned lobster, nil, but 128 14-oz. tins of fresh lobster meat were seized.

6.

	Fisheries Officers				
	Full Time	Part Time*	Wardens	Guardians	Boat Crews
Queens	2	2	—	—	5
Prince	3	4	8	—	7
Kings	3	1	—	2	4
	8	7	8	2	16
				Total	41

* These men are primarily inspection officers but are used part time for protection duties as required.

7. Yes, on request. Because of their regular duties services are requested only in exceptional circumstances.

TRANS-CANADA HIGHWAY

Mr. Boisvert:

What is the cost per mile of the trans-Canada highway under construction for (a) grading; (b) paving?

Mr. Winters:

(a) Final figures are not yet available on the cost per mile of grading. From present information, it is estimated that the cost will vary from approximately $14,000 per mile in the prairie provinces to $80,000 per mile in some sections of Ontario and $450,000 per mile in the Fraser canyon sections of British Columbia.

(b) Final figures are not available on the cost per mile of paving. From present information, it is estimated that for plant-mix bituminous paving, 24 feet wide, the cost

will vary from $15,000 to $20,000 per mile depending upon cost of suitable aggregate and cost of transportation of other materials, and exclusive of base course or foundation construction.

TRADE UNIONS, CHAMBERS OF COMMERCE, BOARDS OF TRADE—BROADCASTS SINCE JANUARY 1, 1951

Mr. Noseworthy:

1. How many broadcasts have been given by or in the interest of trade unions, since January 1, 1951, over (a) Canadian Broadcasting Corporation stations; (b) local stations?

2. What is the total broadcasting time of these broadcasts?

3. How many broadcasts have been given by or in the interest of chambers of commerce and boards of trade, since January 1, 1951, over (a) Canadian Broadcasting Corporation stations; (b) local stations?

4. What is the total broadcasting time of these broadcasts?

Mr. McCann:

1. (a) Five; (b) no information.

2. C.B.C. stations; one hour five minutes.

3. (a) Six; (b) no information.

4. C.B.C. stations; one hour fifteen minutes.

Questions

GERMANS AND LATVIANS—ENTRY INTO CANADA WITH RESIDENCE IN NEWFOUNDLAND —SCREENING

Mr. Browne (St. John's West):

1. How many persons of (a) German; (b) Latvian nationality, have entered Canada and taken up residence in Newfoundland, since January 1, 1950?

2. Have they been screened to ascertain if there were any former nazis or nazi collaborators amongst them?

Mr. Harris (Grey-Bruce):

1. Information is not available as to nationality of immigrants destined to any province. During period January 1, 1950, to September 30, 1951, nine immigrants of German racial origin and 38 immigrants of Latvian racial origin entered Newfoundland for permanent residence.

2. Yes.

HOG MARKETING—PRICES AND GRADES

Mr. Fair:

1. What was the price of top grade hogs on the (a) Edmonton; (b) Winnipeg; (c) Toronto markets, on the 1st and 15th of each month to date in 1951?

2. What percentage of hogs marketed on each of the above dates was placed in the top grade?

Mr. McCubbin:

1 and 2.

Average weekly price of A grade hogs and percentage of same marketed.
(Sows and stags excluded)

Average price for week ending	Edmonton		Winnipeg		Toronto	
	Percent Grade A	Price Grade A	Percent Grade A	Price Grade A	Percent Grade A	Price Grade A
Jan. 6.....	25·0	$31.25	23·5	$30.25	35·7	$31.50
13.....	27·6	31.25	25·6	30.83	38·0	31.50
Feb. 3.....	28·0	33.50	24·7	32.17	38·3	33.37
17.....	29·5	35.25	25·9	33.50	38·5	35.50
Mar. 3.....	29·1	36.00	25·3	34.00	38·4	35.00
17.....	26·8	35.00	26·3	33.83	37·0	34.75
Apr. 7.....	27·6	32.75	27·9	31.75	37·0	34.00
21.....	25·8	29.75	27·3	28.83	37·9	30.00
May 5.....	26·1	30.75	24·9	29.66	36·1	34.00
19.....	28·3	34.20	25·3	32.00	36·7	33.50
June 2.....	24·6	35.60	26·0	32.83	36·8	35.75
16.....	25·5	38.25	24·7	36.16	36·6	38.25
July 7.....	24·6	39.75	25·2	36.87	38·1	39.00
21.....	21·7	39.00	23·3	38.00	36·1	40.00
Aug. 4.....	24·1	38.00	23·9	37.83	37·6	36.50
18.....	24·6	36.40	24·2	36.00	37·9	35.75
Sept. 1.....	27·3	36.25	24·4	36.00	39·7	36.25
15.....	25·8	34.00	27·3	34.50	39·3	32.66
Oct. 6.....	26·0	32.50	26·0	29.17	36·8	30.67
20.....	23·6	31.75	28·1	29.62	35·7	29.50

Questions

CORPS OF COMMISSIONAIRES—WAGE SCALES

Mr. McLure:

1. What is the scale of wages paid to veterans employed with the Canadian corps of commissionaires?
2. Is the same scale of wages applicable for similar positions in the different provinces?

Mr. Cote (Verdun-La Salle):

1 and 2. Members of the Canadian corps of commissionaires are employed by a number of departments of the government of Canada, but a considerable number are also privately employed.

The wage rates of commissionaires employed by the government of Canada are established by the governor in council on the recommendation of the department concerned, concurred in by the Department of Labour and approved by treasury board, in accordance with the rate prevailing in the area of employment for the type of work performed, with a maximum of $1 per hour.

RADIO LICENCES—PROSECUTIONS IN P.E.I., BY COUNTIES

Mr. McLure:

1. Were any persons in the counties of Prince, Queens, Kings, Prince Edward Island, prosecuted for not procuring radio licences to date in 1951?
2. If so, how many in each county?

Mr. Benidickson:

1. Yes.

2. Prince, 68; Queens, 67; Kings, 63.

NATIONAL REVENUE—HALIFAX AND SYDNEY BRANCHES—EMPLOYEES

Mr. Balcom:

How many (a) permanent; (b) temporary employees of the Halifax and Sydney income tax branches of the Department of National Revenue, were (i) released; (ii) down-graded, in 1950 and 1951, as a result of the staff rating program?

Mr. McCann:

The following are the number of permanent and temporary employees released or down-graded in both the Halifax and Sydney district taxation offices as a result of the staff rating program initiated and completed during the calendar year 1951:

	(a) Permanent Employees		(b) Temporary Employees	
	(i)	(ii)	(i)	(ii)
	Released	Down-graded	Released	Down-graded
Halifax	3	8	2	2
Sydney	1	4	4	1
Total	4	12	6	3

The taxation division did not initiate a staff rating program during the calendar year 1950.

[Mr. Benidickson.]

NATIONAL FLAG

Mr. LaCroix:

1. Does the government know of any countries which do not have a distinctive national flag?
2. If so, what countries?
3. What steps are being taken by the government with respect to the adoption of a distinctive national flag for Canada as recommended by the national Liberal convention held in Ottawa and the young Liberal convention recently held in Vancouver?

Mr. St. Laurent:

1 and 2. No information.

3. See order in council P.C. 5888, of September 5, 1945.

FALSE CREEK, VANCOUVER—CONSTRUCTION OF FISHERMEN'S FLOATS

Mr. MacDougall:

1. Has the government made any decision not to proceed with the carrying out of the appropriation passed by parliament for the construction of the fishermen's floats in False creek, Vancouver, to accommodate seine fishing boats, which was contained in the estimates for the year 1951-52?
2. If so, on whose advice, or on whose authority was such a decision arrived at?
3. In the event that such a decision has been reached, is the money allotted for this appropriation to be used in some other project?
4. If so, where, and on whose advice is this being carried out?

Mr. Fournier (Hull):

1. No.

2. Consideration is being given to alternate sites.

3. No, this cannot be done.

4. Answered by No. 3.

SAVINGS BONDS—AMOUNTS CASHED

Mr. MacInnis:

What amount of each series of government savings bonds have been cashed since date of issue in each case?

Mr. Lesage:

Total redemptions to October 31, 1951:

Series I, issued in 1946 ..	$316,606,650
Series II, issued in 1947 ..	171,356,000
Series III, issued in 1948 ..	149,307,650
Series IV, issued in 1949 ..	156,412,300
Series V, issued in 1950 ..	72,932,650

STATUTES OF CANADA—REVISION AND PUBLISHING

Mr. Knowles:

1. Has the commission which is charged with the task of revising the statutes of Canada completed its work?
2. If so, when will the new revised statutes be published?
3. If not, when is it expected that this work will be done, and when will the said revised statutes be published?

Mr. Garson:

1. No.

2. Answered by No. 1.

3. It is expected that the work will be completed and published in 1952.

QUESTIONS PASSED AS ORDERS FOR RETURNS

FEDERAL GRANTS TO UNIVERSITIES

Mr. Gauthier (Portneuf):

1. Has the federal government made any grants to Canadian universities, during the last twelve months?

2. If so, to what universities, and in what amounts?

BOOKS—TAXES AND IMPORT DUTIES

Mr. Knight:

1. Under what categories are books classed for purpose of (a) sales taxes; (b) import duties?

2. Are there any other types of impost other than those outlined in question No. 1 levied against books by federal authorities?

3. What were the total amounts of (a) sales taxes; (b) import duties; (c) other taxes, collected on books by the government in each fiscal year since January 1, 1948?

4. What classes of individuals or what types of organizations are exempted from payment of any such taxes or duties, and on what basis are such persons or organizations so exempted?

HALIFAX AND DARTMOUTH NAVAL BASES—PROMOTIONS, TRANSFERS, ETC.

Mr. Balcom:

1. How many changes in ranks above lieutenant commander have taken place by (a) promotions; (b) transfers, at Halifax and Dartmouth naval bases since January 1, 1951, to the present time?

2. What are the names of those promoted?

3. What are the names of those transferred?

4. What transportation charges were paid in the case of each person transferred?

5. What are the names of those retired, and the amount of retirement paid to each?

ARMED FORCES—GOVERNMENT-SUPPLIED CLOTHING

Mr. Fraser:

1. How many of the men and women who are in the armed forces (a) navy; (b) army; (c) air force, are supplied with clothing by the government?

2. How many pairs of gloves or mitts have been purchased by the government during 1950, and to November 1, 1951?

3. From what firms were these purchased?

4. What was the total cost of all gloves or mitts purchased by the government?

ESSEX WEST—POSITIONS ESTABLISHED FOR VARIOUS DEPARTMENTS AND BOARDS

Mr. Brown (Essex West):

1. What positions are established in the constituency of Essex West, for (a) Department of Justice; (b) Department of Mines and Technical Surveys; (c) Department of National Defence; (d) national film board; (e) national harbours board; (f) Department of National Health and Welfare; (g) Department of Trade and Commerce; (h) board of transport commissioners; (i) Department of Transport?

2. Who occupies the various positions in the said establishments?

BUTTER—IMPORTS, EXPORTS, RATE OF DUTY

Mr. MacKenzie:

1. How many pounds of butter have been (a) imported; (b) exported by Canada, during each of the calendar years from 1926 to 1950, inclusive?

2. From what countries was the bulk of such butter imported?

3. What is the rate of duty paid on butter imported into Canada from (a) New Zealand and Australia; (b) European countries?

MOTIONS FOR PAPERS

PERSONS HAVING TRAVELLED TO U.S.S.R., POLAND, HUNGARY AND CZECHOSLOVAKIA SINCE JANUARY 1950

Mr. Diefenbaker:

For the complete file of correspondence respecting each and every person who, to the knowledge of any department of the government, has travelled to (a) U.S.S.R.; (b) Poland; (c) Hungary; (d) Czechoslovakia, since the first day of January, 1950, together with a copy of all correspondence which passed between each of the said persons and the Department of the Secretary of State for External Affairs, prior to the issue of passport to each of said persons.

Mr. St. Laurent: I think the hon. member will give me credit for endeavouring to supply all information requested and all documents asked for when that is at all possible, but in this case, speaking for the Department of External Affairs in the absence of the minister, I must oppose the motion, and I think the reasons for doing so will appeal to the hon. member. First of all it would be an infringement of the long-standing practice that passport records are confidential. On these files there are many letters from the R.C.M.P. marked "secret", and that organization would not wish to have them revealed because in some cases they would show the sources of their information.

The third reason is that releasing this information would defeat the purpose of the regulation which came into force on the 30th June, 1951, and was published in the *Canada Gazette*, No. 26, volume LXXXV, whereby holders of Canadian passports who intend to visit, among other countries, the U.S.S.R., Poland, Hungary or Czechoslovakia are required before undertaking such visits to notify the passport officer here in Ottawa or the nearest Canadian diplomatic or consular officer abroad of their travel plans and of the length and purpose of their visits. The production of this information would, we think, be apt to deter those about whose plans we are most anxious to have information

from supplying that information if they felt that it could at any moment be tabled in the house. We think they would be much more reluctant to comply with this requirement.

The publication of this list would involve the names of several Canadians who have very valid reasons requiring them to travel to countries behind the iron curtain, and under present conditions the placing of their names in the list of persons who have given notice of their intention to go there would be apt to cause them some embarrassment among those who did not know the reasons for their proposed visits. I think the hon. member will probably agree that it will be easier for the administration of the passport office and it will help in getting all the information that the office wishes to secure, to continue to treat it as confidential. For that reason I might venture to ask the hon. member if he would not consent to drop the motion at this time.

Mr. Diefenbaker: Mr. Speaker, if I might be permitted to refer to what the Prime Minister has said, just by way of a preliminary to answering the question he has directed to me, may I say, first, that I did not want, and do not now want, the names of persons going to the U.S.S.R., or to these other countries, who are good Canadians desirous of carrying out official or like responsibilities.

The purpose, however, of the motion is to secure clarification of a question I asked on October 31, 1951, wherein I asked regarding a number of persons who desired to travel to the U.S.S.R., Poland and Hungary; and the answer given was that, from June, 1950, on, when the regulation was brought into effect, to which the Prime Minister referred, there were only eighteen—one to the U.S.S.R., nine to Poland and eight to Hungary.

I have reason to believe that that answer is not a correct answer, and it was for that reason I placed this motion on the order paper. What I wanted to secure was this: a record of the individuals who from time to time leave Canada for participation in any activity sponsored by communist international organizations. For example, I might refer to the visit to the festival of youth, in Berlin, of fifty-five Canadians, of whom twelve were thereafter invited as guests of the U.S.S.R. to tour the U.S.S.R. The Prime Minister has stated that if I press this application it would make necessary the revelation of secret and investigatory reports by the mounted police. That is an argument to which I would be the last one to take objection. In withdrawing this motion and acceding to the Prime Minister's argument in support of the withdrawal, I do ask that the Prime Minister bring to the attention of the department such persons who leave this country to participate in communist activities abroad, and on return disseminate in this country the propaganda they have secured under schooled auspices.

In view of what the Prime Minister had said, I withdraw the motion. I would be the last to do anything that in any way would infringe upon security.

Mr. St. Laurent: I thank the hon. member for accepting the explanation given. The answer to his question was that since that regulation came into force there were eighteen persons who had complied with it, and given the information called for by the regulation of June 30, 1951.

Now, the hon. member will realize that when anyone applies for a passport he applies for a passport to travel abroad, and the passport office has only such information as he supplies. The passport does not give him the right to enter a country behind the iron curtain. In order to do that he has to get the visa of the authorities in the country he wishes to visit. We do not get from the countries behind the iron curtain the exchange of information we get from other countries about visas granted for travel in the countries concerned.

Mr. Diefenbaker: It was a communist newspaper that gave me information I cannot get here.

Mr. St. Laurent: The department would not have it; and perhaps the communist organization does not give us all the information they gave the hon. member.

Mr. Diefenbaker: That is why there should be better security measures.

Mr. Speaker: Then the motion of the hon. member for Lake Centre is dropped.

USE OF WORD "DOMINION" FOR COMMONWEALTH COUNTRIES

Mr. Fulton:

For a copy of all correspondence exchanged between or on behalf of the government of Canada and the government of the United Kingdom or the government of any other commonwealth country during the last five years concerning the use of the word "dominion" as applied to commonwealth countries, and particularly with reference to any suggested or proposed change or alteration in the description or style of title of commonwealth countries.

Mr. St. Laurent: Mr. Speaker, there has been no exchange of correspondence on this subject with the governments of the United Kingdom or other commonwealth countries in the last five years, except for the telegrams exchanged between Mr. Attlee and Mr. Mackenzie King in June, 1947, when Mr.

Attlee informed the other commonwealth prime ministers that the United Kingdom government was considering a proposal to change the name "Secretary of State for Dominion Affairs" to "Secretary of State for Commonwealth Relations", and "Dominions Office" to "Commonwealth Relations Office".

When the hon. member's notice was placed on the order paper we communicated with London to find out if they had any objection to the tabling of these telegrams, and they answered that, while in these particular telegrams there was nothing that would infringe security, for the sake of precedent they would prefer that they be not tabled, and that only the purport thereof be communicated.

I shall be glad to show the hon. member the answer we received to the request that they be published. They also said that as they had transmitted these telegrams to us and to other governments they would not feel at liberty to authorize the publication of the telegrams without first communicating with the other governments, and that on the whole, because the communication had been secret and in cipher, they hoped there would be no insistence upon the publishing of the actual text.

In the United Kingdom House of Commons on July 2, 1947, Mr. Attlee stated:

> It has for some time past been clear that in certain quarters both here and overseas the view has been taken that the titles of the Secretary of State for Dominion Affairs and the Dominions office are no longer entirely appropriate and are liable to convey a misleading impression of the relations between the United Kingdom and the other members of the commonwealth. His Majesty's government in the United Kingdom have accordingly reached the conclusion that it is desirable that these titles should now be changed, and steps are accordingly being taken for the issue of an order in council under the Ministers (Transfer of Functions) Act to alter the titles to Secretary of State for Commonwealth Relations and Commonwealth Relations office respectively.

In reply to a question in the House of Lords on July 1, 1947, when the intention to change the name was announced, Lord Addison stated that the United Kingdom Prime Minister had been personally in touch with the prime ministers of Canada, Australia, New Zealand and South Africa on the matter, and that it was clear that they welcomed the change.

Mr. King made a similar statement in this house at that time. There has been no other correspondence but that, and the motion could either stand or if the hon. member wishes to have it dropped I shall be glad to show him confidentially the communications received from London in answer to our inquiry whether there was any objection to tabling the actual correspondence.

Inquiries of the Ministry

Mr. Fulton: The Prime Minister (Mr. St. Laurent) said, if I understood him correctly, that the United Kingdom government indicated they did not wish the text of the telegrams revealed but they had no objection to indicating the purport of the contents. I take it the purport is similar to the announcement made in the United Kingdom parliament to which the Prime Minister has referred. If that understanding is correct, then I believe the motion is answered or it can be dropped.

Mr. St. Laurent: The telegrams were entirely in accord with the statement made in House of Commons at Westminster, and the corresponding statement made by Mr. King in this house at that time.

Mr. Speaker: Motion dropped.

STEEL

QUESTION AS TO INCREASE IN BASIC PRODUCTION

On the orders of the day:

Mr. Clarence Gillis (Cape Breton South): Has the Minister of Defence Production noticed that the dominion bureau of statistics' daily bulletin No. 258 of November 20, 1951, indicates there has been no substantial increase in the past nine months in the production of basic steel? Can the minister make a statement concerning the reasons behind that, either now or at some convenient time?

Right Hon. C. D. Howe (Minister of Defence Production): While it is true, Mr. Speaker, there has been no increase in basic steel since a new blast furnace came into production about four months ago, a considerable expansion of basic steel capacity is under construction. The Steel Company of Canada, Limited, will have about doubled its production of basic steel by the end of 1952 or early 1953. It takes about two years to complete a large blast furnace under today's conditions. There are other minor increases in basic capacity, but the one I have mentioned is the largest now contemplated. The net result of current new construction will be an addition of about 33 per cent to the basic steel production of Canada.

DAIRY PRODUCTS

QUOTA BY UNITED STATES GOVERNMENT—QUESTION AS TO ACTION BY CANADA

On the orders of the day:

Mr. A. Earl Catherwood (Haldimand): I should like to direct a question to the Minister of Trade and Commerce. Is the quota imposed by the United States government against such agricultural products as cheese, processed milk and so forth still in effect? If so, has the government made recent representations protesting this action?

Inquiries of the Ministry

Right Hon. C. D. Howe (Minister of Trade and Commerce): There is an import quota on cheese established by the Secretary of Agriculture of the United States within the terms of the Andreson amendment to the Defence Production Act. There is a complete embargo on the importation of skim milk powder under this act. The importation of other types of processed milk is not affected by the Andreson amendment. There is an embargo on the importation of butter and butter oils, and a quota on the importation of casein under this legislation.

At Geneva in October of this year the contracting parties to the general agreement on tariffs and trade recognized that injury was being done to the trade of a number of countries as a result of this legislation and, further, that this legislation was not in accordance with the commitments of the United States under the general agreement on tariffs and trade. I may say that I attended that meeting personally, and I spoke rather vigorously about the action of the United States in this regard.

This subject will again be reviewed at the next session of the countries adhering to GATT, in the expectation that remedial legislation may have become effective before that time. The Maybank bill, which is a bill to amend the Defence Production Act by the cancellation of the restriction on the importation of dairy products, was approved in committee but was not discussed on the floor of the Senate in the closing days of the last session. The government has some reason to believe that the Maybank bill will be passed at the next session, and that the restrictions and quotas will be removed.

GRAIN

INQUIRY AS TO DUTY-FREE ADMISSION OF COMMERCIAL DRIERS

On the orders of the day:

Hon. J. J. McCann (Minister of National Revenue): Yesterday on the orders of the day the hon. member for Moose Jaw (Mr. Thatcher) asked me if the government had considered permitting commercial grain driers to come into the country duty-free, and to allow purchasers some kind of accelerated depreciation. No actual applications for the free entry of commercial grain driers have been received, although I understand that there have been one or two inquiries in this regard.

In view of the present emergency I would be prepared, as applications are received, to recommend to council that these be admitted temporarily on payment of duty on a *pro rata* basis, conditional on exportation within six months from the date of entry and on the understanding that these are being leased or rented and not purchased outright. The *pro rata* arrangement would be on the basis of one-sixtieth of the duty ordinarily payable for each month or portion of a month during which the grain driers remained in Canada, with a minimum of $25 in each case.

In so far as depreciation is concerned, capital cost allowances on commercial grain driers are as follows:

(1) If a farmer has not elected as provided in section 20, subsection 6, of the Income Tax Act, the rate of 10 per cent is applicable as provided in part 18 of the regulations. That, of course, is known as depreciation on the straight line basis.

(2) If a farmer has elected as provided in section 20, subsection 6, the rate of 20 per cent is applicable as provided in class 8 of schedule B and part 11 of the regulations. This type of depreciation is known as the reducing balance type.

Mr. Ross (Souris): May I ask a supplementary question? The minister referred to the case of an individual farmer, but will this same consideration apply to farmers' co-operatives or seed exporting firms?

Mr. McCann: No, sir; that is a company. If an individual imports one for himself, it is duty-free and there is no sales tax. If an organization, group of farmers or co-operative imports one, the duty is 22½ per cent and it is free of sales tax.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed, from Monday, November 19, consideration of the motion of Mr. Robert Cauchon for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto of Mr. Drew, and the amendment to the amendment of Mr. Quelch.

Mr. W. Chester S. McLure (Queens): Mr. Speaker, on Monday night last I began to speak in this debate. I had not anticipated, earlier in the evening, having my remarks interrupted by an adjournment, but when the Minister of Public Works (Mr. Fournier) came on the scene and made a good fiery speech, I then had the opportunity, following him, of speaking for a few minutes and then moving the adjournment of the debate. I was pleased to give up my time because, on many grounds, I have to give way to the Minister of Public Works. Therefore, I now give the

second portion of my remarks in the debate on the address in reply to the speech from the throne.

It is not my intention, Mr. Speaker, to endeavour to deal with the many excellent speeches that have been made on this address in reply. I may say that I have listened to a good many of them and have read the rest of them in *Hansard*. The speeches made this session were of a high order. Running through all of them might be noticed one bone of contention, namely the high cost of living. Many different viewpoints were taken, but all hon. members finally agreed that the high cost of living was still increasing. It was rather amusing to note the many speeches that had been made by the government members, and how they had to juggle a good deal, in order to satisfy the voice of conscience, when they were representing their constituencies. After all this matter of the cost of living is a serious question. But after debating it to a certain extent, they then had to turn around and obey the commands of the administration when it came to a vote. Consequently, it was rather amusing to note the number who had to juggle with their consciences when they were trying to prove that the cost of living was going down instead of up. To me one most interesting speech was that of the Prime Minister (Mr. St. Laurent) himself. The Prime Minister, for his text, took from the speech from the throne one sentence which reads as follows:

> The anti-inflationary measures already in force have checked the upward trend of prices of goods and services affected by their operation.

It is unfortunate that it is our custom and practice for the advisers of His Majesty to have items of this kind put into the speech from the throne, because with all their arguments in favour of it, the fact still remains that we have the high cost of living with us, and that it is going up daily. We know that it is going up. We also know that there is some question as to the accuracy of that sentence which I have quoted from the speech from the throne, in view of the facts as we know them today.

When the Prime Minister was discussing this question it appeared to me, as I listened to him throughout his address, that he was taking the role of a high-class lawyer pleading his case and that his whole idea was to secure acquittal in case these anti-inflationary measures did not work as he had anticipated. I cannot deal with all that the Prime Minister said, and I will come now to a few words with reference to the speech from the throne itself.

In its opening sentences the speech from the throne gives the reasons why members were called in on this occasion; and the chief reason was to bring in legislation with reference to the old age pension at age 70 without a means test. I must say, Mr. Speaker, that this was the first legislation I have ever seen in this house that was agreed to 100 per cent by members of all parties, on both sides of the house. It is gratifying to note this fact, because from time to time the Liberal government have claimed that they were the fathers of these security measures. Now, however, as a result of this session, we find that there is an even break for everybody. When the next election campaign comes around, the Liberal candidates will not be able to go out, as has been done by them in the past, and shout from the housetops: "We gave you the old age pension. If you do not vote for us in this election, we will take it away from you." That is one cry they will not be able to have in the next election campaign when it comes along, in 1952 or 1953.

However, the only sting in this legislation with respect to the old age pension at age 70 without the means test is the great difficulty some people are having in securing proof of age. I am sure that the Minister of National Health and Welfare (Mr. Martin) did not wish to make it so difficult for some people. There ought to be some way in which assurance can be given to the department that a man is 70 years of age or over. It is quite reasonable that the government should have certain proof, but why make it so hard to get? Why not accept a certificate, under oath, from several residents, to the effect that they believe that John Brown or Tom Jones is over 70 years of age?

I know of a number of cases in which difficulty has been experienced. Yesterday I had a letter from one man. I do not know how he is going to procure proof of age. He does not even remember distinctly where he resided when the census of 1871 or the census of 1881 was taken. I do not know whether the department will accept the census of 1901 in his case, because he is considerably over the age of 70.

In looking further into the speech from the throne I find that there are several grave omissions with regard to these pensions. One in particular that I wish to mention is this: Nothing is said about security for the incapacitated and crippled people of our country. The government owes no higher duty to society than its duty of service to the incapacitated and crippled, and those unable to earn a livelihood for themselves. This question has been brought up time and again by many hon. members, including myself, since

1945. It has been brought to the attention of the Minister of National Health and Welfare on many occasions. Different hon. members have brought in resolutions, but unfortunately those resolutions have never come to a vote. The last resolution on this matter was talked out by no less a person than the Minister of National Health and Welfare himself. A notice of motion to the same effect appears on the order paper this fall. When all other things are being considered so far as security is concerned, it is deplorable that the incapacitated and the crippled are pretty nearly ignored.

On several occasions I have written to the minister and to the department on special cases. All I could ever get back was a deaf and dumb reply. When social security is being considered, surely this class of people should have the opportunity of looking forward to some hope in life, and that they will be taken care of. I could cite many cases, but I shall not do so. I shall cite just one case, Mr. Speaker, that I have brought to the attention of the Minister of National Health and Welfare. This is a young man now 38 years of age. He had been in an accident on a farm when he was about five years old. He is very badly crippled and unable to walk. He had been ill after the accident and never was able to get any education. Consequently, we have a man 38 years of age, badly crippled and with no hope of anything in life. While his parents were alive they provided for him and took care of him. When they passed to the great beyond he became dependent on the youngest brother of the family, a young man married and bringing up a family of his own. He is just a labourer, who finds it difficult at all times to make a proper living for his own family. But I will say this for him. He is endeavouring to bring all the comforts he possibly can to his unfortunate and incapacitated brother. There are scores of such cases right in my own constituency. No one but the state itself should have to look after these people. I hope that before another session passes something will be done by way of pension, or in some other way, to take care of the incapacitated and the crippled that we have in our different constituencies.

I should like to say a few words with respect to pensions. I want to refer particularly to the retired pensioner, about whom a good deal has been said in this debate. Our province is particularly interested in this because we have a large number of men who have been retired from the railway and from offices of the civil service such as the post office, and others on retirement allowance. A large number of the railwaymen are having difficulty with regard to their retirement allowances. Railwaymen have to retire at a certain age. Most of them retired under the old law, when their retirement allowance was very small. As I said, they retired at a certain age, according to the regulations of the department in which they were working. At that time they had what they considered was security sufficient to enable them to eke out at least a fair existence. But that was prior to the high cost of living. A large number of these men are today receiving retirement allowances of less than $40 a month, and consequently they find it most difficult indeed even to get the bare necessaries of life. It is true that some of them have reached the age of 70 and will now be able to get the old age pension, but there are still a lot of them under the age of 70, who will be in the position of having this small retirement allowance, and not enough to live on. These are railwaymen who have given of their very best in the service of this country for a long number of years. They were faithful employees. The railway pension fund claims that it can do nothing for these people. However, I find that the railway pension fund does not make the payment direct to these men. The payment comes from the Minister of Transport (Mr. Chevrier). It is up to the government to see that something is done immediately for these men who were faithful to their position when they were in the employ of the railway. Numbers of these men have approached the government at different times. Since they have retired, the men accepting their positions have had at least two or three increases in pay to which they were entitled under present-day conditions. A man in the employ of the railway can always use the big stick to get what he wants, because he has the right to go on strike to make his demands secure. But a retired man has no opportunity of that kind; consequently, he has nothing else to think of now but the question, where can he go to get a little handout from charity to keep body and soul together?

Another class of retired people that I wish to bring to the attention of the government are civil servants who were clerks in the post office and those who were retired as mail couriers last year in my own city of Charlottetown. These men now have a small retirement allowance which would have permitted them to live had the cost of living not gone up so greatly. But the way things are today they find themselves unable to get along, especially the letter carriers and postal clerks who were paid a special bonus during the war. That bonus was cut off

after the war and was not taken into consideration in computing their retirement allowance. Several of these men live quite close to me and I know that they have to go out and beg for jobs so that they can maintain their families. This is another matter that deserves consideration.

I am not going to speak at length about the war veterans because this matter has been threshed out in this house at great length. I agree with all that has been done on behalf of the war pensioners, but I think it would have come with better grace if the government had taken action at the early part of this session or even last year when demands were made by the opposition. They are now being forced to take action and they cannot expect to get much credit from those they have befriended after the demands made by His Majesty's loyal opposition and the other groups on this side of the house.

Consideration should be given to increasing the war veterans allowances. Some people may consider that they can tell when a man is able to work, but in my opinion only the individual himself can do that. I have brought many cases to the attention of the government and I think of one case in particular where I made a plea on behalf of a man who was not able to work. The department claimed that he was employable and the only argument I could put forward was to get him a job which the doctors would agree he could do and we would see that he did it. But the job never came forth and yet they decided he was employable. That is a difficulty in many cases, to decide who is employable and who is not.

Like other hon. members, from time to time I have been asking the government for certain things for my constituency. For the last two years the answer has been that it was impossible to do these things because the money was needed for national defence. We all know that money is needed for national defence, but the improvement of transportation facilities, the building of highways, the betterment of harbours and such things are all part of national defence.

According to the speech from the throne the government has changed its attitude this year because they are going ahead with things like the seaway project. I was glad to see that, because it indicates that the government is going to take on things besides national defence. For a few minutes I should like to direct the attention of the government to some of the projects that have been promised to my constituency and my province. The government has information in connection with these and I submit that they deserve consideration.

First I should like to mention a need for improvement in our transportation facilities. Transportation is a great problem for our province. We now have a ferry operating from Borden to Tormentine where two steamers are giving satisfaction. However they are not able to take care of the traffic to and from Prince Edward Island. Another ferry company, the Northumberland Ferries Limited, operates from Wood Island to Caribou. During the strike a year and a half ago this ferry provided the only transportation link with the mainland, outside of that provided by the airline. Transportation by air is not to be compared with transportation by steamer.

This Wood Island-Caribou ferry has developed considerable business and it provides an essential service to the southern and eastern parts of the island, to the fishermen and to the tourist trade. However, it cannot take care of more than 50 per cent of the traffic that is offered. The result is that tourists from Nova Scotia on their way to Prince Edward Island have sometimes had to wait a day or a day and a half before they could get transportation. The two steamers, the *Charles A. Dunning* and the *Prince Nova,* have given excellent service but they are not large enough. As I say, the government has indicated that it is going to undertake projects like the seaway and the Canso project and the building of a large steamer to provide service to Newfoundland, all of which projects are necessary. But the one connecting Prince Edward Island with the mainland should have the endorsation of the government and should receive all possible federal aid. The demands that are made on the government today should be looked into very carefully indeed. I might go on and say a great deal more about the ferry service.

Mr. Deputy Speaker: The hon. member has exceeded his time. He may continue with unanimous consent.

Mr. McLure: I thought I had five minutes more.

Mr. Weir: You had twenty-five minutes the other night.

Some hon. Members: Go ahead.

Mr. McLure: That is all I will say about transportation. I want to mention the unfulfilled promise of a post office building. Then there is another unfulfilled promise. Both the provincial and federal governments promised faithfully to provide proper harbour communications and improvements and to build a marine railway slip. These were hot issues during the campaigns of 1945 and 1949, and

I should like to have it on the record that these promises are unfulfilled and have been practically ignored by the government. There is another matter that has been ignored which I would have liked to say more about but will merely mention in passing. I refer to the construction of a naval barracks. On three or four different occasions it has been promised on the floor of the house that a naval barracks would be constructed and also an armoury, but there is no sign of either so far. Nevertheless it was announced today that the government is going to spend hundreds of millions to build them in Europe. The naval barracks and the armoury could be built for $1 million even at the present time, and why should we not have them?

Then I should also like to mention the matter of the railway bridge across the Hillsborough river from Charlottetown to Southport. It provided a connection with the railway line running to Murray Harbour. I understand it is the intention of the Canadian National Railways to rip up this forty or fifty miles of track, ship the rails to some other place, and do away with the railway altogether. I cannot say how true that is but that report is now in circulation. The bridge was condemned and nobody seems to know who owns it, who is going to repair it or when it is going to be repaired. I have a question on the order paper with respect to this matter but it has not been answered yet.

I also intended to deal with the dairy situation. I have not mentioned the matter previously because I have been waiting since the 5th of November for an answer to a question on the order paper. When it comes through I will take the opportunity then to speak on the subject. I should like to thank you, Mr. Speaker, for allowing me extra time.

(Translation):

Mr. Bona Arsenault (Bonaventure): Mr. Speaker, the recommendations of the report of the Massey commission, particularly those concerning assistance to the Canadian universities, have recently been the subject of violent attacks both in this house and in certain other places. Some of those denunciations are nothing but the most illogical kind of electoral propaganda and boil down to this: It is from Ottawa; therefore it is bad.

Some other criticisms however seem to have been offered in good faith; they are constructive. Those deserve our attention in order, at least, to strip them of the fallacies they contain or of the not easily eradicated prejudices with which they are tainted.

Section 93 of the Canadian constitution grants the provinces exclusive rights in the matter of education. There seem to be no differences of opinion on this matter. The Prime Minister of this country (Mr. St. Laurent) recognizes it, the Liberal members here admit it and the report of the Massey commission states it in black and white.

Why then are some people seeking, in certain quarters, deliberately to deceive the people of this country, especially the people of Quebec, by asserting wrongly that the federal government is trying to meddle with education, which comes under the sole jurisdiction of the provinces?

Why are they trying to make people believe that the present federal government is a hoarder, a centralizer, robbing the provinces of their rights, that the government is extending its jurisdiction to education in this country?

Finally, why is it that in certain quarters they are crying out that, in so far as assistance to Canadian universities is concerned, the Massey commission is advocating, in its report, an encroachment upon provincial rights?

The Prime Minister of Canada himself, on June 19 last, when he introduced the Massey report, said in this house, and I quote from page 4278 of *Hansard*:

> In making this announcement, I feel I should emphasize that the federal action is intended to provide a necessary supplement to the assistance to universities already made available by the provincial governments, and it is our earnest hope that no provincial authorities will regard this federal contribution as in any way replacing their own obligations to the institutions they have been supporting in the past.

The Prime Minister ended his statement with these words:

> I might add that in making these recommendations to parliament it is intended to avoid any possible suggestion that we are interfering in any way with the policies respecting education in the respective provinces. It is for that reason we wish the Minister of Finance to have the power to consult with and get assistance from the conference of Canadian universities for the purpose of drafting regulations that will provide for the allocation of this grant in proportion to the population of each province, and within each province in proportion to the number of enrolments of students of university rank in the institutions. I am sure there can be no suggestion . . .

This was the Prime Minister's conclusion.

> . . . that in doing this there will be any interference with the absolute autonomy of the provinces and the provincial institutions in the field of higher education.

And was it not the leader of the official opposition (Mr. Drew) in this house who, speaking after the Prime Minister on June 19 last, used the following words:

I am sure hon. members generally will welcome any measure of assistance given in this way to the universities of Canada. In view of the fact that on behalf of the party I have the privilege to lead I proposed some time ago that these grants should be made as soon as possible, naturally we will welcome the grants to whatever extent they are made at this time.

I think there will also be general agreement with the view expressed by the Prime Minister (Mr. St. Laurent) that a method should be adopted which will retain the complete jurisdiction of provincial authorities over education within the province.

However, neither the formal assurances given in this house by the Prime Minister of Canada nor even the statements of policy made by his own political leader are enough for the member for Labelle (Mr. Courtemanche).

Though the member's both feet and perhaps even his head are in the Progressive Conservative party, his restless spirit nevertheless continues to hover in the gloomy shadows of national disunity. Thus it is that he hears voices. And it was these voices, of course, that charged him with the pressing duty of rising in this house, on November 12 last, to denounce in really touching terms the recommendations of the Massey report on assistance to universities.

His speech, like those of many others of the same ilk, can be summarized somewhat as follows: "It originates in Ottawa, therefore it is no good".

His chief, the leader of the opposition and leader of the Progressive Conservative party in this country, stated that it was a good thing, that it was urgent and even constitutional. But the member for Labelle says it is not a good thing, it is neither urgent nor constitutional. There again the Conservative party is playing its usual game: one policy for Quebec and another policy for the rest of Canada.

The poor Conservative party does not seem to have improved much since I left its ranks in 1944. It often offers us very painful sights.

We have on the one hand a leader of the Progressive Conservative party in the Montreal district denouncing the recommendations of the Massey commission as an encroachment on the rights of the provinces, while on the other hand, as I say, his chief, the leader of the opposition, speaking on behalf of the party to which the member for Labelle belongs, sees no encroachment at all on the rights of the provinces, but states:

On behalf of the party I have the privilege to lead I proposed that these grants to our universities should be made as soon as possible.

And yet God knows how the leader of the opposition never misses a chance to bring up in this house the question of provincial autonomy, whenever he thinks it will further the aims of his party.

Pity the Progressive Conservative party! It has been shown recently in this house that the foremost care of a section of that party is to make sure that an obsolete colonial designation be eternally affixed to the name "Canada". Imagine! What an awful tragedy for the empire: the word "Dominion" is being removed from our statutes and our country will be known only under its real name, "Canada"! To our Conservative friends, that is a dreadful thing.

To the propaganda directed against the Massey report by the member for Labelle (Mr. Courtemanche) and others, to the attacks directed against Rev. Father Georges Henri Levesque, one of the truly great men in French Canada, I much prefer the unbiased opinion of the comité de la survivance française as stated in *Le Devoir* of June 23, 1951. I quote:

As spokesmen for our minority groups, the committee is very pleased with the basic finding of the report: the need of a dual culture, French and English, in the whole of Canada. It agrees also with the royal commission where the latter recommends that this dual culture should free itself of all colonialism, especially of any American influence, in order to become more and more Canadian in character.

To the charges levelled against the Massey report. I prefer also the recommendations made by the fourth congress of the association canadienne des éducateurs de langue française, which read as follows:

Whereas the theme of the IVth congress is the assertion of the bicultural character of Canada; and whereas the report of the royal commission on national development in the arts, letters and sciences confirms that bicultural character of the Canadian nation, the association canadienne des éducateurs de langue française:

1. Is happy to note that the report is imbued with spirituality, asserts the spiritualistic basis of our culture, takes a particular interest in minority groups and advocates true Canadianism.

2. Hopes that, in carrying out the recommendations of the report, the bicultural heritage of the Canadian people will be protected and enlarged, and that provincial rights in the matter of education will be safeguarded.

To the denunciations of the Massey report and of federal aid to Canadian universities, I still prefer the testimony of an independent and highly talented newspaperman, Mr. Lorenzo Paré, *L'Action Catholique's* representative in the press gallery. He recently acted as secretary of an intergovernmental conference. In the November 13 issue of his newspaper he wrote as follows:

That is why the Massey report has aroused intellectual enthusiasm throughout Canada. It is an all-time Canadian best-seller. It is the work of the worthiest representatives of a Canadian "culture" which they earnestly seek to foster.

As we will see further in its context, Mr. Paré, by "culture" which he puts between quotation marks, wishes to identify it with "intellectual life". I now continue this quotation:

> This report is a stock-taking of our country's possessions in its most concrete aspects, but the vigour of Christian thought pervades it all, in such a way that the facts themselves are joined together by the same ideal in the fashion of pearls mounted upon a string. It is also the first official harbinger of a policy which gives to French- as well English-speaking Canadians a necessary part in the fostering of a true Canadian culture.
>
> In short, the Massey report contains only one conclusion: the Canadian nation cannot exist without a dual culture and even this culture cannot exist, either in Canada or elsewhere, if it breaks off with its spiritual sources.
>
> There, in fact, is the philosophers' republic dreamt of by all Canadians.

Is that what the member for Labelle and other vilifiers of the Massey report call seeds of death? I challenge the member for Labelle or anyone in this house to point to a single paragraph of the Massey report aiming a blow at provincial rights, even if with a magnifying glass they go over the two subjects most directly related to provincial autonomy in the field of education: assistance to the universities and the granting of scholarships to students.

Assistance to the universities on the basis of grants equal to the amount represented by a distribution of 50 cents per head of the population in each province of this country is based entirely upon the same principle as family allowances in this country.

The law grants ownership of the family allowances to the children themselves. The government, however, nominates a responsible person to whom the money is paid and who acts merely as administrator. Such person may be the mother, the father or any other person who looks after the children or even, in certain cases, a welfare institution. The distribution of family allowances has a strictly mathematical basis. There is no discretion in connection with the distribution, the children and parents are not subjected to any test. Thus, the Christian and democratic concept of society and the state has been preserved. There is no danger of jeopardizing the unity, autonomy and liberty of the family. Family allowances are one of the most beneficial measures ever adopted by the Liberal party. However, only children under the age of sixteen can benefit from those allowances.

Assistance to universities, on the other hand, comes as a sort of necessary adjunct to this Family Allowances Act.

Today, because of the economic development that followed upon progressive industrialization, children undertake long studies so as to prepare themselves to earn a decent living in keeping with the standards of modern society. Unfortunately, many of our farmers and workers cannot afford to pay the high price of long university training for those of their children who have special talents.

Realizing this, the royal commission on national development in the arts, letters and sciences recommended federal assistance to universities and the maintenance and enlargement of the dominion-provincial agreement regarding the distribution of scholarships to undergraduates.

In the case of family allowances, the government designated a responsible person, usually the mother, as the recipient of money intended for the children's welfare. The money paid to universities in conformity with the recommendations of the Massey report will benefit students in the same way that family allowances paid to the mother benefit children under sixteen years of age. In this case, the same automatic, mathematical formula is used. First comes a payment equal to 50 cents for every man, woman and child in this country. Then this payment is distributed among the provinces on a per capita basis. Then, within each province, payments are made in accordance with the enrolment in each university.

But that is not all. In order, not only to respect provincial autonomy, but also to ensure the no less real autonomy of the universities, these grants are distributed by a committee made up of representatives of the Conference of Canadian Universities, on which sit representatives of Laval and Montreal universities. Consequently, in the distribution of these grants by the federal government, there is absolutely no chance for discrimination. The teaching staff and students of the various universities do not have to submit to any investigation, are subject to no coercion, to no test whatever. Such guarantees are unfortunately not always provided in grants made by certain provincial governments.

As far as the recommendations of the Massey report on the distribution of scholarships to undergraduates are concerned, their sole effect is to maintain and extend the agreement already concluded between the federal government and the provinces in this respect. However, the Massey report draws an important distinction in the matter of scholarships.

In the case of scholarships granted to undergraduates, it recommends that the present federal-provincial agreement covering the distribution of such scholarships be maintained, but that the number of beneficiaries be increased.

In addition, the Massey report recommends that 20 per cent of post-graduate students be granted scholarships, in order to give all those who have any ability and especially the sons of farmers, workers or fishermen, for whom the cost of education—and by that I mean a university education—is prohibitive, a chance to achieve a university education.

In his speech the hon. member for Labelle deplored, as we all do, the fact that there are so few French-speaking Canadians in the civil service and in the armed forces. I can speak knowingly about this, because from 1945 to 1949, I was a member of the committee of five.

But have the member for Labelle and those who try to depreciate the Liberal government on this account ever tried to determine the main reasons for this anomaly? Has the member ever wondered, for instance, what French Canada has to offer in two of the most important fields of activities in the forces and in the civil service, namely chemistry and civil engineering?

Does the member know that out of a total of 5,000 chemists in Canada, less than 250 are French-speaking? Is he aware that, out of a total of 35,000 professional engineers in Canada, only 1,400 or 4 per cent are French-speaking?

How can you expect our French-speaking compatriots to supply their fair share of engineers and chemists to the forces or to the different fields of the civil service when we have none available? Conditions are the same in many other branches of the federal civil service. We have trained our children mainly for the medical and legal professions and we have not given enough importance to the scientific careers.

Other qualifications being equal, the fact that one is a French-speaking Canadian has never stood in the way of promotion here in Ottawa or in any other part of the country. I want to give credit to our English-speaking compatriots on that score. The successful career of our Prime Minister bears witness to this. The main trouble is that our universities have failed to train enough young men, especially in the scientific field, to fill the key positions available in the civil service. The dire straits in which our universities, particularly our French-speaking universities, found themselves prevented them from fulfilling their mission in that respect. That is precisely what the Massey report wants to correct by its recommendations.

It is thanks to this federal aid, to the recommendations of the Massey report relating to grants to universities and scholarships that we shall train, in our French language universities, competent men in sufficient number, especially in the field of sciences, so that in five, ten, fifteen or twenty years our French-speaking compatriots will be in a position to claim their share of the key positions in the civil service and in our three armed services.

At any rate, the most violent critics of the government in this connection, have probably omitted to open the Massey report at page 179 where they would have seen that during the ten year period between 1939 and 1949, the students of the province of Quebec more than those of any other province did profit from the generous aid granted by the federal government. As a matter of fact, the following amounts have been paid by the federal government to the provinces to assist students, under the provisions of the vocational education act: Quebec, at the head of the list, has received $566,235; Ontario, $212,955; British Columbia, $188,455; Saskatchewan, $133,515; New Brunswick, $88,760; Alberta, $83,265; Nova Scotia, $45,125; Manitoba, $22,900; Prince Edward Island, $18,110.

Federal assistance to education is not, therefore, a new development and so far Quebec province has had the largest share.

Another reason for our numerical weakness in key spots both in the civil service and in the army is the reluctance of a great many French-speaking Canadians to expatriate themselves by moving to Ottawa.

I use the word "expatriate" advisedly, because when Ottawa is concerned that is the word used by certain French-speaking Canadians from the province of Quebec. Why? Because in that province, for too many years now, there has been preached a gospel of hate for Ottawa and anything that is suggested by Ottawa. The member for Labelle gave us a sample of just that the other day in this house when he assailed as he did the recommendations of the Massey report.

For almost a generation, a state of cold war has existed between Quebec and Ottawa, a cold war instigated, organized and synchronized for the sole purpose of arousing Quebec nationalism to fever pitch in order

to win elections. But this now obsolete trick may not always be successful in deceiving the people.

These prophets of disunity do incalculable harm to our Quebec youth when they teach them that Ottawa is in hostile territory, that it is the capital of national treason, that to accept measures originating here constitutes a betrayal. That is what our friend from Labelle stated in this house the other day, since he used the verb "to betray".

That is not all. In Quebec, people who are interested in perpetuating this cold war, because of their electoral concern and who take on airs of offended maidens upon learning of the small number of our compatriots in key positions in the army and the civil service, are often the first ones to accuse of anglicization good and honest French-speaking Canadians, some of whom have made great sacrifices in expatriating themselves to accept in Ottawa a position which enables them to help their compatriots.

They constantly demand that Ottawa open the doors to larger numbers of French-speaking Canadians; they urge their compatriots to accept in greater numbers employment in the federal civil service, but they themselves refuse to come to Ottawa, the only place in the world where they could defend efficiently the interests of French-speaking Canadians. Not only do they reject a duty they wish their compatriots to fulfil, but they stab in the back people who are already here, doing everything they can to foster interests of French-speaking Canadians. Some have spoken of treason. Well, that is treason!

And when one of our compatriots as eminently qualified as the Rev. Father Georges-Henri Levesque, O.P. Dominican, dean of the faculty of social sciences of Laval university, a man whom the Royal Society of Canada recently recognized as one of its outstanding members, whom the government of the French republic made a knight of the Legion of Honour, a man who is a member of the international union of social studies of Malines, Belgium, and to whom three of our great universities, the university of Manitoba, the university of British Columbia and the university of Antigonish, awarded honorary doctor's degrees, a man so devoted, so sincere, so undeniably qualified and so soundly patriotic as the Rev. Father Levesque, is invited by the federal government to play such an important part as he brilliantly played as a member of the Massey commission, some people in certain quarters will try to destroy his work, a work pre-eminently dedicated to French-Canadian life and to the survival of French-speaking Canadians—

Mr. Courtemanche: Is the hon. member referring to the Father Levesque who, as a professor, was advocating social credit?

Mr. Arsenault: I refer to Father Levesque as being the same man from his birth to this day, because he is an upstanding man who will not bow to the whims of the hon. member for Labelle any more than to the threats of the Quebec premier.

In concluding, I say that Father Levesque is being attacked only and solely for the purpose of lowering him in the esteem and admiration of his fellow citizens, particularly in the eyes of our young men. Well, Mr. Speaker, if there ever was a piece of treachery that is it.

(Text):

Mr. J. W. Noseworthy (York South): Mr. Speaker, it has become quite apparent in this house that no measure suggested by anyone on this side of the house is worthy of consideration by Liberal members until that measure has been adopted by the government. From the speech made by the hon. member for Bonaventure (Mr. Arsenault) I gather that he at least supports federal aid to education to the extent that the government has granted such aid at the present time. I am happy to find that the government is granting some measure of aid. We look forward to the day when that measure of federal aid to education will be extended and when that wider measure of aid will be acceptable to members of the Liberal party as are those meagre measures which the government has already approved.

I did not rise to speak on the subject of federal aid. I have expressed my views on that subject before in the house. I really rose to support the subamendment moved by the hon. member for Acadia (Mr. Quelch), which reads as follows:

> We regret that Your Excellency's advisers have failed to compensate the recipients of war veterans allowance for the increase in the cost of living by an appropriate increase in the amount of the allowance.

We appreciate—I am sure that every veteran in this country appreciates—the increase in the disability pensions which was

announced a few days ago by the Minister of Veterans Affairs (Mr. Lapointe). As one hon. member has already said in this house this afternoon, that increase would have come with better grace from the government had it come last year when the veterans asked for it, or even had it come in the earlier part of this session. There is no doubt in the world but that the government had not the slightest intention of bringing in that legislation this session when the speech from the throne was prepared. Certainly the government had not at that time reached any decision on this question. When members of the opposition prodded the government on this matter we did get an announcement from the minister after two or three weeks that legislation would be introduced at this session. Even at that time it appeared that the government had not decided what the amount of the increase was to be. The minister was not able to tell us, and it was not until the opposition had been prodding the government for another week or so that we finally learned what the amount of the increase would be.

It is difficult to understand why a government which, on its own initiative, could show its concern for government appointees in the high income brackets, should have to be prodded by the opposition and by veterans all across the country in order to show their interest in the veteran. The same thing had to be done over the years regarding old age pensions. It is difficult to understand why a government that is so ready in some instances to take the initiative in providing for those who really do not need that provision is so reluctant to do something for old age pensioners and veterans and has to be pushed and prodded into action. There is just no good reason why we are not told during this session that there is to be legislation improving the position of those veterans who are receiving veterans allowance. There is just no good reason for withholding such legislation this session, and giving to the veterans nothing more than the meagre promise of a committee to be set up next session. What a solace that will be to hungry veterans and to their children throughout the coming winter. I am sure that when some of these aged veterans, finding themselves and their families in need, turn to the pages of *Hansard* and see where the minister promised them a committee next session, they will get a great deal of comfort from it. That is the kind of comfort that this government offers to those veterans who are now in receipt of veterans allowance.

The government would have shown much more graciousness toward these veterans had they announced in the speech from the throne that both disability pensions and veterans allowances would be increased this session, and had they brought in their legislation earlier, announcing exactly what the amounts were to be. They would not then have left themselves open to the criticism which has been levelled at them from one end of this country to the other; the criticism that they were holding back that vital legislation until we got a little closer either to a federal or some other election.

Mr. Fulford: On a point of order, Mr. Speaker, don't you think the hon. member is a little too late to interject provincial politics into this chamber at this time, even if it were proper to do so?

Mr. Noseworthy: I am making the speech. If the hon. member has not taken advantage of the days that have passed to whip up the dying Ontario Liberal horse, then it is his own fault. It is too late for him to do it now. I am not making an Ontario election speech, Mr. Speaker.

Mr. Fulford: What are you doing?

Mr. Noseworthy: I am voicing the sentiments that have been expressed to me by veterans living in my constituency, veterans who are receiving veterans allowances and their comrades who are both pensioned and non-pensioned, veterans who tell me what they think of the scurvy trick of leaving veterans allowances to be studied by a committee next session instead of some legislation being brought in at this session.

I just cannot understand the point of view of cabinet ministers who bring in their old age pension, an old age pension which will benefit every millionaire in this country over 70 years of age, which will benefit practically every citizen in this country over 70 years of age except the great war veteran drawing veterans allowance.

Mr. Martin: That is not the case, and you know it.

Mr. Noseworthy: The $40 which he receives for old age pension will, if I understood the minister's statement, be deducted from his veterans allowance.

Mr. Argue: That is right.

Mr. Noseworthy: The sum and substance of the matter is that that veteran will be no better off because of the introduction of the old age pension at 70. I have heard the argument raised that these men should not get old age pension and veterans allowance as well because they would be drawing two payments from the government. It has been pointed out to me that there is quite a difference between the man who has paid for a

government annuity and the veteran who is getting veterans allowance. I want to state right here, Mr. Speaker, that the veteran who is getting veterans allowance has bought that allowance and paid for it. He has paid for it by service. He may not be getting a disability pension because some doctor or doctors failed to be able to trace the disability back to war service. I say that no doctor can at this far date tell just what has been the effect of war service upon the health of anyone who has seen such service. The men receiving war veterans allowances are getting them because of their service; it is not just something given to them by the government as a charitable gift. Surely they have as much right to that as those who buy government annuities have to their annuities, or as those who have been pensioned because of a doctor's report have to their pension. The government is being very mean to those on war veterans allowances when it deducts the amount they will receive by way of old age pension.

The government have tacitly admitted that they made a mistake in not referring to an increase in basic disability pensions when they brought down the speech from the throne, and they remedied that error later on in the session. I suggest that they now admit tacitly that they made a mistake in not referring in the speech from the throne to legislation in connection with war veterans allowances, and that the Minister of Veterans Affairs (Mr. Lapointe) graciously accept this suggestion and indicate that the government is willing to bring in such legislation this session. Then the subamendment can be withdrawn. I suggest this in the interests of the many veterans who will not be able to draw much solace from the promise of a committee next winter when they are forced to buy coal and food. The government should give these veterans the assurance that an increase will be forthcoming in war veterans allowances at the same time as the increase in the disability pension.

Yesterday we listened to an interesting exchange between the hon. member for Eglinton (Mr. Fleming) and the Minister of National Health and Welfare (Mr. Martin) on housing. The hon. member for Eglinton was accusing the government of doing nothing about housing, and the Minister of National Health and Welfare was accusing the Ontario government of doing nothing about housing.

Mr. Knowles: For once they were both right.

Mr. Noseworthy: They were both right as far as housing goes. It was just a case of the kettle calling the pot black.

[Mr. Noseworthy.]

Mr. Knowles: Which is which?

Mr. Noseworthy: It does not really make any difference which is which. The federal government's housing policy has been pretty much of a fizzle. If you do not think so, just go out and try to get a house into which you can take children. As a matter of fact, go out and try to find a house in which you can take anybody. Sufficient statistics have been placed on *Hansard* to show that next year the housing situation will be much worse than it is this year because fewer houses are being started and built this year. That is right in line with government policy. That is what the government wanted to do. What they deliberately started out to do was to decrease the number of houses being built because it was going to be inflationary. They had no regard whatever for the number of Canadians who need houses; that did not enter into the picture. All they were concerned about was their theory about inflation. According to that theory, if more houses were built it would increase or speed up the inflationary spiral.

A number of changes are to be noted in the government's policy regarding housing and it requires no expert to know what these are. In the first place the government which has refused to apply price controls to everything going into the building of a house attempts to apply price control to the finished product. Builders tell me that they are unable to come within $200 or $300 of the price which the government sets for the finished product because no curb has been placed on the rise in prices of everything that goes into the building of a house. It is a sort of halfway measure, a tinkering job the government has been doing. Unwilling to face up squarely to the problem of rising prices and to apply price control, they tinker with it and try to do the impossible. They get themselves into a muddle, and as a result hundreds of thousands of Canadians are without places to live.

Another feature of this problem is the set-up of Central Mortgage and Housing Corporation. I have said before in this house that this cannot properly be called a government-controlled corporation because it is actually controlled by the lending institutions. They are the bosses as far as Central Mortgage and Housing Corporation is concerned. When they decide that they are not going to lend money they do not lend it, and the government is unwilling to put money into such projects. When they decide not to lend money there is no building, as the builders are unable to proceed with their contracts. That is what has been happening. The minister goes on making first one deal

and then another with the lending institutions, but when he issues regulations he does not know whether the lending institutions are going to accept them. It is not the government which decides just what regulations will be binding upon the building industry; it is the lending institutions which have the final say. The minister brings down a series of regulations, and if the lending institutions refuse to adopt them the minister has no other recourse under the policy the government is following but to adjust his regulations to suit the lending institutions. I asked the minister a week ago whether the lending institutions had agreed to accept the terms which he stated in the house would apply to building, and his reply was that the government was still negotiating with the lending institutions. Nearly a month after the minister had issued his regulations he was still negotiating with the lending institutions to discover whether or not they would accept them, and the minister has not yet told us whether or not the lending institutions are accepting the terms which he laid down. Is it not about time that Central Mortgage and Housing Corporation, a government institution, should be controlled to some extent at least by the government which created it instead of being left so completely at the mercy of lending institutions?

I have another criticism which I am going to pass on to the minister for what it is worth. I do not know personally the president of Central Mortgage and Housing Corporation. I have met him and discussed a few matters with him, but I do not know the man or his capabilities. However, dozens of builders have told me that what we need at the head of Central Mortgage and Housing Corporation today is a builder, not an insurance man. I am passing that on to the minister, not as my own comment but as the comment of practical builders who are struggling in the field with the problem of building houses. Whether or not there is any need for that the minister knows better than I.

There is one other matter I want to touch on briefly, the subject of unemployment in Ontario and particularly around Toronto.

An hon. Member: And Windsor.

Mr. Noseworthy: Windsor is in Ontario and not Saskatchewan.

An hon. Member: Hear, hear.

An hon. Member: Good.

Mr. Noseworthy: I made the statement in the house earlier this session that the government's policy for combating inflation could only result in unduly increased inventories, cut-backs in production, lay-offs and three or four day work weeks in numerous centres throughout Ontario. I based that statement on trends I had observed when I visited many of the industrial centres of Ontario before the commencement of this session. Two months ago I saw numerous plants that were operating three and four days a week, numerous plants that were laying off help because inventories were piling up, plants that were reducing production; and all this at a time when the Minister of Finance (Mr. Abbott) is telling us that the thing we need to get us out of inflation is more production. The Minister of Finance goes out and calls upon the industrial workers of this country to produce more. Liberal members of the house have been heard to voice criticism of the forty-hour week and to wonder what the country is coming to when industrial workers insist on working only forty hours a week. There is a situation where tens of thousands of workers cannot work any hours during the week, cannot find jobs, cannot work forty hours a week. Some of them are forced to be content with three or four days a week at a time when we are supposed to be spending $5 billion over a three year period on defence production, when we are supposed to need every possible man we can find for defence production. At the same time one of the ministers, I have forgotten which, told us not so long ago that we were not going to have the men and materials to do this and that, that Canadians would be required to reduce their standard of living and do without many of the things they have been accustomed to having. Yet at such a time, as a direct result of government policy, we have more unemployed in the city of Toronto than we had in February, 1950, before the Korean campaign. There is more unemployment than we had during those days when we were debating the unemployment situation and wondering what was ahead of us. Then Korea saved us from that grave unemployment situation.

There is a report of the Ontario section of the national employment service, a summary of which was published in the *Globe and Mail* on November 17. It indicates that the number of unemployed in Ontario today is 50 per cent higher than it was a year ago. It indicates that unemployment exists in furniture plants, rubber plants, textile factories, firms turning out materials for house construction, and that even skilled machinists are in excess of demand today. What kind of government policy have we that produces such results at a time like this? Why in the world should skilled machinists be unable to

find jobs today? Surely there is something wrong with the government or its policy. According to the report unemployment exists in Belleville, London—where 350 workers of one plant are on a four-day week—Ingersoll, Kitchener, Orillia, Collingwood, among other centres mentioned in the report. I think the cut-back in building materials is one of the most serious matters. We need tens of thousands of houses. People are living in garages, basements, attics, trailers, wherever they can get a roof over their heads. Yet the firms producing materials that go into the building of houses are laying off men and reducing production. There is a cut-back in the production of builders' hardware, plumbing and heating supplies, furnaces and radiators, house paints, venetian blinds and other products mentioned in the national employment service report. Unemployment has extended into textiles. We have lay-offs, short weeks and cut-backs in production in plants turning out carpets, blankets, hosiery, men's shirts, men's hats, work clothes, gloves and the like. Those are not luxuries; they are necessities. On Saturday I visited a retail dealer whose store is filled with workingmen's clothes, shoes, gloves; all kinds of things workingmen buy. He told me business has not been as poor since the thirties; yet we are just a few weeks from Christmas. There has been no improvement in his business because of the approaching Christmas season.

What is the reason for this? Who is to blame? Surely a wide-awake government could have found some means of avoiding a situation such as that. The same condition applies in connection with woollen goods. We are told in the report that Dominion Woollen & Worsteds are discontinuing their branch plant operations at Orillia and Collingwood, resulting in the lay-off of 110 employees in Orillia alone.

I could go on down the list, but for a few moments I should like to refer to the situation in Toronto. According to this report there are today in Toronto seventy-two factories working part time. Here are men engaged in the production of essential goods, goods which help to maintain the standard of living of the Canadian people. Most of those people, I am told, have not registered for unemployment insurance; yet the week before last 2,200 people registered in the Toronto office as unemployed. There were over 10,000 live claims in the Toronto office at the end of October; and at the rate the unemployed are registering in the Ontario office, before winter there will be 20,000 unemployed in that city. That is 6 per cent of the labour force; and the unemployment insurance people say that anything over 3 per cent is serious. Already over 4 per cent of the total labour force in Toronto are registered as unemployed. Last Monday morning there were over 400 unemployed lined up before 8 o'clock at 174 Spadina avenue. That is a situation which, as I said before, is worse today than it was in the middle of the winter in 1950. Yet these are not the months of the year when normally we have large numbers of unemployed.

Here are some more statistics which apply to Ontario generally and, I suggest, show the situation. Last week 2,117 skilled workers were registered, with only 499 vacancies. That is between four and five skilled workers for every vacancy. There were 1,708 labourers for 300 jobs, or more than five labourers registered for every job available. There were 4,245 more women looking for jobs than a year ago, and there were 1,500 fewer jobs than there were at that time. There were six women registered for every office job available. There were four women registered for every sales clerk job available. There were ten women registered for every factory job available. According to this same report last week in Hamilton alone 2,400 women were drawing unemployment insurance, the largest figure in the history of that office.

Those are facts which should be placed on the record, and I think it is high time the government gave some consideration to overhauling its policy for combating inflation. Had it set out deliberately to budget for a depression it could not have done a better job than it is doing. As a direct result of the government's policy of taxation, restrictions on credit and other fiscal measures, we have a situation developing in which they may cure inflation and they may bring about a drop in prices, but what a price the people of Canada will pay for that cure. Who can say that a cure achieved in that way will be much better than the disease the government seeks to cure?

An hon. Member: When do the polls open tomorrow?

Mr. Deputy Speaker: Order. I must draw the attention of the hon. member to the fact that his time has expired. He may continue only with the consent of the house.

Some hon. Members: Agreed.

Mr. Noseworthy: I intend to finish with this statement, that such a policy can lead only to unemployment and a disruption of business. It can lead only to a considerable lowering of the standard of living of the Canadian people. That may well be the government's policy; that may be the government's aim.

Mr. Sinnott: On a point of order—

Mr. Noseworthy: Thank you, Mr. Speaker.

Mr. Sinnott: The hon. member has been told by the Chair that he has exceeded his time. He has not had unanimous consent, yet he continues to talk.

Mr. Coldwell: He has finished.

Mr. Noseworthy: The hon. member is doing the talking now. I have finished.

Mr. J. G. Diefenbaker (Lake Centre): I shall not follow my hon. friend's example by any recital of unemployment. He has placed the facts before the house, and they deserve serious consideration. They certainly require an answer from the government. I rise, however, to deal first with the subamendment moved by the hon. member for Acadia (Mr. Quelch). I intend as well to bring before the house certain matters peculiarly affecting western agriculture at this time. The subamendment before the house reads:

> . . . we regret that Your Excellency's advisers have failed to compensate the recipients of war veterans allowance for the increase in the cost of living by an appropriate increase in the amount of the allowance.

In my opinion that is a subamendment which deserves the serious attention of every hon. member in this house, representing as it does a demand on the part of many thousands of ex-servicemen and women who today are receiving a war veterans allowance that is insufficient. I cannot understand, Mr. Speaker, why there should be any question or any delay regarding this matter. There was infinite delay in the consideration of the general problem of war veterans pensions. I say this, and I think it is a fair statement; that if the hon. members of this house had been given the opportunity at any time during the past two years of voting on the question of whether or not war veterans pensions should be increased, there would have been a vote in favour of it. But the government did not want that done, and there was no vote on that subject. I venture the opinion that if any minister of the crown—and there are two of them in the house now, the Minister of Public Works (Mr. Fournier) and the Minister of National Health and Welfare (Mr. Martin)—were to give the hon. members who support them the opportunity of a free vote on this amendment, it would be carried almost unanimously.

Mr. Martin: There is nothing but freedom in the ranks of the government members.

Mr. Diefenbaker: If there be freedom, and one must accept the word of the minister, then it is passing strange to me that hon. members representing other parties than the opposition have not had requests from war veterans for an increase in this allowance. At the last session a veterans committee was set up, and it met for a considerable period of time. In that committee in May, 1951, the hon. member for Royal (Mr. Brooks) moved an amendment to the effect that the committee be given instructions to consider the basic rates of pension and the War Veterans Allowance Act, and make recommendations in reference thereto. There was a demand, therefore, last session on the part of the war veterans everywhere for an increase in this allowance, yet when the motion was made it was defeated, entirely on party lines. Every government member on that committee voted against consideration being given to the War Veterans Allowance Act, with the exception of the hon. member for Fraser Valley (Mr. Cruickshank). Ever since that time the veterans all over this country have been asking why consideration of this subject has been delayed. Many of them have been denied pensions and are unable to carry on; yet when the subject of war veterans pensions in general is being considered at this session parliament is denied, by reason of the stranglehold by the government on the control of business within parliament and government expenditures, the opportunity of giving to these veterans the money they need today because of the increased cost of living. Why the delay? Another committee is to be set up at the next session. Why not do something at this session?

Do we need a committee of parliament to ascertain whether or not a single veteran who is unable to work can live on $40.41 a month? Do we need a committee to take evidence on that question? Do we need a committee to take evidence on the question of whether or not a married veteran who is unable to work can live on $70.83 a month? Do we need a committee of parliament to ascertain whether or not a single war veteran needs permissive earnings greater than $610 a year or a married veteran needs permissive earnings greater than $1,100 a year? Compared with the number who receive pensions, there are many, many more in the position that, by reason of their service, they are unable to carry on, although they are unable to prove that they are entitled to a pension.

I cannot understand why a matter such as this should be postponed to another session. Many of these veterans who are unable to secure even small pensions will find themselves facing destitution during the coming winter. If the Minister of National Health and Welfare who spoke a moment ago of freedom would recognize this plea and say that no party considerations will enter the vote on this question, but that the government will give that freedom which the Minister of Trade and Commerce (Mr. Howe) gave on

the occasion of a similar vote, the amendment of the hon. member for Acadia would be passed almost overwhelmingly.

We can only make the appeal. We can do no more. We can point out the circumstances, just as the hon. member for Royal (Mr. Brooks), the hon. member for Vancouver-Quadra (Mr. Green) and other hon. members who have spoken in this house have done. We can only bring the situation to the attention of the government. This situation is intensified by the facts cited a few moments ago by the hon. member for York South (Mr. Noseworthy), because many of those who are unemployed will be veterans, who today deserve more than they are receiving. I think of the men who are denied the war veterans allowance by reason of the fact they are not 60 years of age or are handicapped in maintaining themselves, because they did not serve in a theatre of war or by reason of other circumstances beyond their control. Something should be done to assist these men. The answer given by the government simply is that nothing will be done at this session. Mr. Speaker, the government did not intend to do anything at this session in connection with war pensions or it would have set forth the plan in the speech from the throne, but an aroused public opinion in this country forced the government to act; and may I say that it was aroused as a result of what the opposition members did in this house.

Mr. Martin: Oh, no.

Mr. Diefenbaker: Mr. Speaker, if silence will arouse the government, then certainly it can be said that the government members were able to arouse the government by their silence in this house.

Mr. Martin: The hon. member is a good debater, but that is about the extent of it.

Mr. Diefenbaker: I did not hear what the minister said.

Mr. Martin: I said that my hon. friend was a good debater, but that was almost the limit.

Mr. Diefenbaker: I appreciate the compliment; nonetheless I give the minister, now that he is in a rising mood, the opportunity to say whether or not he, speaking for the government, will give the supporters of the government the opportunity to vote on this question without regard to any party consideration whatsoever. Will he say that a free vote will be allowed? The answer is silence.

Mr. Martin: Does my hon. friend suggest that when any member of this house comes to register his vote, he does not use that privilege in accordance with his best judgment in the circumstances?

Mr. Rowe: That is not the question.

Mr. Diefenbaker: Mr. Speaker, I am not going to become involved in any argument such as that. I am asking the question of the minister again, and giving him the opportunity to answer. Will he, speaking for the government, say that a free vote will be given on this amendment? That is the question.

Mr. Martin: What is the answer to my question?

Mr. Diefenbaker: I asked a question for the purpose of having this serious matter decided, and the minister was quick to ask another question. Let me answer him on that matter. When the vote takes place on this question will it be coincidence that, without regard to any consideration whatsoever, those supporting the government will almost unanimously vote with the government in turning down this subamendment? I do not like to make predictions, but I think that is one I can make without fear that events will turn out to be other than as I have prophesied. If, on this question, hon. members were given an opportunity to vote freely and uncontrolled, with a realization of what this means to the tens of thousands of veterans across this country, I feel that that vote would be a demand, a request—yes, an appeal—to the government to provide for an extension of the war veterans allowance which today is at so low a rate as to deny the decencies of life to many of those who, by reason of increasing costs, are unable to carry on. I make this appeal once more. On the other hand, if the minister cannot give that undertaking, would he be willing if the subamendment were withdrawn to give the assurance of the government that at this session this matter would be dealt with? That would be a short cut. In other words this war veterans allowance would take its place alongside the war veterans pension legislation and would provide a degree of security which the new pension legislation will indeed provide.

Having said that, I now pass on to a matter that is of immediate consequence in the province of Saskatchewan and generally in the prairie provinces. The matter has been raised previously, but it deserves to be raised again. The situation in which we find ourselves in Saskatchewan particularly—and the situation prevails to a lesser degree in Alberta and Manitoba—is that more than 100 million bushels of wheat are unharvested and lie under the snow, while tens of millions of

bushels already threshed are in the fields becoming damper with each passing day. This situation amounts to a catastrophe to the western farmer, the like of which has not been experienced in my time; and I believe it demands the serious attention of parliament. Freight cars are unavailable. Branch lines are denied any marketing service whatsoever. In town after town wheat is piling up. No market is available because of the fact that box cars are not available. The answer given by the minister is this: There are sufficient box cars; the crop is being moved at an unequalled rate. Yet the situation continues almost stabilized in its severity.

Three weeks ago I pointed out to the minister that some 528 elevators were plugged. He replied that there was nothing to that statement, that he had no figures which indicated more than one-third that number. The situation is that in practically every town in parts of Saskatchewan the elevators are plugged and the wheat crop that is in the fields is depreciating. The government says ample cars are available. Then who is responsible for the mess in which western agriculture finds itself today?

One cannot put maps on *Hansard*, but I have before me the latest record showing that the grain tie-up is becoming desperate on the prairies. Hundreds of places are marked in red upon this map indicating elevators without market facilities; and the situation is not waning to any extent. Last week 663 elevators of the pool were plugged. This week the number is some 643. Those are the highest figures in recent years. As I see it, Mr. Speaker, the time has come to do something that has not been done heretofore in connection with this matter. The Minister of Trade and Commerce (Mr. Howe) said the responsibility for allocation was on the wheat board. If the responsibility for having disseminated marketing areas is on the wheat board, then let this house speak to the wheat board through the mouth of the minister and demand action. I think the fact that this responsibility rests on the wheat board points up the fact that a majority of the members of the wheat board should be producing farmers. This is something we have asked for over the years, but it has been denied us. At this time I think something might well be done by the controller to assure that, if there is a surplus of freight cars on one of the railway systems, they be made available to the other; for certainly on the C.P.R. lines the situation is manifestly worse than it is on the C.N.R. lines.

The third thing I suggest is that even at this time, with tens of millions of bushels of threshed grain out in the fields, something be done to encourage the farmer to build storage. Storage could be built today if the farmer was given the same incentive to build and the same payment that is made by the wheat board to the elevator companies.

The fourth suggestion is this: Many farmers are in the position today that they have no marketing opportunities whatsoever. Municipalities are unable to collect taxes. The storekeeper is asking that something be done. I suggest that if it is difficult to provide for government guaranteed bank loans against the grain that is in the fields, one way of getting around that difficulty would be to provide for such government guaranteed bank loans to the extent of $10 an acre. Enormous quantities of wheat are on the prairies and will be destroyed whenever climatic conditions warm up, unless something is done.

I think the Minister of National Revenue (Mr. McCann) made a worth-while suggestion today when he said that in so far as drying machinery is concerned, it will be allowed into Canada provided that it is on loan for a period of six months. That will go part of the way, but it does not go as far as it should, as was pointed out by the hon. member for Souris (Mr. Ross), who asked that the same consideration be given to co-operative and other organizations that are in a position to provide drying facilities. Even at this time I think the Minister of National Revenue might reconsider his decision of this afternoon, to the end that provision may be made to enable all of the drying machinery available to be brought into this country without the necessity of there being any payment of customs duties, provided that it is reshipped to the United States after being used.

All kinds of explanations have been given as to why western Canada is in the position it is. Well, one of the main reasons is—

Mr. Weir: The weather.

Mr. Diefenbaker: One of the main reasons is that the government failed to act in May, June and July when there was a realization of the great crop that was expected, with 90 or 100 million bushels of damp wheat still glutting the western elevators. I remember bringing up the matter on several occasions and requesting the minister to do something to remove the wheat from the prairies and so provide storage. The answer was always the optimistic one, to the effect that all would turn out all right. Finally, in their desire to pass the responsibility on to someone else, the Minister of Agriculture (Mr. Gardiner), speaking in Saskatoon, said the responsibility for the situation rested upon the western farmer, that his agricultural techniques would have to be changed accordingly. If the minister could read some of the letters I have

received regarding it he would learn that his statement certainly is not appreciated by the western farmer.

Mr. Argue: The horse and buggy minister.

Mr. Diefenbaker: Oh, yes; back to the horse and buggy days, and everything will be well. Whether or not that was what he meant, certainly the western farmer is aroused as he has not been for a long while over being condemned for a responsibility which rests upon this government. The Minister of Trade and Commerce (Mr. Howe) rises from day to day and says that all is well. But letters keep coming in from farmers in every part of the country, advising that the situation is becoming more serious every day. They say it is impossible to understand who are the advisers of the Minister of Trade and Commerce who provide him with the misinformation which he gives to the House of Commons and the country. I read from an editorial in the *Western Producer* of November 8, entitled "Grain Congestion". After complimenting the Minister of Trade and Commerce as a hard-working member of the cabinet it says:

> One is reluctant to criticize Mr. Howe but he has left no alternative. As reported in our news columns—there is no need to go over the details here—he made a statement last week which indicated a deplorable misinterpretation of the present situation in relation to the movement of western grain. While admitting that there is a problem and that there is congestion he proceeded to make light of the whole matter. He seemed to convey the impression that those who were expressing serious alarm at the gravity of the situation were crying before they were hurt; that if they exercised a little patience they would discover that they were really not going to be hurt at all.
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> We do not know by whom Mr. Howe is briefed, on whom he relies for the evidence on which he bases his conclusions, but we can assure him that he has been badly misled. In recent issues of this paper an accurate picture of conditions in Saskatchewan, accompanied by detailed maps, has been given. These, we submit prove beyond argument that we are confronted with an emergency which may spread disaster among thousands of grain growers, the effects of which will be felt throughout Canada as well as by consumers overseas. Far from being a temporary condition of a seasonal nature there is every indication that it springs from basic shortcomings in the transportation system, long dormant, but which have now come glaringly to light.

Whatever the responsibility may be, and on whoever it may rest, I do ask the government to act, to exert extra pressure upon the controller and also upon the wheat board and the railway companies to assure that the branch lines will receive at least a greater measure of consideration than they have had since the beginning of this harvest season. It is one of the most colossal catastrophes that have ever struck the western prairies. There was a crop the like of which we had not had in our history. There is $200 million worth of crop not threshed as yet, and approximately $125 million worth out in the fields in piles. I do not say the government can do everything, but they can do something more than periodically issue airily worded optimistic messages that may give solace to the government and its supporters, but no comfort to the western farmer.

One more word, sir, and I am through. I have been very much impressed, as I know every hon. member from Saskatchewan has been, by the number of hon. members from eastern Canada in the opposition who have publicly given their support to the South Saskatchewan river irrigation project. That is not something new on their part. I read in the *Star-Phoenix* an editorial to the effect that if the same stand had been taken by His Majesty's loyal opposition before this commission was set up the government might have acted. Well, memories are short. Throughout the years when Mr. Bracken was leader of this party this project had his support. In February, 1949, only two and a half years ago speaking in this House of Commons in the presence of and with the authority of the leader of this party we asked the government to go ahead with this work and promised our support. The project would have the support of every member of the opposition. It is part of a great national plan of development to assure productivity on the western prairies, in particular in Saskatchewan, year in and year out, in place of those areas being subjected to continuing drought as they have been since 1890.

At first the attitude of the government was that the engineers had to determine whether or not it was a feasible scheme. Various engineers considered the matter, and finally over a year ago the feasibility was decided upon. The engineers came to this conclusion, and I read from the report:

> It is feasible to irrigate about 500,000 acres in central Saskatchewan and at the same time to produce about 475 million K.W.H. of hydroelectric energy annually.

In a return brought down on June 29, 1951, in answer to questions asked by me, there were set forth the advantages of this scheme in so far as population is concerned. Until quite recently the population in that part of Saskatchewan has been decreasing year by year. The facts are set forth in the report of the engineers, which says this will mean a great increase in the income of many farmers. It will mean an increase in population. It will bring about a resettlement of the areas that have been deserted. There will be a tremendous saving in relief expenditures that have amounted in recent years to an average of $368,000. This project is necessary if defence production in this country is to be

redistributed. It is necessary to build up in Saskatchewan a diversification of industry. It will provide water for 500,000 acres which today are productive one year and non-productive the next.

I have already stated that feasibility was the first question. The Minister of Agriculture then announced that the government could not build these works because the irrigation works would cost some $34 million and Saskatchewan would have to supply that amount. Mr. Douglas, the premier of Saskatchewan, agreed to that.

The next excuse was that the water board which had been set up in the three western provinces had not come to a conclusion as to the division of water among the three provinces. When it looked as though that question might be settled the government said that it would have to be proved and re-proved once more that the project was feasible. They then set up the commission which is now sitting.

I would point out that, regardless of what the commission may decide, no member of the government has made a public pronouncement that if the report of the commission is favourable the project will be gone ahead with. The undertaking will take ten years to complete. It is something that has been dreamed of by the people on the western prairies for over twenty-five years. Its feasibility has been established, and there is no question but that generally speaking it will receive support from the representatives of all parts of Canada. It is a project most necessary to the preservation of Saskatchewan and to provide a fundamental basis upon which to redistribute industry in this country.

I am not going to read from the sessional paper, but it does set forth the situation in detail and the results of the research that has taken place in connection with this project. This project will spell a tremendous increase in western income. The population in the Lethbridge and western irrigation area increased by 250 per cent in twenty years. During the same period the population in the part of south Saskatchewan in which this power project would be operative decreased from 40,000 to 28,000, or approximately 30 per cent. Now that there is such general support the hope of the people of Saskatchewan is that it will be proceeded with. It will take a long time to construct, but it will afford a new basis for unity among the parts of this country that cannot be achieved in any other way.

I conclude by making once more an appeal to the government to make provision for an increase in the war veterans allowance before the oncoming winter, even though it be in the nature of a temporary increase based on the cost of living, to the end that the fear that lies in the hearts of many veterans who are denied pensions and are unable to work will be removed.

I ask that the government remove from the hearts of the western people the fear that, having had one of the greatest crops in their history, that may be offset by reason of the failure of someone, somewhere, to provide a measure of foreknowledge after having been forewarned. They are fearful that in place of prosperity they are going to find themselves in a position unequalled since the days of the drought, when crops were non-existent.

Mr. G. M. Murray (Cariboo): Mr. Speaker, it is most unfortunate that the population of Saskatchewan is not growing. What happens to the Saskatchewan farmer when he leaves Saskatchewan? Very often he goes to Vancouver or some other place in British Columbia and opens up a garage, or he goes up to the Prince George country on the Canadian National Railway and opens up a sawmill; or he may engage in some other type of industry in British Columbia. So far as I have been able to observe in my own riding, he is a most valuable adjunct to the citizenship of British Columbia. In short, what is Saskatchewan's loss is British Columbia's gain.

I do not think the situation in Saskatchewan is as bad as it has been painted by the previous speaker. I remember not long ago looking over statistics which indicated that last year the agricultural production of Saskatchewan was equal to that of all Canada twenty years ago. I do not suppose there is any part of the western prairies as prosperous as Saskatchewan. We would like to see the South Saskatchewan river dam constructed, and we would like to see dams and irrigation works constructed in many places, but that would not change the weather in Saskatchewan or stop the snow from falling upon the harvest. I see a very serious problem to be solved by technical men, agriculturists and others in order that these beautiful harvests that mature in Saskatchewan may be threshed and put into proper granaries so that people there or in any other part of the west will not work against nature but rather will gear their farming activities to nature.

If all that the previous speaker said were absolutely correct I would be very hesitant about proceeding with the remarks that I intended to make this afternoon. I do not come from Saskatchewan but represent a very large riding in the northeastern part of British Columbia. The riding of Cariboo is of interest to the world today because it is a

vast area of land which is rich in natural wealth. Homes can be provided there for the homeless from Saskatchewan and elsewhere, and there will be work and wages for all who come provided they are of sound mind and body and come with a good heart as did the settlers of earlier days. Running through the middle of my riding from north to south there is a highway 850 miles long passing mostly through virgin country. By way of illustration, its length would be about equal to the distance between Ottawa and Halifax, Ottawa and Fredericton, Ottawa and Richmond, Virginia, or Ottawa and Chicago.

The population of Cariboo at the time of the last election was given as 31,000 people, that of a small city in Ontario, in an area larger than all the maritime provinces combined with part of Newfoundland thrown in. There were 13,000 voters in the last election —I suppose there will be more in the next —in the electoral district of Cariboo, an area larger than all of Ontario from Sault Ste. Marie eastward to the Ottawa river. This one electoral district embraces an area equal to all the New England states, equal to the area east of a line drawn between Philadelphia and Buffalo. It is larger than all of New York state with a good deal of Pennsylvania thrown in and all of the original New England states.

It is an area rich in all kinds of natural resources. I have given the list before of the natural resources of the district I represent that are profitably developed. First of all there is gold, which we began to produce in 1858. Each year since then the gold mining industry has been large and profitable, contributing to the wealth of the country. Today in addition to gold we have such things as tungsten, mercury, asbestos and other war minerals. We have coal in the riding at Hudson's Hope and other points equal to the coal resources of the Lackawanna valley of Pennsylvania. There are three small mines operating 100 miles from a railway. The coal is delivered by truck to the domestic market and its value as a heating agent is very much higher than any other coal we have in Canada. It ranks next to the hard coal of the Lackawanna valley.

The 850 miles of highway consists of the extension of the Cariboo highway by way of Pine pass, and then some 500 miles of the Alaska highway. We have between 400 and 500 sawmills, mostly in the neighbourhood of Prince George. They all ship their products to world markets via the Canadian National Railways. There is also a great farming area, including extensive cattle ranches in the south. Dairying is carried on at places like Prince George, McBride, Dawson Creek and Kersley. Wheat growing in the Peace river area of the Cariboo electoral district takes place at Dawson Creek, the shipping point for the largest production in the British commonwealth. I think the record there was 5 million bushels in one year, and much of that grain was hauled 60, 80, 90 or 100 miles to get to the railhead under a truck tariff of 17 cents per bushel. Then it is hauled from the railhead to the head of the lakes or Vancouver at a very high freight rate. Therefore that part of the country is placed in a position where it needs equalization of freight rates and the extension of transportation services.

In addition there are natural gas wells which have been drilled on that side of the British Columbia-Alberta line. There is a sufficient reserve of natural gas to service a very large city. It is very likely that British Columbia will get an ample supply of natural gas from her own territory up in the Peace river country for the servicing of Vancouver, Victoria, New Westminster, and other large centres. Then there is the recent discovery of oil at Fort St. John. There is a natural wealth in that district possibly unequalled in any similar area on the face of the earth, in which a population of a mere 30,000 people share.

Within the Cariboo electoral district there is hydroelectric power which has not been developed. Some 3 million horsepower is to be developed as the result of the St. Lawrence deep waterway project. On the Fraser river alone there is a potential of 6 million horsepower. That river commences around the base of Mount Robson and winds down through the territory of Cariboo to its mouth at New Westminster. Three million horse power is now being developed on the Nechako river within the electoral district of Cariboo by the Aluminum Company of Canada. There is another million horsepower on the Peace river, and no one knows how much more there is below Fort St. John and on toward the north. I doubt whether any survey has ever been made of the Nation river, the Parsnip river, the Fort Nelson river, the Liard river, the Muskwa river and others which rush down from the Rocky mountains to join the Mackenzie system and then on to the sea. Farther south the Quesnel and Blackwater rivers have been surveyed and are under review now for development. Therefore there is a vast reserve of power for the development of the natural resources I have mentioned within that one electoral district in the northeastern part of British Columbia.

World events have great meaning to us in Canada today and especially to those in the northwestern part of this continent. We are on the airways to the Far East. The Pacific ocean is our natural trade outlet. As we all realize, the world is shrinking so far as travel is concerned. Today men come and go across the Pacific ocean at regular intervals in a matter of hours where formerly the journey took many weeks. I do not need to refer the house to the disturbance now going on in Asia, the war in Korea and the turbulent condition of affairs there. Then may I tell you that the northwestern part of British Columbia, the Yukon and Alaska are the first defences in the event of any invasion from Asia. At the western limits of Alaska one may look across the sound and see the territory of Siberia. Our fliers know the airfields which have been built up along the Siberian coast, on Sakhalin island, and on those other islands on the northern coasts of Pacific Asia. I do not need to lay emphasis upon the critical times in which we live, nor do I need to refer to the situation in Europe where there is a smoldering fire. We have sent a brigade of soldiers to western Europe, and it is very interesting to know that at the head of that brigade is Brigadier Geoffrey Walsh, a most distinguished soldier, a native of St. Catharines, Ontario, a man who is peculiarly well acquainted with all the information I have been giving the house this afternoon about my riding. Brigadier Walsh was in charge of the Alaska highway, and was connected with the defences in the northwestern part of the country. He has travelled by jeep, by horseback or by foot over most of the area to which I am referring. He is a man who has had a most unusual experience. He was taken by the government of Canada from the Alaska highway, with his headquarters at Whitehorse, and sent to China. This was not long ago, but of course it was before Korea. I do not suppose there is any man in the Canadian army who is better versed with respect to the military situation in China than is Brigadier Walsh. It is a strange destiny that now sends him to Europe, there to head our Canadian military effort.

If we are going to defend this continent we cannot allow the northeastern part of British Columbia to be a vacuum. We cannot allow those great valleys to lie idle, those resources to lie undeveloped. In the world today, if there is one contribution we could make toward peace it would be to open up those valleys and settle them with people from England, Scotland and western Europe. I hope that when Brigadier Walsh is in Europe he and all his officers and men will constitute themselves as immigration officers for Canada, telling people wherever they go about the opportunities and possibilities for settlement up in the northwestern part of this great Canada of ours.

Two or three speeches have been made recently that have been of considerable interest to me. One was that of the Minister of Transport (Mr. Chevrier) in which he referred to railways which were now under advisement and being constructed throughout Canada. He referred to the iron ore road up in Quebec, the new nickel extension at Lynn Lake in Manitoba, and the extension of the Canadian National to be established between Terrace, which is just west of my riding, and the new town of Kitimat on the Pacific coast, where shortly a population of 7,500 people will be employed in the new aluminum industry being developed at that point.

I was glad to hear the minister also make reference to the extension of the Pacific Great Eastern Railway which is being built by the government of British Columbia in my riding north from the town of Quesnel to Prince George. I am sorry he did not go further in his speech and say that he intended to encourage Premier Byron I. Johnson of British Columbia to build that railway right up to the Peace river country. Indeed he should go further than that and implement the studied recommendations of all the leading military men, both in Canada and the United States, that a railway should be extended from Prince George not only to the Peace river country, but right up through the Yukon to Alaska, so there may be adequate defence of this continent should the evil day ever draw nigh.

The Minister of Agriculture (Mr. Gardiner) made a most interesting speech the other night which, to some extent, filled me with gloom, as did also the speech this afternoon of the hon. member for Lake Centre (Mr. Diefenbaker). I refer to that point in the minister's speech where he stated that the government of Canada proposed to buy 10 million pounds of but'er between now and the end of this year. Knowing my district as I do and knowing Saskatchewan as I do, I feel the people of Canada should not be buying on the world market at this time 10 million pounds of butter, but rather they should be offering a surplus of butter to the markets of the world. More feed will be wasted on the plains of Saskatchewan this winter than would make 10 million pounds of butter.

You cannot blame the government for that, either. I say we need more people in this country. We need settlers, people who will help develop the dairy industry. There is a

small start in our country, of course; and wherever there are dairy cows there is prosperity. There has to be, where the dairy industry flourishes. But we could multiply many times over our dairy industry, as also it could be multiplied in Saskatchewan. But this will have to be done by an intelligent and scientific management of the resources with which nature has blessed us.

I see by the press that the Prime Minister of Great Britain will visit Washington shortly, and that he is expected also to visit Ottawa. I hope our leaders here both in business and in politics will take up with Mr. Churchill the very thing I have been mentioning here today, that an arrangement should be worked out with the people of England and Scotland for the mass migration of people from those countries to the empty valleys in the northwest, and also to Saskatchewan. We should arrange with Mr. Churchill to provide us with British steel for the building of these new railroads up in that part of the country. We should arrange with him to build transformers, dynamos and power units of one kind or another to launch new industries there, and to speed up the industry already there. I remember in 1935 a delegation coming out to British Columbia from Great Britain with a proposal authorized by Neville Chamberlain to grant £1,000 per family for families to be brought out and put upon the land in certain parts of British Columbia. It was a noble gesture, piloted by Sir Henry Page Croft, a very distinguished man who has since died, and who before his death became Lord Croft. However, the government of British Columbia did not favour the proposal, and the immigration branch in Ottawa was too busy with something else to take it up. Our own railway colonization departments were not in favour of it, with the result that Lord Croft went back to England to report that his mission had been a failure. He was a very important man, and I mention his name because the other night the Minister of Agriculture said that when he got to England he was going to speak to Lord Woolton. Lord Croft was an associate of Lord Woolton, and very prominent in the councils of Britain at that time. In fact he was so prominent that when Winston Churchill's memoirs were written he stated that before accepting leadership in the national government which was formed at the beginning of the war he had to consult with two of the leading men in the Conservative party, namely Lord Woolton and Lord Croft.

We Canadians were so indifferent in 1935 that we turned down a proposal which would have taken the pressure off in England to a very great extent. Also it would have assisted us in developing new villages, new settlements and new towns up through the northwest. The time is ripe today, when Mr. Churchill comes to Ottawa, to renew the proposal. We should approach him and try to bring as many Anglo-Saxons as we possibly can into northwestern Canada. We should settle them upon our fertile lands and make this a prosperous and flourishing country in which they can share, even as we have shared in it up to date. This policy is not new, and there is nothing very exciting about it. The French people who came here in the first place and settled on the banks of the St. Lawrence river made a good job of it. They built a nation along the St. Lawrence river. The highlanders who came to Nova Scotia, Upper Canada and even into this Ottawa valley, turned a wilderness into probably the most prosperous farming area there is. These things have happened in the past. The early days of this century saw the great migrations to the Red river and the Saskatchewan, and the development of that tremendously prosperous part of the country which is now the provinces of Manitoba, Saskatchewan, Alberta and British Columbia.

Let us renew that movement today. Let us break up this stalemate in England by encouraging not individuals, not families, but whole communities to migrate to western Canada and share in the resources and opportunities which a kind Providence has placed there.

Mr. Hansell: Mr. Speaker, this is Wednesday night, and the clock has reached five minutes after six. We rather look forward to an evening off once in a while, and I would ask that we adjourn the debate.

On motion of Mr. Hansell the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull) moved the adjournment of the house.

He said: Tomorrow we shall take up third reading of Bill No. 19, an act to amend the Bills of Exchange Act; then the resolution concerning financial matters; Bill No. 10, an act to approve the financial agreement between Canada and the United Kingdom; Bill No. 20, to implement the international convention for the regulation of whaling, and Bill No. 14, an act respecting the surveys of public lands of Canada.

Motion agreed to and the house adjourned at 6.05 p.m.

HOUSE OF COMMONS

Thursday, November 22, 1951

The house met at 2.30 p.m.

NORTH ATLANTIC TREATY

CANADA'S CONTRIBUTION TO EUROPEAN DEFENCE —REFERENCE TO STATEMENT OF MINISTER OF NATIONAL DEFENCE

Mr. George A. Drew (Leader of the Opposition): May I inquire of the Prime Minister whether he is in a position to make any statement with regard to the subject raised yesterday having to do with the announcement of the Minister of National Defence?

Right Hon. L. S. St. Laurent (Prime Minister): I am in a position to repeat what I said yesterday, that I did not believe that the Minister of National Defence had made any such statement. As soon as it was possible to do so the remarks of the leader of the opposition were sent to Paris by dispatch, but it so happened that the Minister of National Defence and the Secretary of State for External Affairs had already left Paris for Rome before the dispatch arrived there. The Minister of National Defence was communicated with by telephone this morning and had not yet received the dispatch but was making every possible endeavour to get it. He is to send me a dispatch from Rome just as soon as he sees the text reporting what was attributed to him.

COMMITTEES OF THE HOUSE

INDUSTRIAL RELATIONS—CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. A. F. Macdonald (Edmonton East) presented the first report of the standing committee on industrial relations, and moved that the report be concurred in.

Motion agreed to.

RADIO BROADCASTING—CHANGE IN PERSONNEL

Mr. W. G. Weir (Portage-Neepawa) moved:

That the name of Mr. Knight be substituted for that of Mr. Knowles on the special committee on radio broadcasting.

Motion agreed to.

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WHEAT

REQUEST FOR ADDITIONAL BOX CARS

On the orders of the day:

Mr. G. A. Cruickshank (Fraser Valley): Mr. Speaker, I should like to know—

Mr. Speaker: Order.

Mr. Cruickshank: I should like to know if there will be made available sufficient box cars for our prairie wheat.

PUBLIC ACCOUNTS

INQUIRY AS TO PRINTING OF AUDITOR GENERAL'S REPORT AND PUBLIC ACCOUNTS

On the orders of the day:

Mr. E. D. Fulton (Kamloops): Mr. Speaker, I should like to ask the parliamentary assistant to the Minister of Finance whether it is expected that the Auditor General's report and the public accounts which he tabled about two weeks ago will be printed and available for general distribution at the time we consider the Consolidated Revenue and Audit Act amendment so that we will have the most recent report of the Auditor General before us.

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): Mr. Speaker, the public accounts and the Auditor General's report were tabled on October 31 as required by statute. Unfortunately the king's printer finds himself unable to turn out the report for at least another two weeks. It is the largest single item the king's printer has to deal with. When we have a fall session we always have the trouble of having to advance the date of tabling the report to October 31. The bill to which the hon. member has referred incidentally contains a provision to extend that date to December 31. The king's printer is doing the best he can to hurry this along but it might be as much as two weeks before this printing is completed.

Mr. Fulton: Could we have an advance copy of the Auditor General's report?

Mr. Sinclair: The Auditor General's report is available but it will be another two weeks before the public accounts part will be ready for general circulation.

Mr. Drew: Was not the public accounts part tabled?

Mr. Sinclair: What was tabled in accordance with the act was the first proof with the corrections in the manuscript. The act stipulates that a copy shall be tabled, and that was done. Because of the accumulation of printing which happens when we have a fall session, and because of the limitations of the king's printer's staff, from time to time it is found impossible to turn out reports as early as might be hoped for.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I find it difficult to deal with this matter by way of questions, but the fact is that what was tabled was a printed book with a blue cover glued in place, with the pages duly numbered and generally in the form in which we usually receive it.

Mr. Sinclair: If the leader of the opposition (Mr. Drew) had taken a more careful look he would have seen that throughout the book there were a great number of corrections in ink and sections and pages were numbered by hand. Another copy like that has gone off to the king's printer as the corrected proof. As far as the act is concerned, I, on behalf of the Minister of Finance, tabled a copy of the public accounts and of the Auditor General's report on October 31 as required.

BILLS OF EXCHANGE ACT

AMENDMENT WITH RESPECT TO CLOSING OF BANKS ON SATURDAY

Hon. Alphonse Fournier (for the Minister of Finance) moved the third reading of Bill No. 19, to amend the Bills of Exchange Act.

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

FINANCIAL ADMINISTRATION

PROVISION FOR CONSOLIDATION AND REVISION OF CERTAIN ACTS, AUDIT OF PUBLIC ACCOUNTS, FINANCIAL CONTROL OF CROWN CORPORATIONS, ETC.

The house resumed, from Tuesday, November 20, consideration of the motion of Mr. Abbott that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to consolidate and revise the Department of Finance and Treasury Board Act and the Consolidated Revenue and Audit Act, 1931, and certain other acts; to provide for the organization and functions of the treasury board and the Department of Finance, and the appointment and functions of the comptroller of the treasury; to regulate the collection, management and disbursement of public money, public borrowing, the management of the public debt, and the acquisition, recording and issue of public stores; to provide for the keeping of adequate public accounts, the audit thereof, and the appointment, salary and functions of the Auditor General of Canada; to provide for the control of the financial affairs of crown corporations; to regulate the terms and conditions upon which contracts may be made on behalf of His Majesty; to provide a procedure for the write-off of debts owing to His Majesty that have become uncollectible; and to provide for the management of the consolidated revenue fund and for the making of certain payments therefrom.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, on Tuesday, November 20, I made some remarks concerning this resolution dealing with Canadian financial acts and agencies. Those remarks may be found recorded on pages 1218 to 1222 of *Hansard* of that date. They had reference to the following words in the resolution:

—to provide for the organization and functions of . . . the Department of Finance.

I pointed out that the department of finance of a modern state has three inescapable functions. The first function is the raising or providing of money and the regulating of the spending of it. The second function is providing for the adequate financing of the production of all desirable goods and services in the state. The third function is that of providing for the adequate financing of all desirable consumption in the state.

I pointed out that in providing money to meet the expenses of the state, Canada relied too much upon taxation and borrowing with a resultant excessive burden of taxation and debt which impaired the incentive to produce. I suggested that the Department of Finance by creating debt-free dollars to match any surplus goods and services in the state, and spending such dollars into circulation, would gain access to a source of revenue independent of taxation and borrowing. I pointed out that the means at present in use in Canada for financing production were insufficient for the satisfactory discharge of that function.

Coming to the function of financing consumption, I showed that the need for financing consumption was rapidly growing greater because of the development of our age of abundance through the use of machines, technological skills such as plastics, and solar energy as derived from gasoline, for example. It is commonly said and recognized that mankind has now solved the problem of production but has not solved the problem of distribution or consumption.

I pointed out that our financial measures in Canada fall far short of providing appropriately for the financing of consumption. I argued that the only means whereby a government could finance consumption on the scale necessary in our age of plenty was debt-free money. By quoting from the report of

the royal commission on banking and currency for Canada, published in 1933, I proved that in the years 1907 to 1934, at which date the Bank of Canada Act was passed, the Department of Finance employed the device of debt-free money.

I then turned to the international scene and in effect said that our present dangerous world situation is largely the result of a failure to distribute goods adequately among nations. I maintain that, Mr. Speaker, and stand ready to maintain it before all comers. It therefore becomes quite evident that the matter of financing consumption, not only within each nation but among nations, is an exceedingly serious matter. When the nations with little goods produce more goods, then they find that they are unable generally to sell those goods to the nations that are better off because, generally speaking, those wealthier nations are nearly self-sufficient and do not desire many goods from abroad. This has brought about conditions such as we recognize today in the shortage of United States dollars. I said that I desired to point out that the problem has to be taken care of by debt-free money, or at least government-created interest-free money.

Since before world war I, I believe nearly everybody has felt there ought to be an international bank. What they have had in mind is that there should be some international authority that could create money. They have felt that if we had an international finance department that could create money through its finance minister to represent the unconsumed goods that are being produced in the world, then it would be possible to distribute the goods by granting money to the "have not" nations so they could buy goods from the "have" nations.

It is unorthodox and it is new, but it offers a possible suggestion. I submit, Mr. Speaker, there is no possible solution that has yet been offered by man other than through government-created interest-free money.

The idea of having a world minister of finance, with authority to issue debt-free world money, sounds attractive. This was the idea in the minds of men that the schemers took advantage of when they set out to popularize the international monetary fund and the international bank. The international monetary fund and the international bank were not founded upon principles which I believe the people, fundamentally and instinctively, thought they were founded upon. The result has been that those two institutions are mischievous white elephants on our hands.

The proposal to have an international finance minister would not work today, because there are insuperable difficulties in the way of using that particular kind of agency. Such an agency could not work successfully until all nations would accept the validity of debt-free money, and could understand clearly the kind of circumstances that would warrant its use, and the factors that would limit its use. Moreover it would be far too easy for such an agency to come under the control of some international organization disposed to abuse the power and the functions. Furthermore there would be too little effective means by which the various nations represented by such an agency could maintain adequate control of it. Then again there would be too great a likelihood of having such an agency gain power to infringe the sovereignty of the participating nations. For all these reasons, we cannot rely upon any international department of finance to effect international distribution.

What then are we to do? There are two devices, to either or both of which we could have recourse. The first of these devices is this: Canada, as an example, could, through her own Minister of Finance, create and issue Canadian bills as she did in the case of the $50 million to provide Britain with wheat in world war I, as is set forth in the report of the royal commission on banking and currency, paragraph 47, page 22. With such debt-free dollars, Canada could purchase in Canada, from her own producers, the goods which Canada considered she was able to spare for marketing abroad. These goods Canada could then sell to any nation she chose, such as India, and accept in return that nation's I.O.U. to be redeemed in goods at some future acceptable time. In this manner Canada could build up credits abroad in every direction. This is very much the same principle as Britain used throughout the generations to build up credits abroad, some of which she invested abroad. She thereby put herself in the strong financial position in which she was before world war I.

Each nation could manage in a way similar to that which I have suggested for Canada. To facilitate such an arrangement, the participating nations could agree upon a sort of goods-exchange-clearing-agency to give each of them expert assistance, information and advice. Each nation could then expand its production to the optimum degree, certain of markets for all its production at stable prices. Each nation could then be assured that it could obtain from the world's production whatsoever of its needs were available.

The whole process would be voluntary, and free from all forms of external constraint or compulsion.

The second of the devices to which the nations could resort is the pound sterling of Britain. Britain has been perfecting the pound sterling for at least one hundred and fifty years. She has all the know-how required, all the information of every kind necessary, all the skill and experience that are needed. Britain has a record of success in financial matters that is the envy of the world, and the admiration of all mankind—even those who seek her destruction. Britain has all the connections, all the establishments and facilities. Britain has proved herself to be possessed of the magnanimity and altruism to inspire the confidence requisite. Because of her geographical and historical position, and because of her economic and strategic situation, Britain would have every incentive to do the job well. Why not make Britain the goods-and-services-clearing-house for all European members of NATO, as well as for all the British empire and commonwealth of nations? If the United States desired to join the team, she would be free to do so. Each participating nation would assist Britain through a mutual aid credit advance system whereby the participating nations would guarantee Britain access to all materials essential to her economic life.

The sterling mechanism is simple, flexible, and, in Britain's hands, limitless in capacity for expansion and adaptability. Has not Britain been for generations the centre of world shipping, world banking and world insurance? As a further aid to Britain in the discharge of that responsibility that Britain would have to assume if she became such a goods-and-services-clearing-house as I have suggested, why not have the United Nations Organization commission Britain to appoint an agency to draw up a list of all goods available for export from time to time in each participating nation? It might be suggested to her that such goods be classified into three categories, namely, foodstuffs, raw materials and manufactured products.

May I urge upon the minister that he pass on to his department the suggestions appearing in my remarks. If he does so and his department accepts them and embodies them in the Canadian financial system of the future the way will be paved for Canada to plant her best foot forward on the path of progress, ready to pass from a period of confusion, frustration and well-nigh dismay into an era of peace, order, prosperity and serenity.

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

[Mr. Blackmore.]

Mr. Drew: Just before the resolution carries, Mr. Chairman, I wish to point out that sessional paper No. 28, which was tabled and to which reference has already been made in the discussion this afternoon, is in bound form and contains all the essential material that has been presented by the Auditor General. In going carefully through this document I find that there are only a limited number of minor amendments introduced, in ink; and there would not be the slightest difficulty in preparing enough copies for distribution to the members of this house within a matter of a single day. I simply cannot believe that enough copies of this document are not available for the members of the house, in view of the fact that there has been a run-off. Since this is a printed document it seems most unlikely that there would be only a limited printing of it. On the other hand, if for any reason this document has been printed and bound formally with the usual blue cover—which would seem to me a rather expensive and unnecessary process—I would suggest that the appropriate steps be taken to have the amendments made in the existing plates.

Knowing of the efficiency of the department of the king's printer in handling printed material, which we see every day in the presentation of *Hansard*, I am not in any doubt whatever that within a few days we could have at least the printed sheets, even if they are not bound. I strongly urge that the appropriate steps be taken to have the copies of this report before the members so that while they are discussing the appropriate amendments which have been suggested by the Auditor General, amongst other things, they will actually have before them the recommendations of the Auditor General in this last copy of the public accounts for the year ended March 31, 1951.

After all, there are in this sessional paper a number of recommendations which should be before the members at the time they are discussing appropriate amendments. Everyone will recognize the fact that it is not a practical possibility for all the members who will be considering this subject constantly to review the one single document. As the parliamentary assistant to the Minister of Finance has said, a book corresponding to this—which is the sessional paper—has been sent forward to the king's printer with the amendments. I do not know how long it has been in the hands of the king's printer with those amendments, but it has been in his hands certainly before today. I am perfectly sure that, if appropriate instructions are given, these copies can be in the hands of members of that committee, at any rate, before they are called upon to dispose of this act.

I suggest that there are added reasons why steps should be taken to have this copy of the public accounts before the members of this house. In the motion now before us and now in committee there is reference to the position of the Auditor General. For that reason I suggest that it is appropriate that I should mention the strong reasons why every member of this house should have a copy of this report in this session. During the session we have been discussing the cost of living, inflation and related subjects. Here in this last report of the Auditor General, as of March 31 this year, is most conclusive proof of the reckless extravagance of this government which should be in the hands of every member while this special session is still in progress. Attention has been called to such unexplainable waste as the renting of property in the city of Ottawa for $70,000, for space not occupied by anyone during that time. That is only one of many examples. The report speaks of the case where contracts were let on tender, and then, by agreement with the successful tenderer, new arrangements were made without any tender for more than twice the original amount; and so it goes through this report. At a time when we are discussing the cost of government, which is a factor contributing to inflation, and while we are discussing the possibility of saving money in every way we can, these are reasons why every member should have in his hand a copy of this report. That can be done if any serious effort is made to complete it for the members who will be sitting on this committee and for the rest of the members of the house.

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): I think I should say a few words in this respect. The Department of Finance tabled the report in accordance with the act and turned the manuscript copy over to the king's printer. I think perhaps the inquiry of the leader of the opposition as to printing could best be directed to the Secretary of State. At the same time I would point out that the king's printer has an especially heavy burden this session because of the printing of daily proceedings. I know that the committee on combines legislation, of which I am a member, has asked for and has received permission to get their proceedings printed overnight, as is our own *Hansard*, so that we have them the following day. In any event, I am quite sure that the Secretary of State will ask the king's printer to expedite the printing of this document.

As to how important this document is in connection with the study of the financial administration act, I would point out that the Auditor General came before the public accounts committee two years ago when we made this thorough and valuable study of both the form of the public accounts and the form of the estimates. As hon. members know, the form of the estimates has since been changed because of the recommendations of that committee. In the recommendations of the public accounts committee made in the report that year were incorporated most of the suggestions of the Auditor General. The hon. member for Eglinton is listening to me; and he will recall the excellent study we made at that time. As hon. members will find, those valuable recommendations of the Auditor General have been incorporated, for the most part, into the new act. That is the reason why the Minister of Finance is anxious to have this bill referred back to the public accounts committee which made that study two years ago, and whose members already have a fairly good, practical working knowledge of the provisions of the present Consolidated Revenue and Audit Act and also of the weaknesses of that act.

The Auditor General's report is, I believe, available in separate pamphlet form. That, of course, is the part which is attached at the end of the public accounts; at least I saw a separate form which had been made available, I think, to the press gallery the day I tabled it here. But on the main public accounts, that is the statistical summary of the public accounts of Canada for the fiscal year ended last March—that is the major part of the volume that the leader of the opposition has—that is in the hands of the king's printer. I am sure that the Secretary of State has listened to the observations of the leader of the opposition and will do his best to see that a copy is made available as soon as possible.

I myself have been through the entire work of this financial administration bill and it is my opinion that the statistical information in the public accounts or the review of irregularities which the Auditor General has reported in accordance with the instructions of his position are not of great significance in the study of the new act. I think our work on that was done two years ago, and most members of the committee on public accounts at that time have a good knowledge of what the Auditor General recommended. When this bill goes to committee we of course intend to have before the committee all the public servants who are connected with this bill. The hon. member for Kamloops quite rightly described this bill as the key bill of government. It is that, because there is no more important function in responsible government than to have public control over the receipt, disbursement and audit of public

funds. We intend to call before that committee the Auditor General, the comptroller general, the various deputy ministers and, I suppose, the heads of some of those crown corporations who are for the first time going to be brought under direct parliamentary control. I can tell the leader of the opposition that it is a matter of real regret to our department that these public accounts of the year are not in the hands of all hon. members.

But there again, getting back to our committee of two years ago, the Auditor General himself was the one who pointed out how difficult it is, when there is a fall session, to live within the terms of the present act, which says it shall be filed by October 31, or fifteen days after the session following that. Well, when we have a spring session, starting late in January or in February, it means that the king's printer has two, or perhaps three, months more than he has at the present time for that preparation. I would point out the strain which it has placed on the staff of both the comptroller general and the Auditor General. Our fiscal year ends on March 31. The accounts are not closed until the end of the following month; therefore the staff of the comptroller general can only start their work as far as an overall review is concerned, such as is contained in the public accounts, on May 1. The Auditor General's work, of course, comes after that. The staffs of both the comptroller general and the Auditor General are under great pressure to produce this report on the date set out in the present act. That is why in this new legislation we have the change recommended by the Auditor General to say that it shall be December 31, and not October 31, that such a report shall be tabled.

I can assure the hon. member that it will certainly be in the hands of hon. members by December 31. I know the Secretary of State is listening to this debate and I am sure he will take steps to advise the king's printer it is desirable that this report be in the hands of hon. members as soon as possible.

Mr. Drew: I realize the immense amount of work that is involved in the preparation of this report, and I recognize also the very great importance of complete accuracy in the subsequent amendments made. I was interested in the statement of the parliamentary assistant that there is in pamphlet form the information contained in the separate report at the end by the Auditor General. If these are available I would strongly urge the Secretary of State to have them distributed immediately, because I understand hon. members have not received the separate pamphlet. I fully recognize that there will not be an opportunity for the committee which will be considering this bill to consider the items of the accounts in detail, but what I have in mind are the separate recommendations by the Auditor General which the parliamentary assistant has said are in pamphlet form. They would be very helpful as showing any amendments which may be made in this extremely important measure to strengthen and carry out the recommendations that have been made, and which in this case will perhaps be the most recent recommendations that have been made. It would be helpful if they were available to this house at the time this particular bill is under consideration. I leave it on that basis, but I do feel that no matter how long it may take to complete the printing and binding of this full record of the public accounts and the recommendations of the Auditor General, the recommendations of the Auditor General in pamphlet form, which it has been said are now available, should be distributed to hon. members just as soon as possible.

Mr. Sinclair: I did not say that they were available. It is my recollection that on the evening I tabled this report the gentlemen of the press did not all use this one copy to make their statements.

Mr. Drew: That is not only my impression, but my knowledge.

Mr. Sinclair: That is my impression, and certainly we should be able to turn out fairly quickly just a separate copy of the Auditor General's report. It is really not the responsibility of the Department of Finance. The Auditor General, after all, is a servant of parliament, not of the Department of Finance. I hope it will be possible to have that circulated amongst the members of the committee as quickly as possible.

Mr. Hansell: I notice in the resolution that the bill will provide for the appointment, salary and functions of the Auditor General. Is it contemplated that his functions will change from what they are now?

Mr. Sinclair: The bill which was given first reading last session to enable it to be in the hands of members of parliament, and the bill which we shall give first reading after this resolution is accepted, are almost identical, with the exception of a few changes in phraseology which I shall mention on

second reading. The principal change in the duties of the Auditor General is to remove from him the present regulations which under some circumstances require him to make a pre-audit of funds. Before the public accounts committee the Auditor General said it was neither reasonable nor fair to expect him to make a pre-audit before expenditure, and as Auditor General afterwards certify to the accuracy of the expenditures. I think that is the principal change in the function of the Auditor General. In other words, the Auditor General is completely removed from any departmental responsibility now. He is parliament's servant to audit the public accounts once they are through the Department of Finance; that is, through our auditor, the comptroller general.

Mr. Hansell: It will not affect his freedom in any way? I notice in the public accounts recommendations have been made that I believe have been sound. Nevertheless, there is running through his recommendations the attitude that he is pretty well free to speak his mind, which I think is an important thing. That will not be affected at all by this?

Mr. Sinclair: This bill gives the Auditor General greater freedom than he has had before. The Auditor General is the servant of parliament, appointed on joint address of both houses, and is only removable by a joint address of both houses. The Auditor General is the one who I think is most pleased with the clearer definition of his duties which is contained in the new bill.

Mr. Hansell: One other matter; the resolution also calls for the regulation of the terms and conditions upon which contracts may be made on behalf of His Majesty. Would the parliamentary assistant mind informing the committee just what relationship there is between the Department of Finance and the Department of Defence Production, public works or any other department that lets contracts? Evidently these departments are not permitted to let a contract without the Department of Finance having something to say about it. When the parliamentary assistant answers me, he might also give the committee some information as to where the Department of Finance may come in in advising whether or not contracts should be let on a straight tender basis, or on a cost-plus basis.

Mr. Sinclair: Once again, Mr. Chairman, I do not like to get into the actual details of the legislation when, as far as this resolution is concerned, we have yet no final knowledge of the legislation. I think it was before the public accounts committee last year that the Auditor General gave his opinions on the various types of contracts which are let under varying circumstances: contracts by open tender to the lowest bidder, contracts on a management fee and the cost-plus contract. The relationship of the Department of Finance to other departments is specified very clearly in this bill. As the hon. member for Kamloops said, this is the key bill of government and of those other departments of government. What this bill is attempting to set up is a uniform practice in every department on the matter of letting contracts. I would not like to go into it very much more deeply at the moment, except to say that once again the bill is trying to translate into legislative form the recommendations made by the Auditor General in various appearances before the public accounts committee.

Mr. Knowles: Will the parliamentary assistant say a word about the provisions of this bill respecting the idea of revolving funds for stores? In particular I should like to know whether the proposal that is planned for stores accounting is the same as is now in effect in the Department of Transport. My other question is this: Will the passing of this bill automatically set up such stores accounts in other departments? Or will there be required other legislation or other enactments for each individual department wishing to have it done that way?

Mr. Sinclair: So far as the first question is concerned, in his preliminary statement the minister said that provision for the revolving fund, so far as stores are concerned, will be modelled closely on the Department of Transport Stores Act which was debated at length a year ago. Again the aim is to have a more uniform system both of accounting and purchasing, and the benefit of bulk purchases for all departments, instead of having each department make its own.

I must confess that at the present time the answer to the second question slips my memory. However, I shall have an answer on second reading of the bill.

Mr. Wright: I notice that in the schedule to the bill there are listed some thirty-three boards and corporations, but the Canadian wheat board is not included. I am wondering

if it was missed, or if it should be there. If it was left out purposely, then why was that done? Are there any other such corporations or agencies of government which are not listed in the schedule?

Mr. Sinclair: I must confess, again, that without documentation my memory is not too good. I do recall a discussion concerning the wheat board and it is true that it is not listed. My recollection is that it is not a government agency, department or proprietary corporation within the terms of the bill.

There are however two crown corporations which definitely are agencies of government, or owned by the people, and which are not specifically listed in the bill. The Canadian National Railways, as such, is one—although it is covered by inclusion of the Canadian National (West Indies) Steamships, as well as the national railways as defined in the Canadian National-Canadian Pacific Act, and the Trans-Canada Air Lines. Another crown corporation which is not included in the schedule is the Bank of Canada. The reason could best be expressed by the deputy minister of finance and the governor of the Bank of Canada before the public accounts committee.

There is a difference between the central bank of a country and any other crown corporation. Normally one would expect all crown concerns to appear as corporations in the schedule to the bill. However on second reading full reasons will be given as to why the wheat board is not included.

Mr. Knowles: Once again I should like to say a few words concerning the possibility of the government's inaugurating a suggestion system among civil servants and government employees generally. Last June the parliamentary assistant was able to inform me, to his satisfaction and mine, that the bill will contain a section making possible such a suggestion system.

I hold in my hand a copy of Bill 401 of the last session of parliament, which was not proceeded with. My understanding is that the bill to be based on this resolution will be similar to the one which was given first reading on June 25, 1951. Section 7 (d) states:

> The treasury board may make regulations . . .
> (d) notwithstanding the Civil Service Act,
> (i) authorizing the payment to persons in the public service of compensation or other rewards for inventions or practical suggestions for improvements.

[Mr. Wright.]

I was glad to learn that that section was in the bill as it was presented last session. I take it it is in the bill to be based upon this resolution—and I notice that the parliamentary assistant nods affirmatively.

When I raised this matter at the last session I indicated that this is a practice which has been in vogue in the United States for a number of years. When I spoke last June I placed on record one or two figures indicating its usefulness. I should like now to bring those figures up to date, and to say a further word about the practice as it is carried on in the country to the south of us.

At the outset let me say that I have before me a copy of the statute under which this system is operated in the United States. It is public law 600 of August 2, 1946, 79th congress, second session. Section 14 of that law reads as follows:

> The head of each department is authorized, under such rules and regulations as the president may prescribe, to pay cash awards to civilian officers and employees (or to their estates) who make meritorious suggestions which will result in improvement or economy in the operations of his department and which have been adopted for use and to incur necessary expenses for the honorary recognition of exceptional or meritorious services.

The section goes on to indicate a certain proviso, which I think I need not read at this time.

I have, too, a copy of executive order 9817, issued by the president on December 31, 1946, by virtue of and pursuant to the authority invested in him by the law from which I have just quoted. This executive order which, as I say, is over the signature of Harry Truman, and is dated at the White House, December 31, 1946, reads in part as follows:

> Section 1. Any civilian officer or employee of a department (as the word "department" is defined in section 18 of the said act of August 2, 1946) who makes a suggestion, in such form and manner as his department shall require, which is adopted for use in the department on or after August 2, 1946, and, in the judgment of the department head or other duly authorized authority in the department, has resulted or will result in improvement or economy in the operations of the department by way of monetary savings, increased efficiency, conservation of property, improved employee-working conditions, better service to the public, or otherwise, shall be eligible for consideration for a cash award.

I should like to take a moment just to emphasize the various objectives spelled out in that sentence. They are the aims, as it were, of the legislation and the executive order. I would refer to them again: "Monetary savings"—that is certainly something

good; "increased efficiency", which is likewise desirable; and then, "conservation of property", and finally "improved employee-working conditions, better service to the public." All would agree that these were desirable objectives when they were set out in the legislation in the United States. Furthermore, since there is now the possibility, under this resolution and the bill to be based thereon, that a similar system might be introduced in Canada, I should think hon. members would be interested in knowing what the results of this system have been in the United States.

Before turning to that, however, I may say that this executive order 9817, which I hold in my hand, goes on to spell out the precise formula as to the amount of the cash award to be paid. In all cases the amount of the award is determined by the monetary savings to the public treasury. For example, if it is a saving between $1 and $1,000 the award is $10 for each $200 of savings, with a minimum of $10 for any adopted suggestion. Then, without reading them all, but going down to larger amounts, I may say that in the event of a saving of from $10,000 to $100,000 the award is $275 for the first $10,000 of savings and $50 for each additional $10,000 of savings.

Another section in this executive order reads as follows:

> Whenever the head of a department believes that a suggestion he has adopted would benefit the government service generally, he may report it to the director of the bureau of the budget for dissemination to all departments.

Therefore I suggest that on paper this looks pretty good. It does appear as though the authorities at Washington have taken seriously the idea of soliciting from their employees suggestions as to ways in which money might be saved, efficiency improved and working conditions generally made better. The question arises: What has been the result of such a system? I have in my hand a letter addressed to me under date of October 12, 1951, by Charles F. Parker of the bureau of the budget, executive office of the president, Washington, D.C. I need not read the letter except to say that it indicates he was sending me certain information and documents, including tables, showing the results of this system as it has been in effect in the United States down to and including the fiscal year 1950. At the end of his letter he says:

> I do not yet have the total results for the fiscal year 1951, ending June 30, 1951, but the reports I have received to date indicate improved results. I will forward a copy of the 1951 summary as soon as it is available.

I have already said that Mr. Parker was good enough to send me certain tables, and I have no doubt that the officials of the Department of Finance also have copies of them. One of them is headed, "Agency Employee Suggestion Systems, Fiscal Year 1950". It is an excellent summary of the working of this plan. All the regular departments of the federal government at Washington are listed in the table and then there are many columns with respect to the various suggestions. Picking out two or three of the significant figures, I find that in the United States fiscal year 1950 there were 87,582 suggestions received. Of those, 23,159 suggestions were adopted. That in itself sounds pretty good. It would suggest that the employees are taking the plan seriously, that they are submitting suggestions worth consideration, and that the government is considering all those that have merit.

The number of cash awards for suggestions amounted to 19,973, and the amount of the cash awards for these suggestions paid to civil servants was $573,865.90. Now comes the really significant figure. In return for those awards of the figure I have just named the estimated savings to the federal government in the fiscal year 1950 amounted to $20,652,988.76. Twenty million dollars may not be a huge sum of money in relation to the United States budget; it is a little more to us. But even if one omits comparisons, the plain fact of the matter is it is a sizeable sum of money, and if we could save a sum of that kind it would be well worth it, and the government ought to do it.

I go further and suggest that in addition to the actual dollars and cents that can be saved by such a plan it is bound to have a good effect on the morale of government employees. If employees in the civil service and the government generally know that the government really wants suggestions and that it will put meritorious ones into effect, it cannot but have a worth-while effect on the morale of the employees, the efficiency of government service and the respect, shall I say, of the public for what the government is doing.

It is interesting to me to note the departments of the United States government in which the major savings were effected. From looking at them I imagine that they run more or less proportionately to the amount of money being spent by the various departments. At any rate the departments at the top of the list in the amount of money saved are the three defence services. After you

move out of those brackets the next largest saving was made in the veterans administration department at Washington. The next three are the treasury department, which corresponds to our Department of Finance, the department of commerce, which I imagine would correspond roughly to our Department of Trade and Commerce and then the department of agriculture.

The amounts saved in the last three departments that I have named for the fiscal year 1950 were $252,698 in the treasury department, $230,030 in the department of commerce, and $222,090 in the department of agriculture. There again these are not sums that are going to wipe out the national debt but they are amounts of money that are certainly worth saving. If we could effect savings of that kind in our administration I am sure it would be worth while not only from the dollars and cents point of view but from the standpoint of morale and democracy generally.

In addition to this exhaustive table for the fiscal year 1950 Mr. Parker of the bureau of the budget at Washington also sent me another table which is headed, "Summary of Suggestion Program Results". This one separates the defence department from other government departments, then groups the two together and sets out the results across the years that this system has been in effect. In other words, it covers the United States fiscal years 1947, 1948, 1949 and 1950.

Again I will not take time to read very many figures, but I think it is interesting to note the total savings resulting from this plan in each of the four years covered by the table. For 1947 the total saving was $16,739,878. For 1948 the figure was $15,781,663. For 1949 the figure was $18,422,948; and for 1950 the figure is the one I have already given from the other table, $20,652,989. One other point that hon. members have to bear in mind when they look at these figures is that these savings are cumulative. When one gives the savings for the year 1950 what one has there is the new savings resulting from suggestions made by employees and for which awards have been paid during that fiscal year. When one takes into consideration the fact that the savings already effected in previous years have been maintained across the years—

Mr. Sinclair: Not necessarily.

Mr. Knowles: —one can see that in the course of time this can be a most beneficial system.

Mr. Sinclair: Will the hon. member permit one interruption?

Mr. Knowles: Yes.

Mr. Sinclair: The saving need not be cumulative. It can be a saving in one individual expenditure made only in one year.

Mr. Knowles: I believe that is correct. It need not be cumulative but more likely it is because the saving usually results from a suggestion as to some different way of handling a governmental operation, and most governmental operations go on and on. As I say, I am very glad to note that the bill will provide for such a system being put into operation by our government. From a reading of the United States legislation I note that it seems to be in more compulsory terms whereas here it is in permissive language. That may be due merely to the different way in which our legislation is set up. We often get into little arguments here as to whether "may" means may or shall, but I certainly hope in this instance the fact that this section is in the bill means that it is the government's intention to go ahead with a system of this kind.

I have taken time to indicate the details of this plan because I strongly support the measure and dare to hope that by having given this account of what has been going on in the United States I have encouraged the government to inaugurate such a system as soon as it possibly can.

There is one suggestion I would make before concluding. I have these two tables. I want to state frankly that I am not asking that they be placed on the record. However, it might occur to some hon. members that it would be a good idea to have this information available if hon. members so desire and I shall be pleased to have these tables placed on the record.

Some hon. Members: Agreed.

Mr. Knowles: I repeat that these tables are from Washington. They record the experience of the United States government and they are as follows:

AGENCY EMPLOYEE SUGGESTION SYSTEMS

FISCAL YEAR 1950

—	Suggestion System Established	Number of Employees Covered	Number of Suggestions Received	Number of Suggestions Adopted	Number of Cash Awards for Suggestions	Amount of Cash Awards for Suggestions	Number of Salary Awards for Suggestions*	Amount of Salary Awards for Suggestions	Estimated Savings	Number of Suggestions per 1,000 Employees	Percent of Suggestions Adopted
						$ cts.		$ cts.	$ cts.		
Agriculture Department	11/ 7/47	68,649	2,687	728	161	7,090 00	19	1,328 00	222,090 00	39·1	27·1
Bureau of the Budget	2/ 5/47	519	3	2	2	43 24	0	0	864 76	5·8	66·7
Central Intelligence Agency	3/30/48	(Withheld)	32	2	1	64 40	0	0	1,571 60	.....	6·3
Civil Aeronautics Board	6/10/47	623	0	0	0	0	0	0	0	0	0
Civil Service Commission	4/15/48	3,487	240	65	20	572 50	0	0	13,837 28	68·8	27·1
Commerce Department (except Maritime)	8/ 1/47	41,187	2,413	142	128	3,178 00	4	500 40	38,486 93	58·6	5·9
Maritime Administration	5/ 2/44	4,458	23	5	4	45 00	1	200 00	230,030 00	5·2	21·7
Defense Department—											
Air Force	6/43	154,453	13,345	3,366	3,366	131,647 36	7	730 48	5,336,458 72	86·4	25·2
Army	9/43	303,599	18,970	3,928	3,928	104,184 85	.....	.....	7,135,452 16	62·5	20·7
Navy	8/19	291,694	32,584	11,608	10,161	266,926 00	.....	.....	6,586,416 00	111·7	35·6
Export-Import Bank	1/10/47	128	0	0	0	0	0	0	0	0	0
Federal Communications Commission	10/48	1,286	9	3	3	85 00	1	125 00	867 00	7 0	33·3
Federal Med. and Concil. Service	4/13/50	330	0	0	0	0	0	0	0	0	0
Federal Power Commission	11/47	737	9	1	1	35 00	0	0	700 00	12·2	11·1
Federal Security Agency	5/20/47	34,736	1,745	197	95	3,165 00	13	1,440 64	79,012 98	50·2	11·3
General Accounting Office	3/18/47	7,805	155	16	16	1,090 00	0	0	67,741 00	19·9	10·3
General Services Administration	3/47	15,666	25	6	6	120 00	1	125 00	4,330 00	1·6	24·0
Public Buildings Service	.....	10,264	90	2	2	50 00	0	0	800 00	8·8	2·2
Government Printing Office	9/18/47	7,115	173	63	12	360 00	0	0	9,767 66	24·3	36·4
Housing and Home Finance Agency	3/ 9/50	13,481	267	8	5	40 00	2	205 00	365 00	19·8	3·0
Interior Department	11/43	56,566	1,110	148	125	5,565 00	.....	.....	129,351 60	19·6	13·3
Interstate Commerce Commission	3/17/47	2,089	13	0	0	0	0	0	0	6·2	0
Justice Department	7/29/48	26,402	827	265	11	675 00	2	205 00	22,002 35	31·3	32·0
Labour Department	1/14/47	6,081	72	4	4	230 00	0	0	.....	11·8	5·6
National Gallery of Art	7/ 1/47	322	10	4	2	20 00	0	0	0	31·1	40·0
National Labor Relations Board	6/14/50	1,297	0	0	0	0	0	0	0	0	0
Panama Canal and Railroad	7/ 3/47	19,026	69	9	4	100 00	0	0	1,350 00	3·6	13·0
Post Office Department	4/14/43	497,126	2,017	71	6	610 00	0	0	16,235 00	4·1	3·5
Securities and Exchange Commission	4/11/49	998	29	5	2	110 00	0	0	3,037 00	29·1	17·2
Smithsonian Institution	8/20/48	534	7	0	0	0	0	0	0	13·1	0
State Department	7/ 1/48	24,727	1,352	83	83	2,692 11	0	0	42,871 72	54·7	6·1
International Boundary and Water Commission	.....	.....	5	1	1	10 00	0	0	114 40	.....	20·0
Tax Court of the United States	3/28/50	121	0	0	0	0	0	0	0	0	0
Tennessee Valley Authority	7/42	13,923	606	417	(Does not gi	ve cash or sa	lary awards	)	.....	43·5	68·8
Treasury Department	8/ 2/47	89,253	3,372	915	960†	20,160 00	5	765 04	252,698 00	37·8	27·1
Veterans Administration	9/47	188,392	5,323	1,095	864	24,997 44	15	1,673 68	456,537 70	28·3	20·6
Totals	.....	1,887,074	87,582	23,159	19,973	573,865 90	70	7,289 24	20,652,988 76		
									Average....	46·4	26·4

* Awards for the initiation of an idea, method, or device which increases efficiency or brings about substantial economies in the public service, not necessarily formally submitted as a suggestion. In many cases resulting economies are not included in total estimated savings from suggestions.

† Includes some awards given in fiscal year 1951 for suggestions adopted in fiscal year 1949.

SUMMARY OF SUGGESTION PROGRAM RESULTS

—	Department of Defence				Other Government Agencies				Government-Wide Total			
	Fiscal Year 1947	Fiscal Year 1948	Fiscal Year 1949	Fiscal Year 1950	Fiscal Year 1947	Fiscal Year 1948	Fiscal Year 1949	Fiscal Year 1950	Fiscal Year 1947	Fiscal Year 1948	Fiscal Year 1949	Fiscal Year 1950
Number of Agencies Having Programs	3	3	3	3	13	24	27	30	16	27	30	33
Number of Employees Covered	740,000	627,387	712,059	749,746	660,000	1,108,145	1,129,010	1,137,328	1,400,000	1,735,532	1,841,069	1,887,074
Number of Suggestions Submitted	51,002	58,665	72,116	64,899	5,727	24,850	24,562	22,683	56,729	83,515	96,678	87,582
Number of Suggestions Adopted	11,764	14,111	18,928	18,902	1,300	2,068	3,869	4,257	13,064	16,169	22,797	23,159
Number of Cash Awards Made	11,222	12,942	17,491	17,455	222	919	2,546	2,518	11,444	13,861	20,037	19,973
Amount of Cash Awards Made*	$ 416,479	$ 416,109	$ 508,963	$ 502,758	$ 11,696	$ 32,188	$ 66,944	$ 71,108	$ 428,175	$ 448,296	$ 575,907	$ 573,866
Estimate of Annual Savings	$16,140,547	$14,418,111	$16,011,672	$19,058,327	$ 599,331	$ 1,363,552	$ 2,411,312	$ 1,594,662	$16,739,878	$15,781,663	$18,422,948	$ 20,652 989
Number of Suggestions per 1000 Employees	68·9	93·5	101·3	86·6	8·7	22·4	21·8	19·9	40·5	48·1	52·5	46·4
Percent of Suggestions Adopted	231·%	24·1%	26·3%	29·1%	22·7%	8·3%	15·8%	18·8%	23·0%	19·4%	23·6%	26·4%
Average Amount of Cash Award	$ 37·11	$ 32·15	$ 29·10	$ 28·80	$ 52·68	$ 35·03	$ 26·29	$ 28·24	$ 37·41	$ 32·44	$ 28·74	$ 28·73
Average Annual Saving Per Award	$ 1,438	$ 1,114	$ 915	$ 1,092	$ 2,700	$ 1,484	$ 947	$ 633	$ 1,463	$ 1,139	$ 919	$ 1,034
Percentage of Savings* Given in Cash Awards	2·6%	2·9%	3·2%	2·6%	2·0%	2·4%	2·8%	4·5%	2·6%	2·8%	3·1%	2·8%

* Does not include salary increases (superior accomplishment awards) given for meritorious suggestions.

Note: Executive Order 9817, providing for establishment of suggestion systems in any government agency, was issued at the end of the first half of Fiscal Year 1947. Although 13 agencies outside the present Department of Defense had established systems by the end of the year, only 6 of them were in operation long enough to have paid any awards during Fiscal Year 1947.

Mr. Sinclair: I think the committee is indebted to the hon. member for the research he has carried out in this matter. His argument is similar to that which resulted in the inclusion of section 7 in last year's bill, which has been renewed in this year's bill. When the secretary of the treasury board is before the public accounts committee he will be able to outline a little more fully the meaning of section 7.

While I am on my feet I should like to answer the question asked earlier with regard to the wheat board. The wheat board is not included because it is regarded as an agency of the farmer, and not an agency of government.

Mr. Wright: Does that mean that the wheat board is not a charge on the treasury of Canada?

Mr. Sinclair: I am not in a position to answer that question. I shall have it answered for the hon. member on second reading.

Mr. Wright: If it were, it should be included in the bill or at least in the schedule.

Mr. Sinclair: That would not necessarily follow. There are subsidized steamship lines on the west coast which are a charge on the government of Canada, but their operations would not come within the scope of this bill.

Mr. Wright: They would not be set up under an act of this parliament. The wheat board is the result of an act passed by this parliament, enforceable by parliament.

Mr. Sinclair: I shall have a more complete answer when we are on second reading. The revolving fund will require the authority of parliament, and in addition there will be an initial item in the estimates of each department to show that there is a revolving fund. That was provided for in the draft bill which hon. members received last summer, and it will be repeated in the bill to follow.

Mr. Knowles: Will it be one item for all time, or will there be an item each year?

Mr. Sinclair: The revolving fund will be set up and then replenished by the amount authorized by parliament in the first item.

Resolution reported, read the second time and concurred in.

Mr. Martin (for Mr. Abbott) thereupon moved for leave to introduce Bill No. 25, to provide for the financial administration of the government of Canada, the audit of the public accounts and the financial control of crown corporations.

Motion agreed to and bill read the first time.

CANADA-UNITED KINGDOM FINANCIAL AGREEMENT

APPROVAL OF AGREEMENT RESPECTING INTEREST-FREE PROVISION OF LOAN

The house resumed from Thursday, November 8, consideration of the motion of the Minister of Finance for the second reading of Bill No. 10, to approve the financial agreement between Canada and the United Kingdom, signed on the 29th day of June, 1951.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Dion in the chair.

On section 1—*Short title.*

Mr. Wright: When the minister introduced this bill to the house on November 6 he stated that the post-war investment in Canada by United Kingdom residents was severely limited by the restrictions arising from the shortage of foreign exchange, and went on to state that the government had made available certain moneys under this fund in Great Britain to corporations who wished to locate in Canada, or to British corporations already in Canada who wished to expand their businesses here. I think we all agree that was a good move. Some of the business organizations which have come to Canada as a result of these loans have been for the benefit of Canada, and some of the expansions which have taken place in British plants in Canada are all to the good.

There still remains some $230 million in the fund, and there is one suggestion I should like to make to the parliamentary assistant in regard to that. It seems to me that if it is good business, and it is, that money should be made available to British firms, then it would be equally good business if money was made available to British immigrants coming to Canada to assist them in establishing themselves on farms or in small businesses. There are many skilled technicians coming from Great Britain who would like to set up a small plant or shop in Canada.

Under the British regulations these people can bring only £1,000 to Canada over a four-year period. I believe that under the amended regulations a man may bring £250 for each dependent member of his family up to four, or a total of £2,000, again over a four-year period. That amount is of little use in establishing a man on a farm or in a small business. It seems to me that it would

be good business on the part of the government to assist these people through this fund, the way corporations are assisted.

I do not want to make a speech on immigration, but we have been trying to get immigrants to come to Canada from Europe. One of the best types of immigrants is the man from Great Britain. Other countries, particularly Australia, are offering advantages to British people. When the British citizen decides to make a move he looks around and tries to find the place where his money will be of the most value. The British pound is low in terms of our dollar. When the British citizen looks at Australia he finds that his money is worth more there, and quite often his decision to go to Australia is made on that basis and we lose a most desirable type of citizen. Some of them have a little capital to bring out, or some savings to invest. I would suggest to the government that they give serious consideration to assisting immigrants to bring to Canada small amounts of capital that they may have available, and that the opportunity afforded to these people should be equal to that offered by other parts of the world.

Mr. Sinclair: The situation with regard to this loan, Mr. Chairman, I am afraid is not quite as the hon. member thinks. Very briefly the story of this loan dates back to the early days of the war, when Britain ran up an account of roughly $1 billion for Canadian purchases for which she had no dollars. An agreement was reached for liquidation of the holdings of the British government of Dominion of Canada bonds and Canadian National Railway bonds guaranteed by the Dominion of Canada; in other words, federal bonds. The British government paid in $300 million on that, and then we gave them a dollar loan to the extent of $700 million, or in other words financed the rest of it at no interest.

The original contract was that this would be payable on demand at the end of the war. If it were not paid then, it was to carry 2 per cent interest until paid. Just to fill in with the other transactions at that time, at the same time we concluded that agreement in 1942 we gave them a gift of $1 billion to finance their expenditures in Canada for food, aircraft and things like that over the next period. That ran out about Christmas of that year, and in January of the following year, 1943, we began mutual aid which ran until the end of the war.

At the end of the war this particular loan became due. The British, of course, were not in a position to meet it, so the loan was extended for a further five years, again at no interest. The understanding, however, was that it should be payable out of the proceeds received by the British foreign exchange control authorities from the sale or redemption of Canadian securities in Great Britain, those securities being in the hands of the people. For example, if a Canadian bond became mature and was redeemed in Canadian dollars, the British foreign exchange control board kept those dollars. Over the years the loan has been reduced from the original $700 million to roughly the figure mentioned by the hon. member, $229 million, because of the application each year of those amounts of securities which have either matured or been sold in Britain for dollars.

The last step in this financing program occurred at the same time, that is in 1946, when we extended a further $1,250 million of credit to Britain, this time financed at 2 per cent. However, that is quite removed from this situation. I put that story forward to show the trend of assistance to Britain.

At the end of the war the British pointed out that many of their holders of Canadian securities would like to invest further in Canada, a thing they could not do if the British foreign exchange control board took the proceeds of the sale of their bonds in dollars and just gave them sterling. This arrangement was, therefore, entered into between the Minister of Finance and the chancellor of the exchequer to permit some types of British industry to retain those dollars for investment in desirable industry in Canada. This would mean, of course, that each year we would get less in the way of payment on our outstanding debt. On the other hand, as the hon. member points out, it means that we bring to this country some of the very great British ingenuity and know-how, especially in the engineering trades. The way this has been done is that a firm in Britain makes application, first of all to the British foreign exchange control board, outlining what they want to do, what type of branch they want to build or what type of business they want to enter in Canada. The British foreign exchange control board will not authorize a straight transfer investment which is just a transfer of funds into some existing business or the acquisition of some existing business. The British foreign exchange control board approves types of investment that would be desirable both from their point of view and our point of view. This list is then submitted to our government, and we check it. We are interested in having real British investments, what they call bricks and mortar investments, in new Canadian industries.

I have a list here which will give some idea of the type of investment permitted. It is true that this has lowered the rate of

return on our loan, but it has permitted British firms to make a worthwhile contribution to Canada. The first is the John Inglis Company, Limited, an investment by the English Electric Company, Limited, to enable the company to manufacture the Y-100 turbine in Canada. Then there is Kemball Bishop & Company, a branch of a British firm, to manufacture citric and tartaric acid in Canada. The British drug houses were permitted to establish a manufacturing drug company or branch in Canada. The Vivian Engine Works Limited in Vancouver is an old firm producing good engines, but it had not kept pace with new developments in all forms of diesel engineering, and this British company has taken it over and is using British patents to go into the manufacture of diesel engines. Then, there is the British Oxygen Company, which is to manufacture compressed gases. The Edeco Company, which is a drilling equipment company, will manufacture rock bits and mining machinery.

The next is an interesting one, Flight Refuelling Company. The British are in the forefront so far as refuelling aircraft in the air is concerned, and this company is establishing a branch in Canada to manufacture the apparatus used for refuelling aircraft in flight. Then there is Sir George Godfrey and Partners, one of the leaders in manufacturing pressurized aircraft equipment. With modern aircraft flying so high, we know that they are all pressurized. All these investments were made with the authority of the British treasury, so far as allowing them to transfer dollars to Canada was concerned. The Canadian government wanted to encourage the transfer to Canada of British engineering firms who had the real know-how which would be an asset to us and to their parent companies in Britain.

So far as immigration is concerned, the limitation mentioned by the hon. member is accurate. This limitation, which is placed not by the Canadian government but by the British government, allows an immigrant only £2,000; and that is spread over four years. This limitation is a very serious problem. We will agree that it is highly desirable that we acquire as many British immigrants as possible. Unfortunately we are not getting as many as we would like from what I may call the middle class in Britain, the people who have a real financial stake in the country. We are getting plenty of young immigrants, artisans and the like, but the small businessman with some capital, who has some skills and the know-how, is rather reluctant to leave all that behind him and go out to a new country with only £2,000 of his capital transferable in four years. This difficulty does not obtain to the same extent if he emigrates in the sterling area. This is one of the questions which faces our immigration branch. There are certainly no bars as far as Canada is concerned. We more than welcome that type of person bringing his know-how and his capital to this country.

There is a rumor in the press that a financial discussion is going to take place on this side of the water after the new year when Mr. Churchill comes to this continent. I believe this is a problem which may be drawn to the attention of the British government, pointing out the desirability of raising this limit. Hon. members will recall that this spring when putting through the Excise Tax Act I was in a position to announce that the Dutch government had expanded the allowances Dutch immigrants can bring to Canada. They have the same problem of exchange to meet, but they allow Dutch immigrants to bring out a larger sum of money, this time spread over a three-year period.

Mr. Wright: I thank the parliamentary assistant for his reply. What I was suggesting was that where these funds are accumulated in Britain by the sale of Canadian securities, they be made available to the type of people he has been speaking about, the middle-class people with small businesses who might be interested in coming to Canada. It is a suggestion which I think could be given consideration.

Mr. Sinclair: To carry out the hon. member's suggestion it would have to meet with the approval of the British treasury, because they are naturally anxious to conserve their dollar reserves, and of our own treasury. But I would not think there would be nearly as much difficulty with our own treasury as with the British treasury over this. The British have a very serious problem in connection with their exchange position.

Mr. Quelch: Can the minister say what is the actual amount of those loans outstanding, to date?

Mr. Sinclair: The amount is $229 million. If hon. members would like to see the rate of repayment I can either read out the figures or put them on *Hansard*. It is not hard to read: 1943-44, $42·4 million; 1944-45, $55·1 million; 1945-46, $64 million; 1946-47, $95·8 million; 1947-48, $111·3 million; 1948-49, $29·5 million; 1949-50, $9·9 million; 1950-51, $40·6 million; 1951 to October 25, when our last figures were compiled, $21·6 million; that is a total of $470·2 million, leaving outstanding $229·8 million.

Mr. Quelch: Those are all through the sale of securities?

Mr. Sinclair: Through the sale of Canadian securities of various types held in Great Britain. The realization comes in two forms, either when the security matures and the value is met automatically by the Canadian source, or when the Briton holding these securities attempts to sell them outside Britain. There is quite a market for Canadian securities in Britain amongst Britons paying sterling back and forth for them. I believe they sell at quite a premium. But if a Briton wants to sell a Canadian security outside of Britain he has to secure approval of the British foreign exchange control board. I believe they insist that he sell for dollars—either United States or Canadian dollars—that they take possession of the dollars, and give him sterling in exchange. That is the source of the funds used in repayment of this debt. The advantage of this type of redemption is that it does not affect the British trading position because we are not taking out of current import-export revenue but rather out of an accumulation of Canadian capital in Great Britain.

Mr. Quelch: Can the parliamentary assistant tell us what is the total value of Canadian securities held in Britain to date?

Mr. Sinclair: I thought that question might be asked. I have the figures here, though I do not think the figures are very reliable. It is a long list.

Mr. Quelch: Can the parliamentary assistant give the value of the Canadian railway securities?

Mr. Knowles: What did the hon. member mean when he said that the figures are not reliable?

Mr. Sinclair: As to value; there has been such a great appreciation in value. For example, C.P.R. stocks in 1948 had a value much less than that of the same stocks in the same hands today. That is one of the problems. On page 181 of the publication entitled "Canadian Balance of International Payments" the figures are given, and of course it gives all the payments by Great Britain on federal securities of Canada; that is, Dominion of Canada bonds and C.N.R. bonds guaranteed by the Dominion of Canada. Since 1945 there have been no holdings. They have all been repatriated.

Mr. Quelch: Has the parliamentary assistant a list of provincial bonds?

Mr. Sinclair: I have not a list of provincial bonds, but I have the total. The last total given here was $37 million—that is in 1946—and $78 million of municipal bonds. There are further figures here. Canadian assets abroad; that is just general assets abroad. That is the Canadian balance of international payments, 1950: direct investment, Canadian investments held outside of Canada, $393 million. It is a difficult thing to get an accurate statement of these holdings today. The holdings in Britain are not in the hands of the government; they are still in the hands of individuals. It is only when sale or redemption comes, when the proceeds are held by the foreign exchange control board, that we have knowledge of it. The tables are much too long to put in *Hansard* but I will send them over to the hon. member.

Mr. Quelch: What is the total amount of Canadian loans to Britain outstanding, in addition to these?

Mr. Sinclair: Since 1939 we have the $1,250 million credit which was given in 1946 and of which up to date $1,185 million has been taken up. That is, all but $65 million has been taken up on that. The amount in 1942 was an outright gift of $1 billion; then there was the mutual aid, which is after all part of our common war effort. Gifts or contributions—I guess that is a better word; it was not a gift, it was part of our common war effort—are listed in the final report of the Canada mutual aid board: 1943-44, to the United Kingdom, $722,821,000; 1944-45, $719,239,000; 1945-46, $670,090,000; total mutual aid to Britain of $2,112,150,000.

Mr. Quelch: That is a grant.

Mr. Sinclair: That is a grant; that is right. It should not even be called a grant. That was part of our common war effort. Britain was putting up plenty in other ways at the same time.

Mr. Brooks: While the minister is dealing with that matter I want to ask about the $65 million paid to the western wheat growers. Did that amount come out of this loan to Great Britain?

Mr. Sinclair: My recollection of the $65 million—I am not a wheat farmer—was that it was an item in our estimates—

Mr. Brooks: The wheat farmers know that.

Mr. Sinclair: —paid out of the consolidated revenue fund; paid by the taxpayers of Canada.

An hon. Member: Paid by the farmers themselves.

Mr. Fair: Will the parliamentary assistant tell us what the people of Canada got in exchange for that $65 million? That will run up close to $500 million, and it is continuing. That is for the period for which the $65 million was paid, and the thing is still continuing.

Mr. Sinclair: I would prefer not to get into a discussion on the $65 million transaction, because it has nothing whatsoever to do with the 1942 United Kingdom loan.

Mr. Wright: Is any of the money that is secured in Great Britain for repayment of these loans from sales of bonds or stocks of private corporations in Canada?

Mr. Sinclair: Yes. Perhaps I did not make that point quite clear. The first $300 million in 1942 was the proceeds of sales of Dominion of Canada bonds and C.N.R. bonds held in Britain which had been drawn in by the United Kingdom government. Incidentally, in Great Britain they drew in all the national securities of other countries, because those are debts by those governments payable to their citizens. From that time on it has been the maturity, redemption or sale of any Canadian security which is payable in Canadian dollars, held by anyone. If, for example, you had a C.P.R. bond which became due and which was to be paid up, the foreign exchange control board in Great Britain would take the proceeds in dollars, they would give you the equivalent in sterling and those proceeds would be applied to the reduction of this long-term, non-interest-bearing loan.

Mr. Wright: The parliamentary assistant used as an example exactly the bonds which I was thinking of when I asked my question, namely C.P.R. holdings. It was my understanding that in the last few years—that is, in the last five or six years, since the war—there have been large transfers to the United States of C.P.R. stock that was held in Great Britain. Just how does that take place without the proceeds being used to liquidate this debt?

Mr. Sinclair: We of course were not the only country to make loans to Great Britain at the time. The United States also made a loan. Their loan was not interest-free. They asked for 5 per cent. Just for my own satisfaction I worked out the difference with regard to interest which would have accrued on our loan up to date if we had charged 5 per cent. There would be another $195 million. But of course we have charged no interest on this loan. The United States as well insisted that these securities be put up for collateral against their loan; that is, United States securities. There are quite a number of Canadian securities of the old days which were payable in United States funds, particularly the ones financed through New York, and these are the ones the United States have got in repayment of their loan; but the Canadian securities payable in Canadian funds are the ones which have been offset against this loan.

Mr. Wright: The C.P.R. stock held in Great Britain would be payable in Canadian funds. Why was it not redeemed and placed against this loan? Why was it sold to the United States, if it were sold there?

Mr. Sinclair: I am again just speaking from rather hazy memory. I do not believe that any Canadian C.P.R. stock or securities, whether floated in New York or otherwise, not having an obligation to pay in United States funds, was handled in that way. With regard to that stock, the British have been meticulous about placing maturities and redemptions of Canadian securities payable in Canadian funds against our loans of 1942.

Section agreed to.

Title agreed to.

Bill reported, read the third time and passed.

WHALING

IMPLEMENTATION OF INTERNATIONAL CONVENTION SIGNED AT WASHINGTON ON DECEMBER 2, 1946

Hon. Alphonse Fournier (for the Minister of Fisheries) moved the second reading of Bill No. 20, to implement the international convention for the regulation of whaling.

Mr. J. W. MacNaught (Parliamentary Assistant to the Minister of Fisheries): Mr. Speaker, before I deal with the principle contained in the bill I think I should give the house a brief outline of the history leading up to this measure.

For some time there has been much concern over the depletion of the whale population. Attempts were made from time to time to arrange an international agreement for the regulation of whaling. One of the first international conferences was held at Geneva in 1931 and resulted in what was termed the Geneva convention. Subsequent agreements were concluded from time to time at London; but as these agreements were of short duration there was no continuing method by which whaling operations throughout the world could be regulated. Consequently in 1946 a further conference was held in Washington. This resulted in the present international convention for the regulation of whaling. Eighteen countries were represented at this conference: Argentina, Australia, Brazil, Canada, Chile, Denmark, France, The Netherlands, New Zealand, Norway, Peru, U.S.S.R., the United Kingdom, the United States, Iceland, Portugal, Sweden, and the Union of South Africa.

The convention has been ratified by sixteen countries. It was ratified by the parliament of Canada by joint resolution of the

two houses in the session of 1948. A very interesting debate took place in the house at that time, which may be found at page 3798 of volume IV of *Hansard* of 1948. For the convenience of hon. members the convention is appended to this bill.

At the time of the ratification of the convention in 1948 whaling had dropped to a very low figure; and because of Canada's small interest in whaling it was not thought necessary at that time to pass any legislation to implement the terms of the convention. By way of illustration, whaling had dropped from a total of 1,198 whales killed in British Columbia in 1911 to 91 killed in 1943. At that time the Consolidated Whaling Corporation ceased operation and no whales were taken on the Pacific coast by Canada during the years 1944 to 1947, inclusive. In 1948 British Columbia Packers, Limited, commenced operations and from that time a flourishing whaling business has grown up from its land station at Coal Harbour on Vancouver island.

With the coming into confederation of Newfoundland in 1949 Canada acquired the responsibility of carrying out the terms of the convention in respect of the existing whaling industry in that province. Newfoundland has had a flourishing whaling industry for many years. There are now two land stations in Newfoundland, one at Williamsport and the other at Trinity Bay; there is also one at Hawkes Harbour, Labrador.

I should now like to put on the record some statistics in connection with the whaling industry of Canada. The number of whales caught on the Pacific coast in 1948 was 182; in 1949, 255; in 1950, 350, and the unrevised figures for 1951 are 437. The number of whales caught on the Atlantic coast in 1948 was 811; in 1949, 580; in 1950, 485; and for 1951 the unrevised figures are 579. The total marketed value of the products for 1948 was $2,546,370; for 1949, $1,462,183 and for 1950, $1,514,311.

The oil produced from whales is an important product and has many important uses, the chief of which are: for the making of soap, for leather tanning, for animal stock food, for poultry food and for hardening of steel. The meal produced from the meat is used chiefly for animal stock-feeding purposes. In the 1950-51 season the world production of whale oil amounted to 2,305,187 barrels as compared with 2,165,505 barrels in the previous year.

[Mr. MacNaught.]

The international whaling commission bases its regulations on scientific information furnished by the member countries. It is considered that only by international agreement can the world stocks of whales be protected against depletion and the existing population maintained and increased.

Since Canada's interest in whaling operations has materially increased, it is thought desirable to enact statutory provisions to carry out the obligations assumed by Canada under the international commission for the regulation of whaling. It is for this purpose that the present bill has been introduced. As hon. members may have noted, it has already received the approval of the other house.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Beaudoin in the chair.

On section 1—*Short title.*

Mr. Knowles: I should like to ask one or two questions of the parliamentary assistant. I notice he gave figures as to the number of whales that had been caught on the Pacific coast and the Atlantic coast from 1948 to the present. However, he did not say anything about the situation in Hudson bay. Is the catch in that area included in the figures for the Atlantic coast, or is there something distinctive about the whales in Hudson bay?

Mr. MacNaught: Mr. Chairman, I believe the hon. member is referring to the belugas which are caught in Hudson bay. At this time the regulations of the whaling commission do not extend to belugas, and for that reason they do not come within the statistics I furnished.

Mr. Knowles: I am sure hon. members know the answer, but it might be well to have the information on record. Therefore I gladly give the parliamentary assistant a chance to explain the relationship between whales and belugas.

Mr. Weir: Ask the hon. member for Dauphin.

Mr. MacNaught: It is a scientific explanation, and I am afraid any attempt I would make to give it would not be of much help. There is an argument, however, I believe to the effect that the beluga belongs to the porpoise rather than the whale family. Perhaps the hon. member for Dauphin would tell us.

Mr. Ward: What the parliamentary assistant has said is correct. The beluga is not a whale, and does not come under the international whaling agreement. The differentiation is that the whale has two blow holes in his head whereas the porpoise or the beluga as

we have called them in Hudson bay has only one. And while I am on my feet I might add that the beluga we catch in Hudson bay weighs only from about 1,200 to 2,000 pounds. One readily sees the difference between that and the large ocean whale that weighs anywhere from 20 to 80 or 90 tons.

Mr. Knowles: Are not the same products obtained from both these species? Perhaps I should first ask whether the beluga is an animal, because I understand the whale is a mammal, not a fish. To which family does the beluga belong?

Mr. Ward: As I said a moment ago, it belongs to the porpoise family. The oil from the beluga is of a much finer quality than is obtained from the larger species, and is used exclusively in the manufacture of domestic shortening, margarine and kindred products. There is a further difference in that we utilize every ounce of the anatomy. It is not dried, but is ground and sold to the fur industry. We also salvage a considerable quantity of a very fine quality of edible sirloin steak made from the animals we process. Then we get small quantities of a very fine lubricating oil known as jaw oil. I believe it is not obtained from any species other than the porpoise family. This oil is used in the oiling of precision machinery such as addressograph machines, cheque-writing machines, wrist watches and other fine precision machinery. We produce a small quantity of that quality of oil.

Mr. Knowles: I note that the hon. member for Dauphin has indicated many more uses for the oil from belugas than were indicated by the parliamentary assistant for the oil from whales. I noticed in particular that the parliamentary assistant omitted any reference to the use of whale oil in the manufacture of margarine. Is it used for that purpose?

Mr. MacNaught: I understand that it is, but only in trifling quantities.

Mr. Herridge: I was interested in the information given to the committee regarding these one-blow-hole belugas. Do they abound in such quantities that there is no necessity for their being protected by fishing regulations?

Mr. MacNaught: The scientific studies of the commission have not yet reached that stage.

Section agreed to.

On section 2—*Definitions.*

Mr. Knowles: I understand we are not now approving of the convention which appears as a schedule to the bill. That has already been done.

Mr. MacNaught: The convention has already been approved by a joint address of both houses. It was done in 1948.

Section agreed to.

Sections 3 to 11 inclusive agreed to.

Bill reported.

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

Some hon. Members: Now.

Mr. Knowles: By leave.

Mr. Fournier, Hull (for Mr. Mayhew) moved the third reading of the bill.

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

CANADA LANDS SURVEYS ACT

REVISION AND CONSOLIDATION OF FORMER STATUTE

Hon. George Prudham (Minister of Mines and Technical Surveys) moved the second reading of Bill No. 14, respecting the surveys of public lands of Canada.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Beaudoin in the chair.

Section 1 agreed to.

On section 2—*Definitions.*

Mr. Herridge: In paragraph (e) of subsection 1 of section 2 the term "dominion land surveyor" is used, and it says that it means a person who holds a commission. Is a person holding a dominion land surveyor's certificate entitled to perform services for private interests in the provinces? What are his functions?

Mr. Prudham: A dominion land surveyor holds a certificate which entitles him to practise his profession in the Northwest Territories or any lands that are under the control of the federal government. He cannot register a transfer in a provincial registry office.

Mr. Knowles: When we were at the resolution stage of this bill we had an interesting discussion concerning the proposal to change the title from Dominion Lands Surveys Act to Canada Lands Surveys Act. As a matter of fact I think it is a good change, but I note that in other places in the bill, particularly in this section, the word "dominion" still appears. Would the minister explain how it is that the government has decided to drop the term "dominion" in some instances and replace it with "Canada" and in other cases to leave the word "dominion"?

Mr. Prudham: Where the word "dominion" applied formerly to surveys of public lands in Canada it is now eliminated. It appears in the bill when it refers to the dominion land surveyors, who are a separate body of men with certain qualifications and a long tradition. There are some two or three hundred men qualified and licensed to practise as dominion land surveyors. Their status has no relation to the bill before us. If at any time that group should ask for a change of name the matter would then be considered, but we do not propose to interfere in any way with their name or their status by this bill.

Section agreed to.

Sections 3 to 29 inclusive agreed to.

On section 30—*Canadian measure of length.*

Mr. Knowles: I notice that the explanatory note says this section has been revised in order to adapt it to present-day conditions and modern surveying practices. This is the part of the bill headed "Standard of measure". Would the minister explain what kinds of changes or adaptations have been made?

Mr. Prudham: The change there is that all tapes used must now be standardized by the national research council.

Section agreed to.

On section 31—*Meaning of "public lands".*

Mr. Bater: This part of the bill refers to surveys of public lands in the Northwest Territories, Yukon Territory and national parks and of surrendered lands and reserves. I should like to ask the minister if the surveying that is going on in connection with these northern areas is being broken down into township sections and quarter sections?

Mr. Prudham: Generally speaking that is the way it is being done.

Section agreed to.

On section 32—*When surveys undertaken.*

Mr. Goode: I notice that part of the administration of this act is in the hands of the Minister of Resources and Development and another part is in the hands of the Minister of Citizenship and Immigration. Is that not confusing? Would the minister give us an explanation?

Mr. Prudham: Yes. With the reorganization of certain departments in 1950, the administration of public lands in the two territories and in the national parks was placed under the Minister of Resources and Development, and that of surrendered lands and reserves as defined in the Indian Act under the Minister of Citizenship and Immigration, whereas the management of all surveys of these lands was placed under the Minister of Mines and Technical Surveys. Provision has been made in the bill whereby the Minister of Mines and Technical Surveys shall initiate surveys at the request of the minister responsible for the administration of lands under his control. I believe part IV, section 61, of the bill also covers certain lands which may be alienated or affected anywhere in Canada, lands that are under the control of the federal government.

Section agreed to.

On section 33—*Who may survey public lands in territories.*

Mr. Shaw: It is provided in subsection 2 of section 33 that where a survey to be made in a park or on an Indian reservation is likely to affect the rights of owners of adjoining lands, then a surveyor who holds a diploma within the province is utilized. Under what circumstances could a survey within a reserve or a park affect the owners of adjoining lands?

Mr. Prudham: That would most likely be a boundary survey where private individuals own the adjoining land. There might be a dispute over a corner marker or other discrepancies. Provincial surveys can only be registered by a surveyor qualified to survey within the province. A dominion land surveyor cannot register a survey. Therefore this provision is put in the bill to avoid any arguments. If there is a boundary survey that might conflict with private owners, it is thought better to employ a provincial surveyor in order to avoid disputes.

Mr. Shaw: Is it the private owner who must take the initiative in having this done? The minister said something about where a dispute is likely to occur. Does your department wait until there is a protest registered by a private owner, or is it automatic in every case?

Mr. Prudham: I am informed there would have to be a protest or a request from the private owner.

Mr. McLure: What is the difference between "dominion land surveyor" and "Canada land surveyor"?

Mr. Prudham: There is no such person as a Canada land surveyor. There are dominion land surveyors, also surveyors designated by the provinces.

Mr. McLure: What is the difference between the Dominion Lands Surveys Act and the Canada Lands Surveys Act? If you are going

to have such a hatred for the word "dominion" why not use "Canada" throughout? Why not say "Canada land surveyor" instead of "dominion land surveyor"? There must be some reason.

Mr. Prudham: Probably the hon. member was not present a few moments ago. I gave that explanation earlier.

Mr. Brooks: I should like to ask the minister whether any of these lands are granted for settlement. I notice that surveys are made, and I should like to know whether there has been any settlement in the last few years, and if so to what extent?

Mr. Prudham: This department does not have the management of lands. We institute these surveys at the request of the minister responsible. I think probably in the Northwest Territories that condition will exist.

Section agreed to.

Sections 34 and 35 agreed to.

On section 36—*Townships to contain thirty-six sections.*

Mr. Knowles: I should like to ask a question with regard to the diagram which forms part of subsection 2. I have lived long enough in western Canada that I should know the answer, but this question has often presented itself to me. Is the road allowance in addition to the mile which is the width of the section? In other words, is a township exactly six miles wide or is each section a little less than a mile wide?

Mr. Prudham: The road allowance is in addition to the measured mile.

Mr. Knowles: Then the township would actually be more than six miles wide?

Mr. Prudham: That is right.

Section agreed to.

On section 37—*Allowance north and south error.*

Mr. Herridge: I should like to ask the minister the maximum error per mile allowed by the surveyor general in surveys of this type.

Mr. Prudham: The surveyor general is looking that up.

Section stands.

Sections 38 to 47 inclusive agreed to.

On section 48—*Definitions.*

Mr. Catherwood: This section refers to the Minister of Resources and Development, while section 50 refers to the Minister of Mines and Technical Surveys; why the difference?

Mr. Prudham: The Northwest Territories and the Yukon are under the jurisdiction of the Minister of Resources and Development. The Department of Mines and Technical Surveys carry out surveys at his request.

Mr. Wright: Are squatters' rights in the Northwest Territories recognized? Under the old Dominion Lands Surveys Act, which applied to the provinces before the natural resources were turned over, squatters' rights were recognized.

Mr. Prudham: I think we will have to go to the Department of Resources and Development for that answer. There is provision for appeals, and I think the matter would probably be settled by that means.

Section agreed to.

Section 49 agreed to.

On section 50—*When undertaken.*

Mr. McLure: This section refers to a dominion land surveyor, and there would appear to be no such thing as a Canada land surveyor.

Mr. Prudham: I think the hon. gentleman will have to refer to *Hansard* for the complete explanation I gave earlier. There is no such person as a Canada land surveyor; he is known as a dominion land surveyor.

Section agreed to.

Sections 51 to 59 inclusive agreed to.

On section 60—*Registration of plans.*

Mr. Herridge: Can anyone secure a copy of field survey notes from the surveyor general in connection with any lands he may be interested in?

Mr. Prudham: Yes.

Section agreed to.

On section 61—*General power to survey.*

Mr. Prudham: I should like one of my colleagues to move an amendment as follows:

61. (1) Subject to this act, the minister may, if in his opinion a survey thereof under the management of the surveyor general is required, cause a survey to be made of any lands belonging to His Majesty in right of Canada or of which the government of Canada has power to dispose, but, where surveys of such lands affect or are likely to affect the rights of landowners of adjoining lands, the surveys shall be made by a surveyor who holds a valid and subsisting certificate, diploma, commission or other document entitling him to survey lands in the province in which such surveys are made.

(2) The provisions of this act relating to surveys shall apply, *mutatis mutandis*, to surveys made under subsection one.

Mr. Bradley: I so move.

Toronto Harbour Commissioners Act

Amendment agreed to.

Section as amended agreed to.

Sections 62 to 66 inclusive agreed to.

On section 67—*Penalty for defacing monuments.*

Mr. Quelch: I take it that among other things this section applies to the stakes that are set up. As time goes on many of these stakes are knocked over and the holes get filled up, and I should like to know if it is possible to have a resurvey on application.

Mr. Prudham: It would be made on the request of the minister in charge of the lands.

Mr. Herridge: Many of these monuments are destroyed from time to time, and I should like to know if the department has given any consideration to providing a permanent type of monument.

Mr. Prudham: The request has been made to the national research council to devise a marker which will be more or less indestructible.

Mr. Quelch: I think the idea is a good one. Many of these stakes are simply used as crowbars.

Section agreed to.

Section 68 agreed to.

On section 37—*Allowance north and south error.*

Mr. Prudham: Mr. Chairman, on the control meridian and the control chord, the margin of error permitted is 1 link per mile, and for enclosure around a section the error permitted is 3 minutes an angle and 5 links in distance.

Section agreed to.

Title agreed to.

Bill reported.

TORONTO HARBOUR COMMISSION

AMENDMENT OF ACT TO DEFINE LIMIT OF THE PORT AND AUTHORIZE COMMISSIONERS TO CONTROL CONSTRUCTION OF PIPES OR PIPE LINES

Hon. Alphonse Fournier (for the Minister of Transport) moved that the house go into committee to consider Bill No. 9, to amend the Toronto Harbour Commissioners Act.

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

On section 1—*Short title.*

Mr. Green: Is the parliamentary assistant going to make a statement?

Mr. Benidickson: I might say that this bill comes back from the committee on railways, canals and telegraph lines with two slight amendments. Section 3 is amended in two respects. The first is in subclause (c), and is to the effect that the authority of the Toronto harbour commissioners under this section will be subject to the Pipe Lines Act. Then it is proposed to add a subclause 6 which establishes that nothing done by reason of this section shall affect the construction or maintenance of any railway under the jurisdiction of the parliament of Canada.

Section agreed to.

Section 2 agreed to.

On section 3—*Regulation etc., of works and businesses in harbour area.*

Mr. Hees: Mr. Chairman, section 3 provides for a maximum penalty of $1,000 for pollution of the water of the Toronto harbour. Two years ago oil was allowed to escape into Toronto bay, and this oil made it impossible for hundreds of thousands of Toronto residents to use the bay for bathing purposes during the greater portion of that summer. I do not think the maximum penalty of $1,000 is sufficient to ensure that oil companies will pay enough attention to safety measures so that oil will not escape into Toronto harbour in the future. I believe the maximum penalty should be increased to $10,000. Only an amount of that magnitude will impress upon the large oil companies the necessity of making sure that such failures do not occur again. I feel that the uninterrupted use of the water in Toronto bay is too important to the citizens of Toronto to take any chance on its being polluted due to the carelessness of oil companies. I should like to recommend to the government that they increase the maximum penalty to $10,000.

That would not mean that if oil escaped the company would have to pay $10,000 automatically. It would be brought into court, and if the company were found guilty of carelessness or negligence then a fine of $10,000 would not be too large. The hundreds of thousands of people who are not fortunate enough to get away to summer resorts are caused great inconvenience when they cannot use the bay for bathing, boating and so on. I should like to recommend that change in section 3.

Mr. MacDougall: It also increases the fire hazard.

Mr. Hees: Yes, it does.

Mr. Benidickson: I am sure the Toronto harbour commissioners will give some consideration to that when they read the remarks of the hon. member for Broadview. I remind the hon. member that these amendments come

to us at the suggestion of the commissioners. As he well knows, three of those members are appointed by the city council. The city council has studied this bill. The penalty contained in the bill is considerably stiffer than it has been hitherto. We might try this and probably we should not place in the hands of the court as stiff a penalty as that suggested at this time.

Section agreed to.

Schedule agreed to.

Bill reported.

Mr. Fournier, Hull (for Mr. Chevrier) moved the third reading of the bill.

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

Business of the House

BUSINESS OF THE HOUSE

Mr. Fournier (Hull) moved the adjourment of the house.

He said: Tomorrow we shall discuss the resolution in the name of the Minister of Veterans Affairs increasing the rate of pension for disability and death; then Bill No. 15, an act to provide for privileges and immunities in respect to the North Atlantic Treaty Organization; Bill No. 24, an act to amend the Public Printing and Stationery Act. If the select committee on railway legislation reports the railway bills, they will be called at the same time.

Motion agreed to and the house adjourned at 5.05 p.m.

END OF VOLUME I